

NOTICE

The Notice is hereby given that the Twentieth Annual General Meeting of the members of the Company will be held on Monday, September 16, 2013 at 12:30 p.m. at Anchorage Hall, Hotel Suba International, 211, Chakala, Sahar Road, Andheri (East), Mumbai - 400099 to transact the following Businesses:

Ordinary Business:

1. To Consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended March 31, 2013.
3. Dr. Satish Chandra Kulhari, a Director who retires by rotation at this Annual General Meeting being eligible, offers himself for re-appointment.
4. Mr. Debkumar Krishnapada Goswami, a Director who retires by rotation at this Annual General Meeting being eligible, offers himself for re-appointment.
5. Dr. Kalimohan Bhattacharya, a Director who retires by rotation at this Annual General Meeting being eligible, offers himself for re-appointment.
6. 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 provision of section 224 of the Companies Act, 1956 and other provision as may be applicable, M/s. Gupta Shyam & Co., Chartered Accountant, who retires at the ensuing Annual General Meeting being eligible, offers themselves for re-appointment, be and is hereby re-appointed as Statutory Auditors of the company to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on such remuneration plus service tax as applicable and reimbursement of out-of-pocket expenses in connection with the audit as shall be fixed by the Board of Directors of the Company.”

Special Business:

7. **Appointment of CA Pankaj Bhansali as an Executive director.**

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

“RESOLVED THAT pursuant to the provisions of Section 260 of the Companies Act, 1956 and subject to the approval of shareholders in general meeting, CA Pankaj Bhansali (Non-Promoter and Executive Director) who was appointed as an Additional Director in the Board of Directors meeting held on February 12, 2013 whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution.”

8. **Appointment of Mr. Alexander Koshy Prince Vaidyan as director, liable to retire by rotation.**

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

“RESOLVED THAT pursuant to the provisions of Section 260 of the Companies Act, 1956 and subject to the approval of shareholders in general meeting, Mr. Alexander Koshy Prince Vaidyan (Non-Executive Director & Independent Director) who was appointed as an Additional Director in the meeting of the Board of Directors held on February 12, 2013 whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation of director.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution.”

9. Appointment of Mrs. Bhagyam Ramani as director, liable to retire by rotation.

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

“RESOLVED THAT pursuant to the provisions of Section 260 of the Companies Act, 1956 and subject to the approval of shareholders in general meeting, Mrs. Bhagyam Ramani (Non-Executive Director & Independent Director) who was appointed as an Additional Director in the meeting of the Board of Directors held on February 12, 2013 whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation of director.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution.”

10. To consider and, if thought fit, to pass the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 approval is hereby accorded to the reappointment of Mr. Kamal Poddar as Managing Director of the Company for a period of three years from 1st November, 2013 to 31st October, 2016 upon the principal terms and conditions set out in the explanatory statement attached hereto and the Agreement submitted to this meeting and initialled by the Chairman of the meeting for identification, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to increase, alter and vary, without further reference to the Shareholders, the terms and conditions of the said reappointment and/or Agreement in the event of change in legislation, rules and regulations in this regard, in such a manner as may be acceptable to Mr. Kamal Poddar.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

By Order of the Board of Directors
Sd/-

Mahavir Toshniwal
(Company Secretary)

Place: Mumbai

Date : August 08, 2013

Registered Office:

Shree Shakambhari Corporate Park,
Plot No.156-158, Chakravarti Ashok Society,
Near Bombay Cambrige School,
J.B. Nagar, Andheri (E),
Mumbai – 400 099
email id: info@choiceindia.com

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business as set above to be transacted at the Meeting is annexed hereto and forms part of this Notice.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and Transfer Books of the Company will remain closed from September 12, 2013 to September 16, 2013 (both days inclusive).
5. All members are requested to intimate changes, if any, in their registered address, immediately to the Registrar & Transfer Agents, Sharex Dynamic India Private Limited or to their depository participants in case shares are held in depository form.
6. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with the Company by sending an e-mail to **info@choiceindia.com**.
7. All documents referred to in the notice are open for inspection at the registered office of companies during the working days and office working hours.
8. 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.
9. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries at least Ten days before the date of the Meeting of the company so that the information required may be made available at the meeting.
10. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting along with identity Proof.

EXPLANATORY STATEMENT (Pursuant to Section 173(2) of the Companies Act, 1956)

Item of special business:

Item No. 7, 8 and 9:

CA Pankaj Bhansali, Mr. Alexander Koshy Prince Vaidyan and Mrs. Bhagyam Ramani were appointed with effect from February 12, 2013, as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 ('the Act').

In terms of the provisions of Section 260 of the Act, CA Pankaj Bhansali, Mr. Alexander Koshy Prince Vaidyan and Mrs. Bhagyam Ramani will hold office up to the date of the ensuing AGM. The Company has received notice in writing from members proposing the candidatures of CA Pankaj Bhansali, Mr. Alexander Koshy Prince Vaidyan and Mrs. Bhagyam Ramani for the office of Director of the Company under the provisions of Section 257 of the Act.

CA Pankaj Bhansali, Mr. Alexander Koshy Prince Vaidyan and Mrs. Bhagyam Ramani are not disqualified from being appointed as Director in terms of Section 274 (1)(g) of the Act. The Company has received the requisite Form DD-A from CA Pankaj Bhansali, Mr. Alexander Koshy Prince Vaidyan and Mrs. Bhagyam Ramani, in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming their eligibility for such appointment.

No director, except CA Pankaj Bhansali, Mr. Alexander Koshy Prince Vaidyan and Mrs. Bhagyam Ramani, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution for approval of the members.

Item No. 10:

Mr. Kamal Poddar's tenure as Managing Director expires on 31st October 2013. At the Board Meeting of the Company held on August 08, 2013, the Board had approved the re-appointment of Mr. Kamal Poddar as Managing Director for a further period of three years from November 1, 2013 to October 31, 2016 on terms and conditions as set out below based on the recommendations of the Remuneration Committee and subject to approval by the Shareholders at the ensuing Annual General Meeting of the Company.

Mr. Kamal Poddar is a Chartered Accountant from Institute of Chartered Accountant of India. Mr. Kamal Poddar has 13 years of experience and has been with Choice for over 4 years. Mr. Kamal Poddar took over as Managing Director of Choice in the year 2008 and since then he has led the organisation successfully with clear strategic vision, focus on customers and inclusive execution of customer centric value propositions, thereby consolidating Choice's leadership position in the market place.

The Board of Directors of the Company has subject to provisions of Sections 198, 269, 309, and other applicable provisions if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, appointed Mr. Kamal Poddar as Managing Director for a period of three years with effect from 1st November, 2013, on the remuneration terms and broad terms and conditions detailed hereunder:

The salary grade for Mr Kamal Poddar, Managing Director be enhanced from Rs 2,00,000 to Rs. 3,50,000 per month (with proportionate increase in the value of the benefits related to salary).

All other variable pay including other benefits shall be as per the applicable Company policy and rules. The annual increments shall be effective from 1st April each year, and shall be decided by the Board and will be merit based and take into account the Company's performance.

Any remuneration by way of Commission, in addition to salary and perquisites, shall be calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of the each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Companies Act, 1956 ("The Act"). The exact amount payable will be decided by the Board of Directors based on certain performance criteria and shall be payable only after the Annual Accounts of the Company have been approved by the Board of Directors.

Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of the tenure of Mr. Kamal Poddar, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites and allowances as specified above to Mr. Kamal Poddar as minimum remuneration.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as laid down under sections 198, 309, 310 and all other applicable provisions, if any, of the Act, read with Schedule XIII of the Act as amended and as in force from time to time and may be paid wholly or partially by the Company or any of its subsidiaries. Mr. Kamal Poddar will also be entitled to reimbursement of all legitimate expenses incurred by him while performing his duties and such reimbursement will not form part of his remuneration.

In due compliance with the Article 143 of Articles of Association of the Company and the provisions of the sections 309 & 310 read with Schedule XIII with the Act, the re-appointment of Mr. Kamal Poddar as Managing Director for a further period of three years from 1st November 2013 to 31st October 2016 is being placed for approval by the Shareholders at the ensuing Annual General Meeting of the Company.

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof from the date of his appointment however he shall be entitled to reimbursement of expenses in connection with the business of the company.

The draft Agreement between the Company and Mr. Kamal Poddar is available for inspection by the Members of the Company at its registered office between 11.00 a.m. and 1.00 p.m. on any working day of the Company.

Mr. Kamal Poddar may be deemed to be concerned or interested in this resolution as it relates to his re-appointment and variation of the terms of his appointment as mentioned above.

A copy of the Memorandum and Articles of Association of the Company is available for inspection of Members on any working day between 11.00 a.m. and 1.00 p.m. at the Registered Office of the Company from the date of this notice up to the date of the Annual General Meeting.

Additional information as required under proviso (iv) to Clause B of Part II of Schedule XIII to the Companies Act, 1956 are given below:

I. General Information

1	Nature of industry	NBFC and other financial services
2	Date or expected date of commencement of commercial production	The Company is an existing Company and is in operation since 1993.
3	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in prospectus	N.A.
4	Financial performance based on given indicators	EPS Rs 1.32/-
5	Export performance and net foreign exchange collaborations	Nil
6	Foreign investments or collaborators, if any	Nil

II. Information about the appointee: CA Kamal Poddar

1	Background details	Mr. Kamal Poddar is Chartered Accountant and is associated with the Company since 2008 and working as Managing Director.
2	Past Remuneration	Rs 24.00 Lac per annum.
3	Recognition or awards	CA Kamal Poddar is having good experience in the industry in which the company operates.
4	Job profile and his suitability	Being a professional (CA) and having experience with Company, he will be able to discharge his responsibilities.
5	Remuneration proposed	Rs 42.00 Lacs per annum (approx).
6	Comparative remuneration profile with respect to industry	At par with the industry standards in which the Company operates.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	No relationship with any promoter, directors or managerial personnel except Mrs. Hemlata Poddar who is wife of Mr. Kamal Poddar.

By Order of the Board of Directors

Place: Mumbai
Date : August 08, 2013

Sd/-
Mahavir Toshniwal
(Company Secretary)

Registered Office:
Shree Shakambhari Corporate Park,
Plot No.156-158, Chakravarti Ashok Society,
Near Bombay Cambrige School,
J.B. Nagar, Andheri (E),
Mumbai – 400 099
email id: info@choiceindia.com

ANNEXURE TO ITEMS 3,4,5,7,8 and 9 OF THE NOTICE

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

Name of the Director	Dr. Satish Chandra Kulhari	Mr. Debkumar K Goswami	Dr. Kalimohan Bhattacharya	CA Pankaj Bhansali	Mr. Alexander Koshy Prince Vaidyan	Mrs. Bhagyam Ramani
Date of Birth	31.07. 1957	10.02.1946	4.12 1938	12.08.1975	20.10.1958	09.01.1952
Nationality	Indian	Indian	Indian	Indian	Indian	Indian
Date of appointment on the Board	30.05.2009 (retire by rotation)	30.05.2011(reire by rotation)	30.05.2011 (retire by rotation)	12.02.2013	12.02.2013	12.02.2013
Qualifications	B.E in Electronics, M. Tech in Computer Science, MBA, PHD	MBA, B.E in Mechanical, CAIIB	M.A(Eco), PHD(Eco), D. Litt in Risk Management, CAIIB from Indian Institute of Bankers	CA	Graduate	M.A in Economics
Expertise	Management, software industry and Academician	Financial Advisor	Banking and Finance Industry	Finance	Finance	Economics
Number of shares held in the Company	Nil	Nil	Nil	Nil	Nil	Nil
List of directorship held in other Companies	Nil	1. Shree Uttam Steel and Power Ltd. 2. KredenceMulti Trading Ltd.	1. Omnitech Infosolutions Ltd. 2. Gansons Ltd. 3. Marshall Sons And Co (India) Ltd. 4. SBI Life Insurance Company Ltd.	Nil	Nil	Money Matters Financial Services Ltd.
Chairman/Member of the Committees of the Boards of companies in which he/she is Director	Nil	Nil	-Omnitech Infosolutions Ltd. Audit Committee & Shareholders' Grievance Committee	Nil	Nil	-Money Matters Financial Services Ltd. Audit Committee & Remuneration Committee
Relationship between inter-se	Nil	Nil	Nil	Nil	Nil	Nil

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

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

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

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

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

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

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



CHOICE INTERNATIONAL LIMITED

Registered Office: Shree Shakambhari Corporate Park, Plot No.156-158, Chakravarti Ashok Society,
Near Bombay Cambridge School, J.B. Nagar, Andheri (E) 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 20TH ANNUAL GENERAL MEETING of the Company held on Monday, September 16, 2013 at 12.30 p.m. at Anchorage Hall, Hotel Suba International, 211, Chakala, Sahar Road, Andheri (E) Mumbai – 400 099.

Signature of Shareholder/ Proxy

** Applicable for investors holding shares in electronic form*

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CHOICE INTERNATIONAL LIMITED

Registered Office: Shree Shakambhari Corporate Park, Plot No.156-158, Chakravarti Ashok Society,
Near Bombay Cambridge School, J.B. Nagar, Andheri (E) 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 20TH Annual General Meeting of the
Company to be held on Monday, September 16, 2013 or / and any adjournment thereof at 12.30 p.m. at Anchorage Hall,
Hotel Suba International, 211, Chakala , Sahar Road, Andheri (E) Mumbai – 400 099.

Signed this _____ day of _____ 2013.

Signature _____

Rs.1
Revenue
Stamp

** Applicable for investor holding shares in electronic form*

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





VISION

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

MISSION

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

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Our Values

We capitalize on our strengths by embracing the following values:

Stand by our words

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

Valuing differences and respecting every clients

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 for the benefit of 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 ability to innovate and outdo the competition. We think deeply about the new trends that impact 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.

Message from Managing Director



Dear Stakeholders,

I am very pleased to present the 20th Annual Report of our company which contains a compilation of the financial performance of our businesses and a brief description of the values, beliefs and practices that shape our company.

Over the years, the Non-Banking Financial Companies (NBFCs) of India have been instrumental in driving the country's inclusive growth. Investment banking activities remained sluggish this year across the industry. As you all know the financial year gone was indeed tough for the capital markets. IPO and Rights issuances declined and retail investors largely shied away from equity markets. The year was marked by strong inflationary pressure which led to weakening in the investment activity. The India growth story faced tough macro and global headwinds which put corporate earnings under pressure and impacted investor sentiments towards equities. We too have been put to the test through a very challenging business environment. Domestic retail investors continued to shy away from equities as an asset class. Secondary market volumes continued to reach highs, but largely owing to the low-yield option segment. Cash equities volumes, especially high-yield delivery, continued to remain depressed. Overall, the year ended with mixed sentiments, with muted reactions to the Budget and political uncertainty on one hand, and moderation in WPI inflation and rate cut expectations on the other. Outsourcing is one of the fastest growing industries on the world platform. It mainly involves transfer of components or large segments of the companies' internal production processes, businesses, infrastructure, etc. to the external service providers. It can cover a wide range of components depending upon the core competency and the requirements of the outsourcer.

Even though the financial year was hectic for us due to global crisis, our value-driven services and customer-centric approach alongwith the testimonial to the hard work put in by our employees, it gives me pleasure to present the report about our company successfully delivered sustained operation and financial results of its

core businesses. Our company has achieved total turnover of Rs 4153.61 Lacs and net profit of Rs 365.67 Lacs during the current year, which in these turbulent times is commendable.

Further, I am very glad to inform that during the year our company has through its various vehicles increased its services. Choice Equity Broking Private Limited has received Market Maker license and started operations in SME segment of BSE and Debt market membership in NSE. Further company has also obtained license of Securities Lending & Borrowing Market (SLBM) and MCX-SX which will take us forward and help to move ahead despite the near-term headwinds.

With this, we have stepped up with our commitment to build organizational competence, management band width 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.

There is a clear long-term opportunity for financial intermediation as the growth in Indian GDP and savings plans out, we remain focused on building a strong foundation in our businesses to scale up and grab a meaningful share of these opportunities. We remain focused on building a customer focused organization with low financial leverage, which has helped us deliver reasonable performance across market cycles.

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

Best Regards,

Kamal Poddar
Managing Director

Board of Directors



CA KAMAL PODDAR

(Managing Director)



CA PANKAJ BHANSALI

(Executive Director)



CA AJAY KEJRIWAL

(Non-Executive Director)



Mrs. HEMLATA PODDAR

(Non-Executive Director)



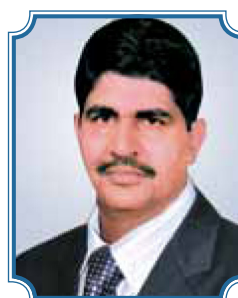
**Dr. KALI MOHAN
BHATTACHARYA**

(Independent Director)



**Mr. DEBKUMAR
GOWAMI**

(Independent Director)



**Dr. SATISH CHANDRA
KULHARI**

(Independent Director)



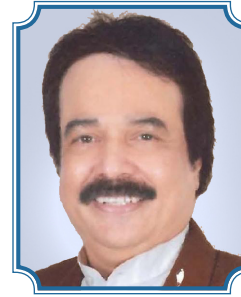
**Mrs. BHAGYAM
RAMANI**

(Independent Director)



**CA BRIJMOHAN
AGARWAL**

(Independent Director)



**Mr. ALEXENDER KOSHY
PRINCE VAIDYAN**

(Independent Director)

Milestone

1993 Incorporated to provide advisory services in the capital market.

1995 Listed on the Bombay Stock Exchange Limited.

1998 Registered as a NBFC with RBI.

2008 Takeover of the Choice International Ltd. by Mr. Sunil Patodia (Promoter)

2009 Commenced Investment Banking and Debt Syndication business.
Acquired stake in Choice Infra Ventures Limited.

2010 Formation of subsidiary companies diversified into different businesses.
Acquired Commodities Broking license from MCX, NCDEX and ICEX.
Acquired Stock Broking membership from NSE, BSE, USE and MCX-SX.
Acquired membership for Depository Participant with CDSL.

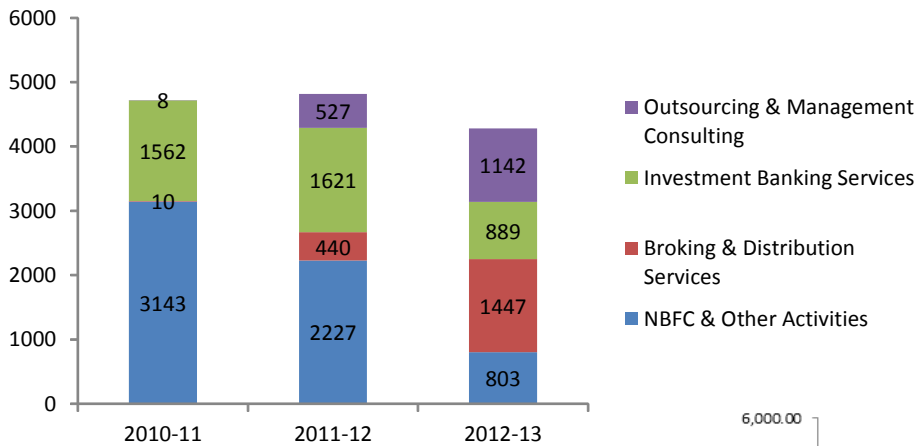
2011 Registered as a Category I Merchant Banker from SEBI.
Established new corporate office – Shree Shakambhari Corporate Park, an eight storied building located in J.B. Nagar, Andheri, Mumbai.

2012 Registered as a Market Maker in SME segment of BSE.
Converted Choice Equity Broking P. Ltd. Trading membership into Clearing Membership of BSE F&O segment.
Obtained broking license in MCX-SX in cash and F&O segment.

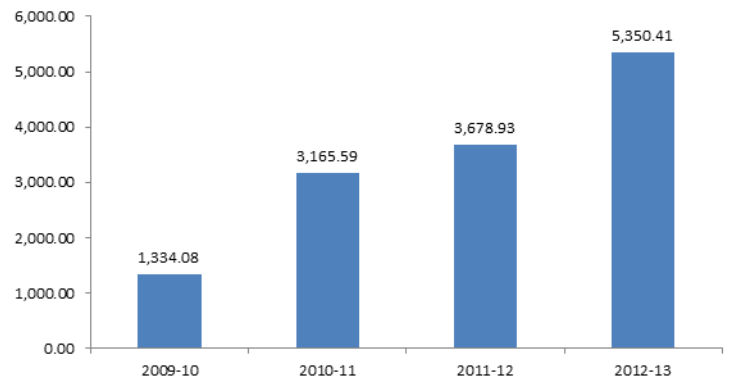
2013 Acquired license in Securitisation Lending & Borrowing Market (SLBM) in NSE in CEBPL fold.
Started Market making activities in SME segment.
Acquired membership in Debt Market of NSE Ltd in CEBPL fold.
Converted NSE currency derivatives segment membership from Trading to Trading cum Clearing Membership.

Performance Analysis

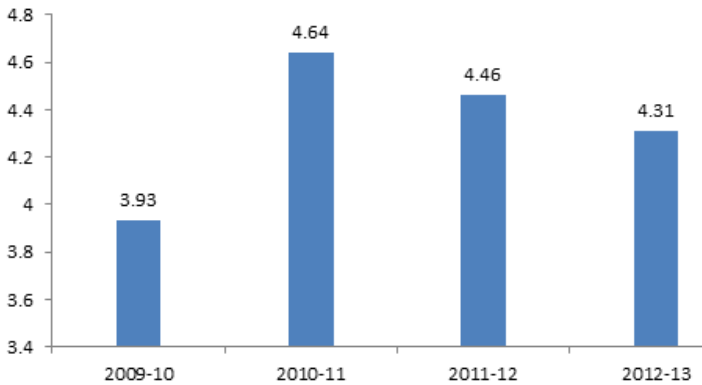
Consolidate Segmentwise Revenue in Lacs



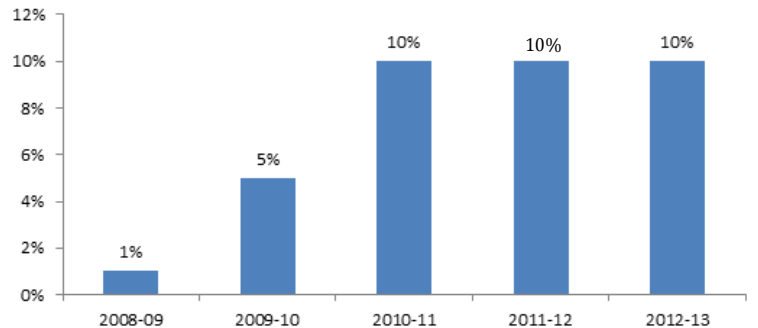
Consolidated Network (Rs. in Lacs)



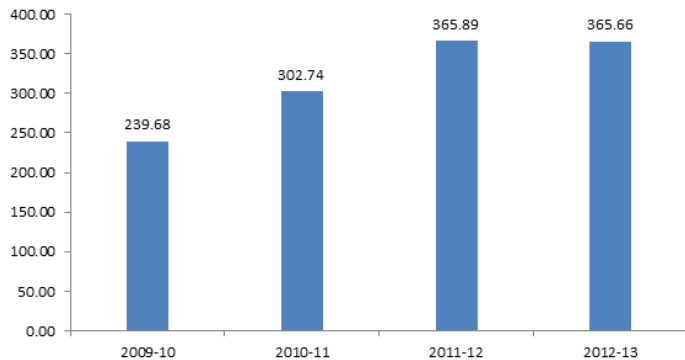
Consolidated EPS



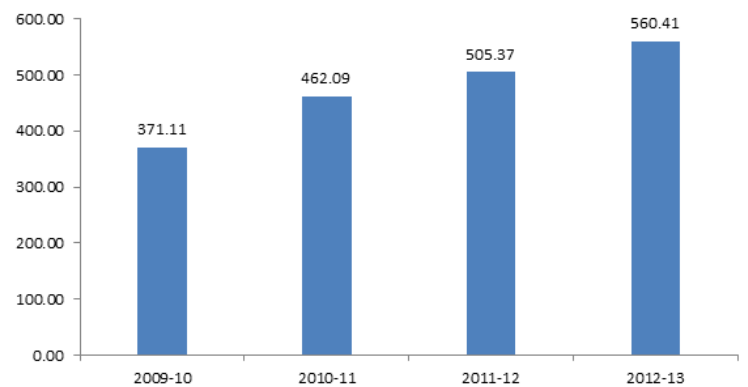
Dividend (in %)



Consolidated Profit After Tax (Rs. in Lacs)



Consolidated PBT (Rs. in Lacs)





Financial Highlights

(Rs. in Lacs)

Financial Highlights	2012-13	2011-12	2010-11	2009-10	2008-09
Total Income (Consolidated)	4153.61	4810.15	4734.06	3473.43	188.49
Profit Before Tax (Consolidated)	560.41	505.37	462.09	371.11	20.25
Profit After Tax (Consolidated)	365.66	365.86	300.07	239.68	14.41
Dividend	100.05	75.04	75.04	32.52	4.04
Dividend per Equity Share	1.00	1.00	1.00	0.50	0.10
Dividend%	10%	10%	10%	5%	1%
Equity Share Capital	1000.48	750.48	750.48	650.48	400.48
Reserves and Surplus	3911.38	2124.58	2100.98	376.70	21.75
Net Worth	4911.86	2875.07	2851.46	1027.18	422.22
Borrowings	1917.14	1420.35	1597.01	18.00	0.00
Funds Employed	6829.01	4295.42	4448.48	1045.18	422.22
Market Capitalisation	5122.45	2367.76	6080.63	4868.84	464.96
Key Indicators					
Net Worth per Equity Share of Rs. 10/-	51.2	38.31	38.00	15.79	10.54
Earnings per Equity Share (Basic) (in Rs.)	1.32	1.31	5.08	4.39	0.36
Earnings per Equity Share (Diluted) (in Rs.)	1.32	1.20	5.08	4.39	0.36
Debt Equity Ratio	0.39:1	0.49:1	0.64:1	0.02:1	0
Net Profit Margin	13.86%	7.61%	6.34%	6.90%	7.64%
Return on Net Worth	2.28%	12.73%	10.52%	23.33%	3.41%



Broking & Distribution

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.

Building Trust, Building Scalability, Building Profitability

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, sub- brokers and franchises 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 & disadvantages.
- Advance technology to create a advanced front end and accessibility for easier access for the MIS reports and portfolio reports.



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

Key Strategies:

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



Knowledge Process Outsourcing

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 the globe.
- Building knowledge infrastructure through increasing the employee strength and training them to suit the client's needs and requirements.

Board of Directors:

CA Kamal Poddar	Managing Director
CA Pankaj Bhansali	Executive Director
CA Ajay Kejriwal	Non –Executive Director
Mrs. Hemlata Poddar	Non-Executive Director
CA Manak Chand Daga*	Independent Director
Dr. Kali Mohan Bhattacharya	Independent Director
Mr. Debkumar Goswami	Independent Director
Dr. Satish Chandra Kulhari	Independent Director
CA Brijmohan Agarwal	Independent Director
Mr. Alexander K P Vaidyan	Independent Director
Mrs. Bhagyam Ramani	Independent Director

Company Secretary:

CS. Mahavir Toshniwal

Bankers:

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

Auditors:

M/s. Gupta Shyam & Co.
 Chartered Accountants

Registrar and Share Transfer Agent

Sharex Dynamic (India) Pvt. Limited
 Unit-1 Luthra Industrial Premises,
 Andheri- Kurla Road, Safed Pool,
 Andheri (E), Mumbai-400072
 Phone: 022-28515606/5644
 www.sharexindia.com

Subsidiary Companies

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

Registered Office:

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

Zonal Offices:

Mumbai
 New Delhi
 Jaipur
 Ahmedabad
 Kolkatta
 Bengaluru

*CA Manak Chand Daga has resigned from the directorship in the Company w.e.f. August 08, 2013

DIRECTORS REPORT

To,
The Members,

Your Directors have pleasure in presenting the 20th Annual Report on the business and operations of the Company together with the audited statement of accounts for the year ended March 31, 2013.

(Rs. in Lacs)

Standalone		Particulars	Consolidated	
2011-12	2012-13		2012-13	2011-12
2401.88	806.62	Total Income	4153.61	4810.15
2264.60	657.95	Total Expenditure	3593.20	4304.79
137.27	148.67	Profit Before Tax	560.41	505.36
38.62	36.82	Provision for Tax (Including Deferred Tax)	194.74	139.50
98.65	111.85	Profit After Tax before Minority Interest	365.67	365.86
-	-	Less/(Add): Share of Minority Interest	Nil	(0.02)
98.65	111.85	Profit after Tax after Minority Interest	365.67	365.88
354.11	357.72	Add: Surplus brought forward from previous year	553.59	297.01
452.76	469.57	Profit available for Appropriations	919.25	662.89
		Less: Appropriations:		
-	-	Transfer to General Reserve	-	(5.55)
(20.00)	(22.50)	Transfer to Statutory Reserve	(22.50)	(20.00)
(75.04)	(100.05)	Proposed Dividend	(100.05)	(75.04)
-		Dividend Distribution Tax on Proposed Dividend	(16.69)	(12.29)
-	-	Add: Reversal of accumulated loss on disposal of subsidiary	-	3.58
357.72	347.02	Surplus carried forward	780.02	553.59

2) A Snapshot of Segment wise Financial Performance of Choice International Limited

(Rs. in Lacs)

Particulars	2012-13	2011-12
Segment Revenue		
NBFC & Other Services	803.37	2226.92
Broking Services	1447.18	439.95
Investment Banking Services	888.62	1620.86
Outsourcing Services	1142.31	527.10
Gross Total Income	4281.48	4814.83
Less: Inter Segment Revenue	226.33	32.22
Net Income from Operations	4055.15	4782.50
Other Income	98.45	27.55
Gross Income	4153.60	4810.16
Segment wise results Profits/(Loss) before Interest & Tax		
NBFC Operations	406.36	475.00
Broking Services	225.43	156.00
Investment Banking Services	258.82	342.55
Outsourcing Services	137.29	60.33
Gross Total Profit	1027.90	1033.88
Less: Interest Expenses	208.05	250.49
Unallocable Expenses	266.19	282.39
Add: Other Income	6.75	4.36

RESULT OF OPERATION

Our Company being focused primarily on lending and investment activities has to tread a very cautious path during the year so as to balance between the return expectations and risk involved in lending business.

On consolidated basis, the company's gross revenue marginally reduced by 13.65 percent to Rs 4,153.61 Lacs as compared from Rs 4,810.15 Lacs of the FY2011-12. During the year, the huge income is primarily generated by Broking and Outsourcing services segment of the company as compared to other

segment of the Company. The income from Broking business has increased by 228.94 percent to Rs. 1447.18 Lacs in FY2012-13 from Rs. 439.95 Lacs of FY 2011-12. The income from Outsourcing business increased from Rs 1142.31 Lacs to Rs 527.10 Lacs i.e. increased by 116.72 percent. The Profit before Tax of FY 2012-13 as compared to last FY 2011-12 was slightly high by 10.89 percent only to Rs. 560.41 Lacs from Rs. 505.36 Lacs and the Profit after Tax is Rs. 365.67, which is almost equal to the Profit after Tax of FY 2011-12.

On standalone basis, Profit before Tax has been increased by 8.30 percent from Rs 137.27 Lacs in FY 2011-12 to Rs. 148.67 Lacs in FY 2012-13 and Profit after Tax also increased by 11.56 percent from Rs 98.65 Lacs in FY 2011-12 to Rs. 111.85 Lacs in FY 2012-13. India continues to witness a very challenging economic environment.

DIVIDEND & RESERVES

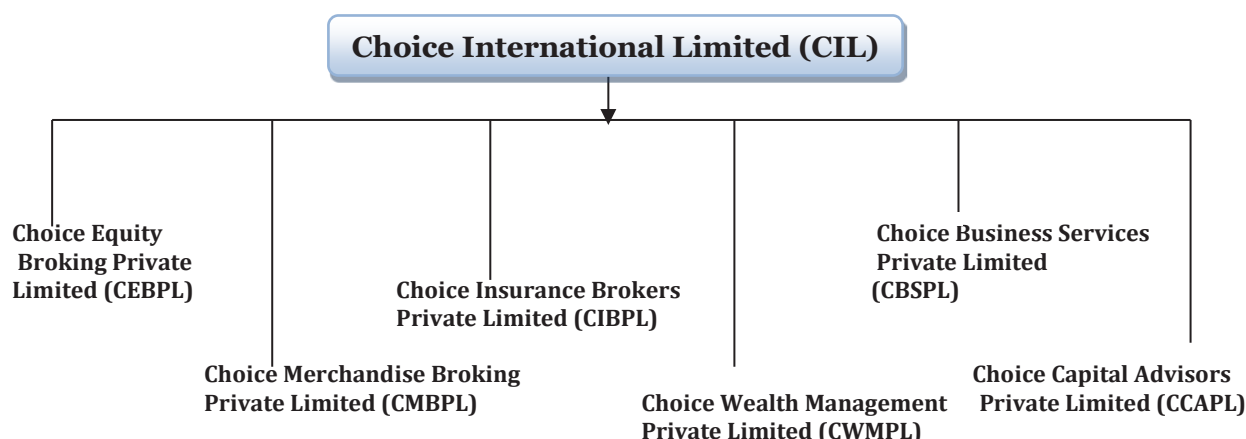
Choice International Limited is constantly on regular basis declaring the dividend to its shareholders at the Annual General Meetings of the Company. Our Directors are pleased to recommend a final dividend of 10 percent i.e. Rs. 1/- per equity share for the financial year ended March 31, 2013 aggregating to Rs. 100.05 Lacs. According to the special provision of sub-section (1A) of section 115-O of the Income Tax Act, 1961, the company is not required to make provision for the dividend distribution tax on dividend proposed. The dividend, as recommended by the Board, if sanctioned at the ensuing AGM, will be paid after September 16, 2013 to those members or their mandates whose names are registered on the Company's Register of Members.

The company in the year 2012-13 has appropriated a sum of Rs. 22.50 Lacs towards Reserve Fund under Section 45- IC of Reserve Bank of India Act, 1934

CONVERSION OF WARRANTS ISSUED ON

SUBSIDIARIES:

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



PREFERENTIAL BASIS TO PROMOTERS AND NON-PROMOTERS

On November 09, 2012, Promoters and Non-promoters exercised its rights of conversion of 25,00,000 warrants issued on December 21, 2011. Accordingly, 25,00,000 equity shares of face value of Rs. 10 each have been allotted to them.

SHARE CAPITAL

During the year under review, the company had raised its Issued, Subscribed and Paid-up Share Capital from Rs. 750.48 Lacs to Rs. 1,000.48 Lacs due to allotment of 25,00,000 equity shares on conversion of 25,00,000 warrants into 25,00,000 equity shares of face value of Rs. 10 each at the premium of Rs. 71 each.

DEFERRED TAX

In terms of Accounting Standard on 'Accounting for Taxes on Income' (AS-22), a sum of Rs 1,89,08,272/- has been debited to the Profit & Loss Account being Deferred Tax Liability for the year under review.

CEBPL is already a member of BSE and NSE and during the year the broking firm has acquired the membership under the Cash and F&O segment of MCX-SX.

CMBPL in the FY 2012-13 has acquired the membership of National Stock Exchange Limited (NSE).

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet, and Statement of Profit & Loss Account of our subsidiaries. The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in their Annual Report. Accordingly, the Annual Report 2012 -13 does not contain individual financial statements of these subsidiaries, but contains the audited consolidated financial statements of the Company and its subsidiaries. Further, as required under the circular, the Board of Directors has, at its meeting held on 8th August, 2013 passed a resolution giving consent for not attaching the balance sheet of the subsidiary companies. The audited annual accounts and related information of the subsidiaries will be made available to the shareholders of the Company seeking such information upon request. These documents will also be available for inspection during business hours at the company's registered office. The Statement pursuant to Section 212 of Companies Act, 1956, containing details of the Company's Subsidiaries attached herewith.

CONSOLIDATED FINANCIAL STATEMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

DIRECTORS ELIGIBLE FOR RE-APPOINTMENT/ APPOINTMENT

As per the provisions of article 131, article 132 and article 133 of Articles of Association of the Company and pursuant to section 256 of Companies Act, 1956, Dr Satish Chandra Kulhari, Mr. Debkumar Krishnapada Goswami and Dr. Kalimohan Bhattacharya are liable to retire by rotation at the ensuing annual general meeting and being eligible, offers themselves for re-appointment.

CA Pankaj Bhansali, Mr. Alexander Koshy Prince Vaidyan and Mrs. Bhagyam Ramani were appointed as Additional Directors as February 12, 2013 during the Financial Year who will hold office upto the ensuing AGM of the company.

Brief resume of the Directors proposed to be re-appointed/appointed, nature of their expertise in specific functional areas and names of public limited companies in which they hold directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, are provided in the notice along with the 20th Annual Report of the Company.

LISTING OF EQUITY SHARES:

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

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

FIXED DEPOSITS

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

AUDITORS

The 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.

AUDITORS' REPORT

The Auditors Report to the shareholders does not contain any qualifications. Further, the Notes to the Financial Statements are self-explanatory and do not call for any comments.

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.

CORPORATE GOVERNANCE

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

All Board members and senior management personnel have affirmed compliance with the code of conduct for FY 2013. A declaration to this effect signed by the Chief Executive Officer (CEO) of the Company is contained in this annual report.

The CEO have certified to the Board with regard to the financial statements and other matters as specified in

clause 49 of the listing agreement and the said certificate is included in this annual report.

STATUTORY DISCLOSURES

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

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

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

A cash flow statement for FY2013 is attached to the balance sheet.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards have been followed and that there are no material departures from the same.
2. The Directors have 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, 2013, and of profit of the Company for the said period.
3. The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for detecting fraud and other irregularities; and
4. The Directors have prepared the accounts for the financial year ended March 31, 2013 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

The Board of Directors takes this opportunity to express its sincere appreciation for the support and the co-operation from the members, Reserve Bank of India, banks and institutions.

The Board of Directors also puts on record its sincere appreciation of the commitment and hard works put in by the management and employees of the Company and wish them for another good year for the Company.

On behalf of the Board of Directors

Mumbai, August 08, 2013

Sd/-
Kamal Poddar
(Managing Director)

Sd/-
Ajay Kejriwal
(Director)

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

(Currency: Indian Rupees)

Particulars	Choice Capital Advisors Private Limited	Choice Equity Broking Private Limited	Choice Merchandise Broking Private Limited	Choice Wealth Management Private Limited	Choice Business Services Private Limited	Choice Insurance Brokers Private Limited
The Financial year/period of the Subsidiary Company.	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013
Equity Share Capital	5,05,00,000	4,23,60,000	1,00,00,000	1,00,000	10,00,000	51,00,000
% Shares held by Choice International Limited	100%	100%	100%	100%	100%	100.00%
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	1,34,29,206	1,01,11,015	14,23,696	83,604	75,73,288	3,36,031
(ii) For the previous financial years since it became the subsidiary of the Company	1,10,44,839	90,91,973	24,08,360	3,86,103	39,00,943	(1,10,693)
b) dealt with in the Accounts of the Company						
(i) For the financial year of the subsidiary	0	0	0	0	0	0
(ii) For the previous financial years since it became the subsidiary of the Company	0	0	0	0	0	0
Additional Information u/s 212 (5)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

The above details are as on March 31,2013

For and on Behalf of the Board of Directors

Sd/-
Kamal Poddar
Managing Director

Sd/-
Ajay Kejriwal
Director

Mumbai, August 08, 2013

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

Particulars	Choice Capital Advisors Private Limited	Choice Equity Broking Private Limited	Choice Merchandise Broking Private Limited	Choice Wealth Management Private Limited	Choice Business Services Private Limited	Choice Insurance Brokers Private Limited
The financial year/period of the Subsidiary Company	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013	April 1, 2012 to March 31, 2013
Share Capital (Equity & Preference)	5,05,00,000	4,23,60,000	1,00,00,000	1,00,000	10,00,000	51,00,000
Reserve & Surplus (Net of debit balance of profit & loss Account & miscellaneous expenditure to the extent not written off)	93,10,787	11,94,45,504	6,35,726	4,34,910	1,14,18,611	(58,129)
Total Assets (Fixed Assets+Current Assets+Investments)	7,28,86,485	51,26,66,860	2,39,33,724	9,26,884	1,65,99,830	50,51,422
Total Liabilities (Debts+Currents Liabilities & Provisions)	1,30,75,698	35,62,76,274	1,32,97,998	3,91,974	50,81,219	9,551
Details of investments(excluding investments in subsidiary companies)	5,00,96,906	54,14,918	-	-	-	-
Turnover	8,98,59,897	13,02,55,823	2,12,09,664	14,24,945	11,42,31,015	3,50,306
Profit Before Taxation	1,98,81,984	1,49,72,184	21,11,467	1,17,286	1,13,29,036	3,36,031
Provision for Taxation	64,52,778	48,61,169	6,87,771	34,222	37,55,748	-
Profit after Taxation	1,34,29,206	1,01,11,015	14,23,696	83,604	75,73,288	3,36,031
Proposed/interim Dividend(including Dividend tax)	58,69,236	49,23,185	11,62,225	-	-	-

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

For and On Behalf of the Board of Directors

Sd/-
Kamal Poddar
Managing Director

Sd/-
Ajay Kejriwal
Director

August 08, 2013, Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Forward- Looking Statement:

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

Indian Economic Overview:

India continues to witness a very challenging macroeconomic environment. Growth remained weak and continued to decline throughout 2012-13 (FY2013): 5.5 percent in Q1, 5.3 percent in Q2, followed by 4.5 percent in Q3 and the last Q4 being the 4.8 percent growth. For FY2013, growth was expected at 5 percent - much below the 6.2 percent recorded for FY2011-12. That means that the pace of economic expansion has slowed sharply in the second half of 2012-13, given that GDP growth in the April-September period stood at 5.4 percent.

Declining growth is not the only economic problem. The current account deficit, which stood at 4.2 percent of GDP for FY 2011-12, is expected to be around 5 percent for FY 2012-13. Notably, the deficit for Q3 was a very high 6.7 percent mainly due to high imports of oil and gold. Both wholesale price inflation (WPI) and consumer price inflation (CPI) have remained uncomfortably high through the better part of the year. The WPI started declining only towards the end of FY 2012-13 with a fall in core inflation; the CPI, however, continued to remain high on account of food inflation.

There were some positive developments on the monetary front. The Reserve Bank of India (RBI)

began FY 2012-13 with a higher than expected 50 bps policy rate cut in April 2012. This was followed by two further cuts in the policy rate of 25 bps each under the liquidity adjustment facility (LAF) — resulting in a total of 100 bps repo rate cut through the year. Therefore, while the RBI’s policy stance remains focused on containing inflation, it has shown some adjustment to marginally ease interest rates. It has also eased liquidity in FY 2012-13 by cutting the CRR by 75 bps across the year and giving a fillip to open market operations worth Rs. 1.3 trillion.

During the second half of the fiscal year, the Government of India announced several reform measures such as increasing fuel prices and giving oil marketing companies greater freedom to adjust prices according to the global price of crude; opening of foreign direct investment (FDI) in different sectors, especially retail; setting up a high level committee to address much needed infrastructure investment; simplification of debt limits for foreign institutional investors (FII); and a fiscal consolidation plan under the aegis of the new Finance Minister. Simultaneously, oil, gold and other commodity prices have begun to ease. Hopefully, all these factors may aid growth in FY 2013-14.

The good news is that despite economic difficulties, the demand for retail finance remained fairly robust with the sector witnessing all-round growth. We expect retail finance to continue growing given the large untapped demand and a clear demographic shift in favour of a younger and more consumption and lifestyle conscious working population which should increase demand for homes and consumer durables.

Non-Banking Finance Companies (NBFCs) continue to play a critical role in making financial services accessible to a wider set of India’s population and are emerging as strong intermediaries in the retail finance space. Going forward, one should expect NBFCs to further strengthen their presence in retail finance and grow at a reasonably healthy pace.

The RBI guidelines provide for the conversion of NBFCs into a bank, but do not provide any flexibility for an NBFC and a bank to co-exist for a reasonable period of time.

The Finance Bill 2013 proposed to provide the parity in taxation between an IDF Mutual Fund, Fund that distributes income and an IDF NBFC that pays

interest when the payment is made to a non-resident. Presenting the union budget in Lok Sabha, the finance minister P Chidambaram said that the rate of tax on such distributed income or interest will be 5 percent. He also stated that investor protection fund set up by depositor for protection of the interest of beneficial owners will be exempt from income tax.

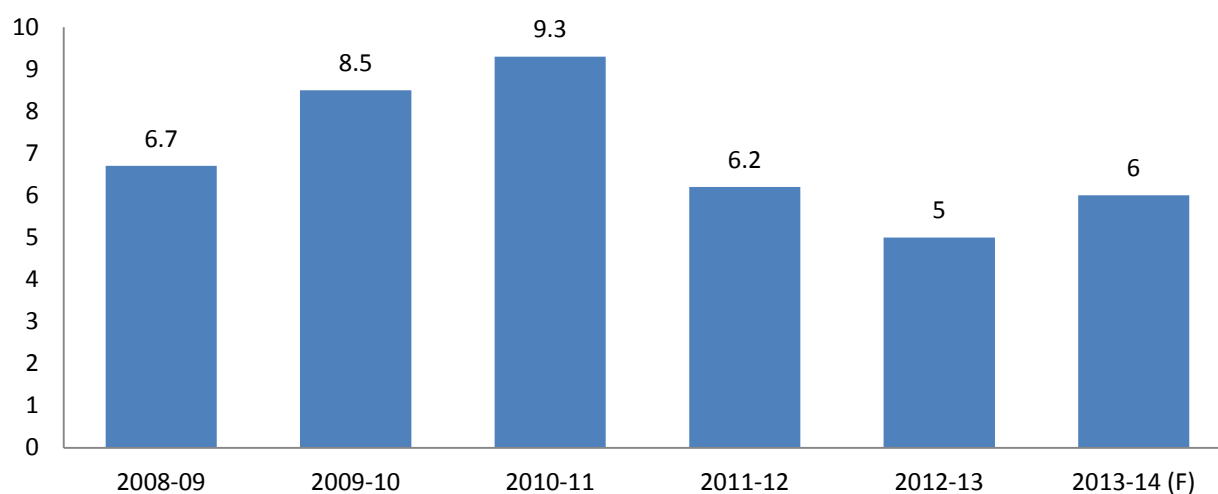
Industry Structure and Analysis:

During the financial year 2012-13, the industry has been put to the test through a very challenging business environment. The year 2012-13 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. The Reserve Bank of India's (RBI) initiatives to rein in inflation have succeeded considerably as the country's inflation rates eased to a 41-month low in April 2013. The government is also initiating measures to limit the fiscal deficit for

2013-14 to 4.8 percent of GDP. Such measures will restore confidence in India's macroeconomic policy. Besides, the 12th Five Year Plan is already underway and fiscal allocation for infrastructure creation is significant. The government has also allocated Rs. 60 Billion for rural housing in the Union Budget 2013, around 50 percent more than last year. It has also provided additional tax subvention for housing loans. These initiatives are expected to boost the infrastructure and housing sector considerably. However, the result of these steps will take some time to reflect in the real economy.

Another positive trend is that India is steadily growing its economic stature internationally. China has shown eagerness to enhance bilateral trade with India and the two countries have set a target USD 100 Billion in trade by 2015. Despite challenges, India's long-term growth prospects look positive, but policies need to be recalibrated in view of evolving circumstances.

Indian GDP growth rate in %:



INDIA'S NBFC INDUSTRY OVERVIEW:

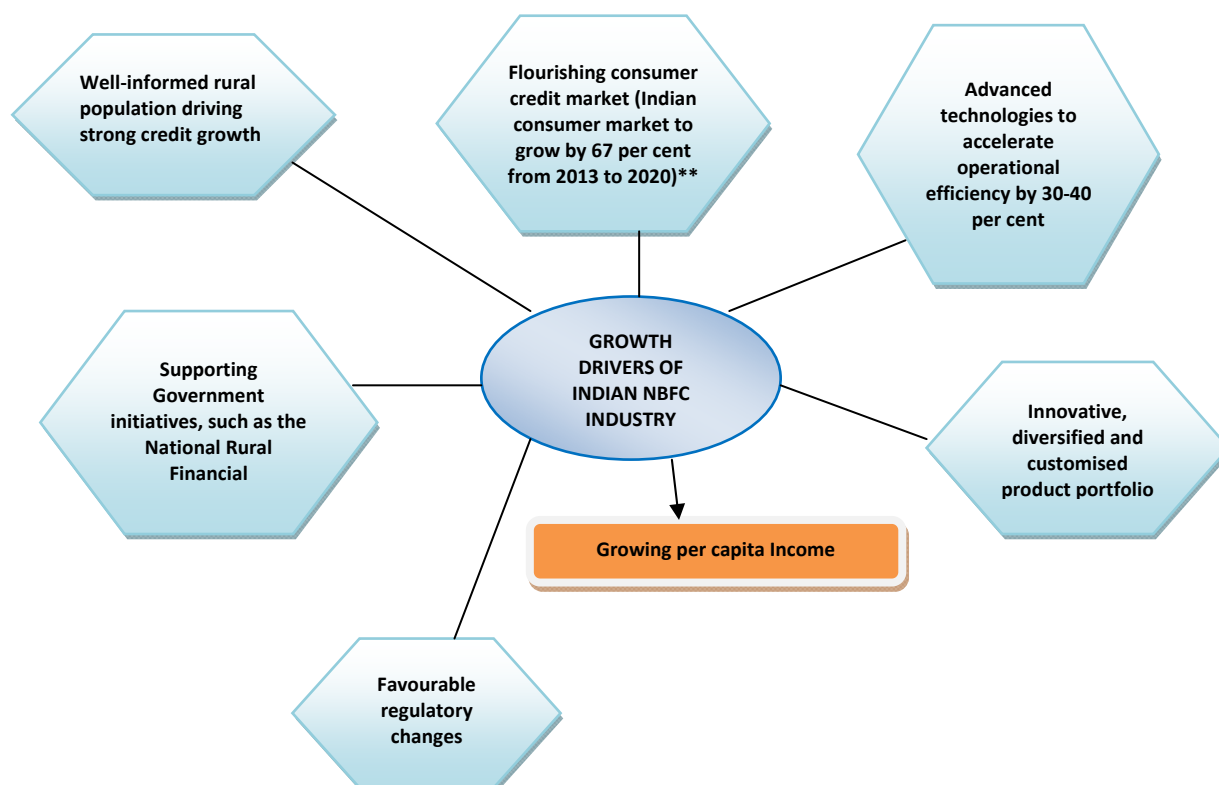
Over the years, the Non-Banking Financial Companies (NBFCs) of India have been instrumental in driving the country's inclusive growth. In the rural and semi-urban India, the sector plays a critical role in financing long-term infrastructure, construction equipment, leasing, real estate, vehicles and SMEs. At present, more than 80 percent of equipment leasing and hire purchase financing in India are financed by NBFCs.

The industry's retail credit projects 17 percent growth in FY 2012-13. It is evident that prudent policy

initiatives are required at all levels to drive growth to a higher trajectory. The key industry segments (construction equipment, commercial vehicle and gold) which constitute around 56 percent of total retail credit, witnessed moderate growth. The poor growth of the key segments will diminish the Gross Non Performing Assets (NPAs) of the industry. The cost of funds for retail focused NBFCs will also remain high.

Nevertheless, the industry's long-term outlook remains stable. The major NBFCs maintain a strong buffer against expected credit quality pressures.

Growth drivers of India's NBFC industry:



Regulatory landscape:

Indian NBFCs operate under continuously evolving stringent guidelines. In fiscal 2013, RBI finalised its much awaited Guidelines on securitisation and assignment transaction of standard assets and issued final Guidelines on 7th May, 2012. As per the new Guidelines, securitisation route will be preferred over assignment route. RBI has also released revised Guidelines on Priority Sector Lending-Targets and Classification, incorporating recommendations of MV Nair Committee on 20th July, 2012. The revised Guidelines recommend:

- Interest spread cap of 8 percent is higher than the original recommendation of 6 percent;
- No cap on the amount, which banks can buy through this route;
- No restriction on NBFCs on amount of securitisation/assignment.

Usha Thorat Committee recommendations:

RBI has proposed new draft Regulatory Guidelines for NBFCs, based on the recommendations of the Smt. Usha Thorat Committee on issues and concerns in the NBFC sector, published on 12th December, 2012. The key proposals are available on RBI website:

Effects of recommendations on the industry:

The policies, if implemented, will usher in positive and long-term growth of the NBFC sector, even though some of the clauses can impact profitability in the early stages of implementation.

The new proposals will have limited financial impact on major NBFCs. However, the incremental provision on 90-day NPAs and general provisions on standard assets at 0.40 percent (current 0.25 percent) will reduce return on assets by 5-40 bps. The industry is less likely to have any material impact from the requirements of higher Tier I ratio and liquid asset coverage (for cumulative mismatches in 1- 30 day buckets), as major NBFCs maintain high capital ratios and well-matched asset-liability tenors.

If the proposed requirement of registration of NBFCs at an asset size of Rs 250 Million is implemented, the industry's small and mid-sized NBFCs will be consolidated. As on 30th June, 2012, there were 12,385 registered NBFCs, marginally lower than 12,630 registered NBFCs in 2010.

Choice International Limited (CIL) is a umbrella financial services company. Performance on standalone basis was affected due to depressed equity markets during the year.

- Consolidated Turnover– Rs 4153.61 Lacs
- Standalone Profit for the year - Rs 111.85 Lacs
- Consolidated Profit for the year- Rs 365.67 Lacs

BUSINESS STREAM & OUTLOOK

- Choice International Limited (CIL) is one of the fastest growing financial services providers. CIL is a Listed Non-Banking Financial Company registered with RBI, having its presence all over the country. The core strength is the team of finance professionals comprising of Chartered Accountants, Cost Accountants, Company Secretaries and MBA's. At Choice, we believe in adding real values to the organizations through domain expertise plus solutions with proven success in the field and world-class service. It's how we keep you moving forward.
- Choice has an requisite infrastructure and expertise to cater to the varied needs in diverse environments. With Choice, you can effectively handle your multi-locational needs relating to all your finance

related requirements. Initiative you can rely on and knowledge you can trust - these are the hallmarks of a true leader and what it means to experience excellence. In this rapidly changing environment, it is time to experience the excellence yourself.

- The investment strategy of the Company is guided by the basic principles of adequate Security, safety and prudence, with the prime aim to generate long term capital appreciation.

The Choice Group, consisting of six subsidiaries and one associate company, conducted its operations from five major centers as on March 31, 2013. The current business of your company has been divided into four broad categories – Lending and other activities, Investment Banking, Broking, Distribution Services, & Outsourcing services and Management Consulting. It's four lines of business, with about customers across several industries, and prides itself for having a talent pool of more than 200 committed employees. This allows Choice to offer its customers virtually everything under the financial services except a savings or current account.

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

Name of the Subsidiary Company	Primary products and services offered
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 Broking Pvt Ltd.	Commodity Broking and Depository Services
Choice Business Services Pvt Ltd.	Knowledge Process Outsourcing and Management Consulting
Choice Insurance Brokers Pvt Ltd*	Insurance Broking (life and non life)

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

Since the current management takeover of the company, our 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

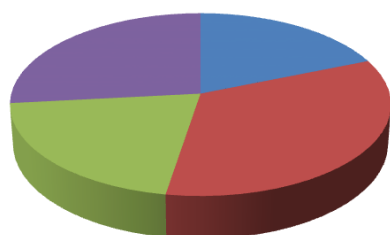
- Diverse product portfolio
- Strong risk management
- People and talent.
- Client Centric Approach

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.

BUSINESS INCOME HIGHLIGHTS:

The composition of the consolidated turnover has been as follows:

(Rs in Lacs)		
Particulars	FY 2013	FY 2012
NBFC Operations & other Services	803.37	2226.92
Broking Services	1447.18	439.95
Investment Banking Services	888.62	1620.86
Outsourcing Services	1142.31	527.10
Total	4281.48	4814.83
Less: Inter-segment Revenue	226.33	32.22
Net Income from Operation	4055.15	4782.61
Add: Other Income	98.45	27.55
Total	4153.60	4810.16



■ NBFC Operations & other Services ■ Broking Services
■ Investment Banking Services ■ Outsourcing Services

INVESTMENT BANKING:

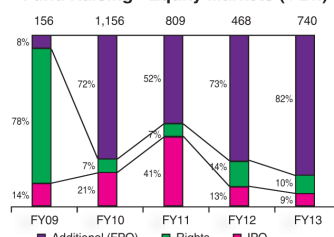
Industry Facts

Investment banking activities remained sluggish this year across the industry. IPO and Rights issuances declined and retail investors largely shied away from equity markets. Comparatively, QIP emerged as the favoured route for fund-raising as it was slightly easier to raise funds from institutional investors.

SEBI's rule for listed companies for minimum 25 percent public shareholding resulted in Offer for Sale and Institutional Placement Programme issues. This increased the proportion of the additional / follow-on issuance segment within equity raising volumes. Focus has been to enhance bankers' accountability in the IPO process by disclosing performance track record and monitoring the end-use of IPO proceeds. Since the last couple of years, the lull in the primary stock markets led to companies resorting to Debt to meet capex and refinancing needs. ECBs and foreign debt have largely been in vogue. FCCBs have not been popular as they are

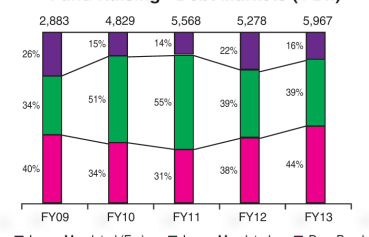
linked to equity markets. The bond market is largely restricted to the larger, investment-grade companies. Raising bonds has been a challenge for the smaller companies with borrowing cost has been capped at minimum 500 bps over Libor. Hence, the loan market has been better alternative for them. Private placement of debt to institutional investors saw popularity due to increased limits in bonds for FIIs and weak Rupee.

Fund Raising - Equity Markets (₹ Bn)



Source: Bloomberg League Tables

Fund Raising - Debt Markets (₹ Bn)



Source: Bloomberg League Tables

M&A deal values were stressed due to challenges of the economic slowdown and high interest rates. In bound transaction saw a sharp uptick this year as a number of global company took advantage of the current condition to tap inorganic growth opportunities in India.

Our Investment Banking Service's:

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. Having registered office 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 Rs. 888.62 Lacs as at March 31, 2013. The company believes that in medium to long term, the business will have greater pricing power and better relationships with clients.

Income from Investment:

Choice International Limited, the parent company being a registered NBFC with RBI has been primarily engaged in the business of lending & 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.

BROKING & DISTRIBUTION BUSINESS

The Markets in FY2012-13

The BSE Sensex was up 8 percent for the fiscal FY2013, after declining 10 percent in FY 2012. It saw positive returns in each of the first three quarters of FY 2013. But a decline of 3 percent in Q4 FY2013 lowered Sensex returns for the full year. On a relative basis, the Sensex performed better than the benchmarks of emerging market peers like China, Brazil, but underperformed developed markets like USA, UK, Germany and Australia. In terms of the broader market, the BSE Midcap Index was down 4 percent for the fiscal year. With macro headwinds and policy uncertainties impacting sentiments, domestic retail and institutional investors shied away from Indian equities. However following deferment of GAAR proposals, FIIs pumped in net inflows each month this fiscal since Jul 2012. FIIs are now the second biggest holders of Indian equities after promoters. Inflation, interest rates and currency had an impact on profit margins of companies. As mean reversal occurs in the economic variables, it should help corporates by fuelling operating cash flows, improving margins, reducing debt, and eventually lead to an uptick in market performance.

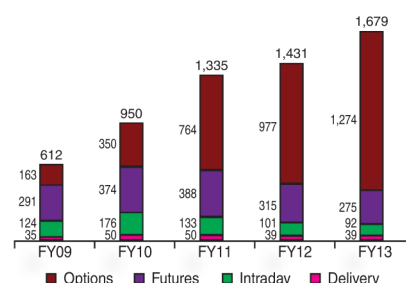
With the depreciation in the average INR / US\$ exchange rate this year, the market capitalization was down 2 percent YoY to US\$1.21 tn in US dollar terms.

Equity market volumes continue to be boosted by options, however cash volumes may be showing signs of bottoming out

Equity market average daily volume (ADTO) touched a high of Rs 1,679.24 bn in FY 2013, up 17 percent from last year. This was led by a 30 percent YoY growth in the option segment. Options have continued their dominance and comprised 76 percent overall market volumes in FY 2013, as compared to 68 percent in FY2012 and 27 percent back in FY 2008-09. Given the relative growth in options, the proportion of F&O

to total volumes increased further to 92 percent in FY 2013, as compared to 90 percent in FY 2012.

Average Daily Market Volume (ADTO) in ₹ Bn



Source: BSE, NSE

Within cash volume participants, the proportion of retail to cash volumes continued to fall as retail cash ADTO declined by 10 percent YoY. It was 49 percent in FY2013, as compared to 51 percent in FY2012. FII cash ADTO held fl at on a YoY basis, thus its proportion to cash volumes picked up from 18 percent to 19 percent YoY. Slowdown in the growth of demat accounts continued as primary market activity remained sluggish.

Our Broking Service business:

It comprises, the income received from broking and related activities in cash and derivatives segments of equities on BSE & NSE, commodities, currency derivatives. 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 Rs. 1447.18 lacs, an increase by more than three times as compared to Rs. 489.95 lacs in the last year. With its core strength of personalized services backed by strong research and advisory services, the company continues to focus on the high-yielding cash and derivatives segment. As the market performance and retail participation picks up, the company will be best poised to capture the resultant upside.

OUTSOURCING & MANAGEMENT CONSULTING BUSINESS

Outsourcing is one of the fastest growing industry on the world platform. It mainly involves transfer of components or large segments of the companies' internal production processes, businesses, infrastructure, etc. to the external service providers. It can cover a wide range of components depending upon the core competency and the requirements of the outsourcer. It may be broadly classified into information technology (IT), human resource, customer

service, engineering, knowledge services, legal, R&D outsourcing, etc.

As a result, India continues to dominate global outsourcing market with market size estimated to be worth about \$52 billion. Banking and financial services contribute nearly 40 percent to India's outsourcing industry. But, outsourcing industry has been facing many challenges, like, cut-throat competition, severe shortages of trained and skilled manpower, more investment needed in KPO infrastructure, need of higher level of control, maintenance of higher quality standards, etc. Besides, there are several problems faced by BPO employees which affects their health and lifestyle, namely, working in night shifts, problem of sexual harassment at workplace, etc. In case of offshore outsourcing, cultural mismatch or language barriers can pose a big risk.

The success of off-shoring BPO sector in India has led to the emergence of Knowledge Process Outsourcing (KPO) sector in India, which deals with off-shoring of knowledge intensive business processes requiring specialized domain-based expertise. India is well endowed with large pool of skilled manpower, like, chartered accountants, doctors, MBAs, lawyers, research analysts, etc., which would help to add value to the global KPO business and its high-end processes like valuation research, investment research, patent filing, legal and insurance claims processing, online teaching, media content supply, etc. This advantage, along with multi-lingual capabilities and advantages of lower costs, can help the country to emerge as a front-runner in KPO on the global platform.

Our Outsourcing & Management Consulting Services:

During the year under review, the income from our outsourcing operations stood at Rs. 1142.31 Lacs, a increase by more than two times as compared to Rs. 527.10 Lacs in the last year.

INSURANCE

With most of the country's population still uninsured, India's insurance sector offers immense growth potential. Insurance sector growth is expected to be driven by a combination of factors viz., expanding economy, rise in young earners, growing public awareness and escalating concern about the incidence

of natural calamities. The country's general insurance and life insurance markets are likely to reach Rs. 90,000 Crores and Rs. 5,17,000 Crores, respectively by 2015.

New entrants in the insurance industry:

Since opening up, the number of participants in the industry has gone up from six insurers (including Life Insurance Corporation of India, four public sector general insurers and General Insurance Corporation as the national re-insurer) in the year 2000 to 52 insurers operating in the life, non-life and re-insurance segments (including specialized insurers, viz., Export Credit Guarantee Corporation and Agricultural Insurance Company). Four of the general insurance companies, viz. Star Health and Alliance Insurance Company, Apollo MUNICH Health Insurance Company, Max BUPA Health Insurance Company and Religare Health Insurance Company function as standalone health insurance companies. Of the twenty three insurance companies which have set up operations in the life segment post opening up of the sector, twenty one are in joint venture with foreign partners. Of the twenty one insurers (including standalone health insurers) who have commenced operations in the non-life segment, sixteen had been setup in collaboration with the foreign joint venture partners. Thus, as on date, thirty seven insurance companies in the private sector are operating in the country in collaboration with established foreign insurance companies from across the globe.

Our Insurance service:

With enhanced operations of Choice International Limited, we are well positioned to leverage the long-term growth. The Company is yet to commence its insurance business subject to receiving the approval and licence from IRDA.

FUTURE OUTLOOK:

Since the beginning of its journey, Choice has developed a strong and sustainable business model to maintain profitability, even amidst the global economic turmoil. The Company's customer-centric business model has been yielding significant results over the years. It is optimistic about the growing business potential across India's vast rural and semi-urban markets. Choice growth is expected to be driven by its extensive branch network, growing customer fraternity, operational excellence, innovative products with local relevance, strong processes and prudent risk management.

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.

HUMAN RESOURCES

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

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

We are also forefront with regards to employees health, therefore Choice has taken initiative such as availability of doctor at 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.

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.

Our 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.

1. Choice Initiative

- **Doctor's visit and other initiatives:**

Choice had organised a Reiki session for meditation, devotional and health purpose at its premises for the benefit of employees of the company. This was in



- **Christmas Celebration:**

Choice took the initiative in organising a celebration party on the occasion of Christmas Eve, with the employees of the company.

- **Mumbai Marathon 2013:**

Choice took the initiative for the employees to participate in the Standard Chartered Mumbai Marathon 2013 – Dream Run. Employee's participation in the Dream run was in good numbers and this made a healthy and refreshing break to all from the tiresomeness work life.

- **Mumbai Marathon 2013:**



2. Choice Go Green Move

At Choice, we believe that volunteering for a societal cause is an enriching experience and allows the human values and self worth of individuals and teams to flourish. As our industry and operations do not directly cause harm to natural environment, our commitment to the environment is primarily through reduction of the impact of our daily operations on critical natural resources. In view of the above, your company has started “**CHOICE GO GREEN MOVE**” which is in accordance with the MCA green initiatives wherein the communication to the shareholders shall be send in the electronic form.

3.Education

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

INVESTOR RELATIONS:

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

INFORMATION TECHNOLOGY:

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

INTERNAL CONTROL SYSTEM:

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. It also has a team of internal auditors to conduct internal audit. Reputed audit firms also ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

With the advent in technology and customer shift towards digital media as the new communication platform, it is of utmost importance for us to be a ‘Digitally Active’ organization. And social media serves as the ideal medium for us to achieve this goal. While CIL’s presence on social media networks like Linked In has grown to achieve new heights, we envision Facebook as the next social network which will help us to communicate with clients better.

CORPORATE GOVERNANCE

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

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

1. Company's philosophy on code of governance

The philosophy on Corporate Governance is an important tool for ethically driven business process that is committed to values and conduct aimed at enhancing an organization's wealth generating capacity for shareholder protection and maximization of their long term values. These policies prescribes a set of systems and process guided by the core principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility etc. which serve as the means of implementing the philosophy of Corporate Governance in letter and spirit. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders as also benchmark them against best practices.

We at Choice consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board exercises its fiduciary responsibilities in the widest sense of the term.

Our Company's Corporate Governance initiative is based on two core principles :-

- i. Management must have the executive freedom to drive the enterprise forward without undue restraints; and

- ii. This freedom of management should be exercised within a framework of effective accountability and responsibility.

Our corporate structure, conduct of business and disclosure practices have been aligned to our Corporate Governance Philosophy.

2. Board of directors:

The Board of Directors of Choice provide leadership and strategic guidance, objective judgment and exercises control over the Company, while remaining at all times accountable to the stakeholders. The Board draws upon its powers and manages the affairs of the Company within the framework set out in the Companies Act, Articles of Association of the company, Listing agreement with the Stock Exchange and internal codes/procedures of the company etc.

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

The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long term interests of the shareholders are being served. The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors, all of whom are eminent persons with considerable professional expertise and experience in business and industry, finance, management and law. Your Company is managed and guided by a professional Board comprising 11 Directors as on March 31, 2013, whose composition is given below.

The composition of the Board of Directors is in conformity with the stipulation laid down in the code of Corporate Governance recommended by the Securities and Exchange Board of India (SEBI) through clause 49 of the Listing Agreements with the Stock Exchanges.

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

* 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.

**CA Pankaj Bhansali, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan are appointed as additional directors in the board of the company in the Board of Directors meeting held on February 12, 2013 who shall retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Note:

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.

• **Definition and Role of Independent Directors.**

According to clause 49 of the Listing Agreement entered with the Bombay Stock Exchange Limited, 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 judgment in carrying out the responsibilities of a director.

Independent Directors play a key role in the decision making process of the Board by participating in framing the overall strategy of the Company. The Independent Directors are committed to acting in what they believe to be in the best interest of the Company and its stakeholders. The Independent Directors are professionals, with expertise and experience in

general corporate management, legal, public policy, finance, banking and other allied fields. This wide knowledge of their fields of expertise as well as the boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

• **Board Membership Tenure**

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 shall 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. Dr. Kalimohan Bhattacharya, Dr. Satish Chandra Kulhari and Mr. Debkumar Goswami retire by rotation at the ensuing AGM and being eligible seeks re-appointment. The details of Directors seeking appointment/ re-appointment have been attached along with the Notice of the Annual general Meeting.

• **Materially significant related party transactions**

All the materially significant related party transactions, monetary transactions or relationships between the Company and Directors, the Management, subsidiaries or relatives are disclosed in the financial statements for the year ended March 31, 2013.

(B) Details of Board meeting conducted during the year:

- i. Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company. During the financial year under review the Board meeting was held on May 14, 2012, August 14, 2012, November 09, 2012, January 12, 2013 and February 12, 2013.
- ii. The Meetings are usually held at the Company's Registered Office at Shree Shakambhari Corporate Park, Plot no. 156-158 Chakravarty Ashok Society, Near Bombay Cambridge School, J B Nagar, Andheri (E), Mumbai – 400099.
- iii. The Managing Director and the Company Secretary finalise the agenda for the Board Meetings. Every Board member can suggest additional items for inclusion in the Agenda.
- iv. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the Company. Senior management is invited to attend the Board Meetings as and when required, so as to provide additional inputs to the items being discussed by the Board.

• **Role of the Company Secretary in Governance Process**

The Company Secretary plays a key role in statutory and administrative matters. The Company Secretary ensures that all relevant information, details and documents

are made available to the directors, sent the Notice of Board Meetings, prepare the Agenda of the meetings for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. The Company Secretary records the minutes of the proceedings of each Board and Committee Meeting. The minutes of each Board/Committee Meetings are circulated in draft to all Directors for their confirmation before being recorded in the Minutes books.

3. Committees of the Board of Directors

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

As on March 31, 2013, the Board has following committees:

- i. Audit Committee;
- ii. Remuneration committee;
- iii. Shareholders/ Investors Grievance committee.

3 (i) Audit committee

• Brief description of terms of reference:

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

The Audit Committee, inter alia, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved. The minutes of the meetings of the Audit Committee are placed before the Board.

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain

external professional advice whenever required. The Committee acts as a linked between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory Auditors and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to review, inter alia, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis, Material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. Generally, all items listed in Clause 49 II D of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49IIC of the Listing Agreement.

The committee has recommended to the Board of Directors the re-appointment of M/s. Gupta Shyam & Co., Chartered Accountants, as the Statutory Auditors of the Company for the fiscal ending March 31, 2014, and that the necessary resolutions for appointing them as Statutory Auditors be placed before the shareholders.

• Composition of committee and attendance of members

The Committee had 4 meetings during the year under review i.e. May 14, 2012, August 14, 2012, November 09, 2012 and February 12, 2013. The time gap between any two meetings was less than four months

Name of the Member		No. of Meetings	
		Held	Attended
Brij Mohan Agarwal	Chairman	4	4
Dr. Satish Chandra Kulhari	Member	4	2
Kamal Poddar	Member	4	4

In conclusion, the committee is sufficiently satisfied that it has complied with its responsibilities as outlined in the audit committee charter.

3 (ii) Remuneration committee

• Brief description of terms of reference

The Remuneration Committee of the Board is constituted to formulate from time to time (a) process for selection and appointment of new directors and succession plans and (b) recommend to the Board from time to time, a compensation structure for directors and the senior manager based on their performance and defined assessment parameters suitably within the limits prescribed under the Companies Act, 1956.

• Remuneration policy

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

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

• Composition of committee and attendance of members

The Remuneration Committee comprises of three directors i.e. Dr. Satish Chandra Kulhari, Chairman, Smt. Hemlata Poddar and Shri. Brij Mohan Agarwal as members.

During the year under review, one committee meeting was held on May 14, 2012. All the members were present at the said meeting.

• Details of the remuneration to all the directors during the FY 2012-13:

• Executive directors

The company pays the remuneration in the form of salary, allowances and perquisites. This is subject to revised from time to time depending upon performance of the company, individual director performance and prevailing industry norms. The detail of the remuneration paid to the Managing Director during the year is as follows:

Name of the Director	Salary, Allowances & Perquisites
CA Kamal Poddar	Rs 24,00,000 p.a.

• Non-executive / Independent director

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

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

3 (iii) Shareholders / Investors Grievance committee

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also monitors redressal of investors' grievances. Particulars of investors grievances received and redressed are furnished in the investor information section of this report. The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

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

• Attendance at the meeting of the Shareholders / Investors Grievance Committee held during 2012-13.

The Committee meets as and when required, to deal with the investor related matters etc. During the year, the Shareholders / Investors Grievance Committee held its meetings on May 16, 2012, August 16, 2012, November 08, 2012 and February 11, 2013. All the members were present in all the meetings.

Details of queries and grievances received and attended by the Company during the financial year 2012-13 are given herein below: -

Particulars	No. of complaints
Pending at the beginning of the year	Nil
Received during the year	1
Disposed off during the year	1
Lying unresolved at the end of the year	Nil

• Name of Compliance officer

Mr. Mahavir Toshniwal
Designation: Company Secretary
Phone: 022 - 6707 9999
Email Id: ig@choiceindia.com

4. General meetings

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

Year	Date	Venue	Time	No. of Special Resolution Passed
2009-10	July 30, 2010	Ambassador Hotel, Veer Nariman Road, Churchgate, Mumbai -400 001	11.00 am	Two
2010-11	September 30, 2011	Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (E), Mumbai – 400 099	11.00 am	Two
2011-12	September 28, 2012	Shree Shakambhari Corporate Park, 156-158 Chakravarty Ashok Society, J.B Nagar, Andheri (E), Mumbai – 400099	11.00 am	Nil

• Postal Ballot:

During the financial year 2012-13, , the company had issued notice for the consent of the members through Postal Ballot pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, on February 12, 2013 and the result of postal ballot had been declared on April 12, 2013. The following resolutions were passed as Ordinary/Special Resolutions:

1. To increase the borrowing limit u/s 293(1)(d) of Companies Act, 1956 not exceeding the limit of ` 500.00 Crores (Rupee Five Hundred Crores Only) through ordinary resolution.

The result of the above mentioned postal ballot was declared on April 12, 2013 and the resolution was passed with requisite and overwhelming majority.

2. To increase the limit for sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the company, or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking under section 392(1)(a) of Companies Act, 1956 upto ` 500.00 Crores (Rupee Five Hundred Crores Only) together with interest, further interest, liquidated damages, costs, charges ,expenses and other monies payable by the Company under the terms of the respective financial facilities through ordinary resolution.

The result of the above mentioned postal ballot was declared on April 12, 2013 and the resolution was passed with requisite and overwhelming majority.

3. To acquire by way of subscription, purchase or otherwise the securities of any other body corporate either directly or through a trust, make any loan to any other body corporate and give any guarantee or provide security, in connection with a loan made by any other person/ bank/financial institution /other entities to, or to any other person, by any body corporate, on such term and condition as the Board may think fit, provided that the aggregate of such investment, loans made and the amounts for which guarantee or security is providing to or in all bodies corporate and outstanding at any time does not exceed ` 500 Crores (Rupee Five Hundred Crores Only) or equivalent amount in any other foreign currency, and that such making of investments, loans and giving of guarantee and/or

providing of security are in the opinion of the Board made only for furthering the business interest of the company through special resolution.

The result of the above mentioned postal ballot was declared on April 12, 2013 and the resolution was passed with requisite and overwhelming majority.

The result of the above mentioned postal ballot was declared on April 12, 2013 and the resolution was passed with requisite and overwhelming majority.

Mrs. Suman Sureka, Company Secretary in Practice, was appointed as the scrutinizer for conducting the aforesaid Postal Ballots in a fair and transparent manner. The Postal Ballots were conducted as per the rules framed by Government in this regard.

5. Subsidiary Companies

During the year 2012-13, your Company has one material non-listed Indian subsidiary i.e. Choice Capital Advisors Private Limited, whose turnover exceeds 20 percent 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 appointed Mr. Deb Kumar Goswami, Independent Director of Choice International Limited as a director on the board of Choice Capital Advisors Private Limited with effect from September 27, 2012.

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

6. Disclosure:

i. During the year 2012-13, material transactions entered by the Company with the Promoters or Directors or Management or their relatives, subsidiaries that may have a potential conflict with interest of the Company are disclosed in the financial statements for the year ended March 31, 2013.

ii. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

iii. The financial statements have been prepared in accordance with the accounting standards and policies generally accepted in India.

iv. The CEO certification of the financial statements for the year is enclosed after Director's Report.

v. The Company has implemented the mandatory requirements of Corporate Governance as set out in the Listing Agreement. In respect of compliance with the non- mandatory requirements, the Company has constituted a Remuneration Committee, the details whereof are given under the heading "Remuneration Committee". The quarterly and half yearly and yearly financial results are displayed on the Company's website and are published in the newspapers.

vi. As required by Clause 49 of the Listing Agreement, a certificate from Auditor certifying the compliance by the Company with the provisions of Corporate Governance of the Listing Agreement is given at the end of this Report.

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

viii. Processing of investor complaints of listed companies in SEBI Complaints Redress System (SCORES) commenced by SEBI vide circular CIR/OIAE/2/2011 dated June 3, 2011. The investor complaints are processed in a centralized web based complaint redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of action taken on the complaint and its current status.

7. Means of communication:

The company recognizes communication as a key element of the overall Corporate Governance framework and therefore emphasizes continuous, efficient and relevant communication to all external constituencies. The Company communicates with its shareholders through its annual report, general meeting, newspapers and disclosures through website. The Quarterly/half yearly/annual financial results are published in leading English and Vernacular newspapers like The Financial Express and Apla Mahanagar (Marathi). The same are also available on the website of the Company, viz. **www.choiceindia.com** and have also been submitted to stock exchanges.

All important information pertaining to the Company is mentioned in the Annual Report of the Company containing inter-alia audited accounts, consolidated financial statements, directors' report, auditors' report, Management Discussion and Analysis Report which form part of Directors' report, report on corporate governance which is circulated to the members and others entitled persons for each financial year.

The Company's website is a comprehensive reference on Company's management, Vision, Mission, Policies, Corporate Governance, Corporate Sustainability, investor relation, sales network, Fair Practice code update and news. The section on 'Investor relation' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefit, information relating to stock exchanges, registrar and share transfer agent.

8. Reconciliation of Share Capital Audit

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

9. General shareholders information:

20TH AGM

1. Annual General Meeting	
- Date and Time	September 16, 2013, 12.30 p.m.
- Venue	Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (East), Mumbai - 400099
Financial Year (Approximately)	
- Financial reporting for the quarter ending June 30, 2013	2 nd week of August, 2013
- Financial reporting for the half year ending September 30, 2013	2 nd week of November, 2013
- Financial reporting for the quarter ending December 31, 2013	2 nd week of February, 2014
- Financial reporting for the year ending March 31, 2014	2 nd week of May, 2014
- Annual General Meeting for the year ended March 31, 2014	Last week of September, 2014
2. Dates of Book Closure	
	September 12, 2013 to September 16, 2013 (both days inclusive)
3. Dividend Payment Date	
	Upto October 15, 2013
4. Registered Office	
	Shree Shakambhari Corporate park, Plot No. 156-158, Chakravarti Ashok Society, Near Bombay Cambridge School, 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
5. Listing on Stock Exchanges	
	Bombay Stock Exchange Limited
6. Stock Code	
	BSE – 531358
7. ISIN No.	
	INE102B01014
8. Payment of Annual Listing fees	
	Listing fees for the financial year 2013-14 has been paid to the BSE Limited.

• Payment of Dividend

The Board of Directors of the Company for the financial year ended March 31, 2013, has recommended payment of final dividend of Rs. 1/- per share on the paid up equity share capital of the Company, which will be paid after shareholders approval at the Annual General Meeting.

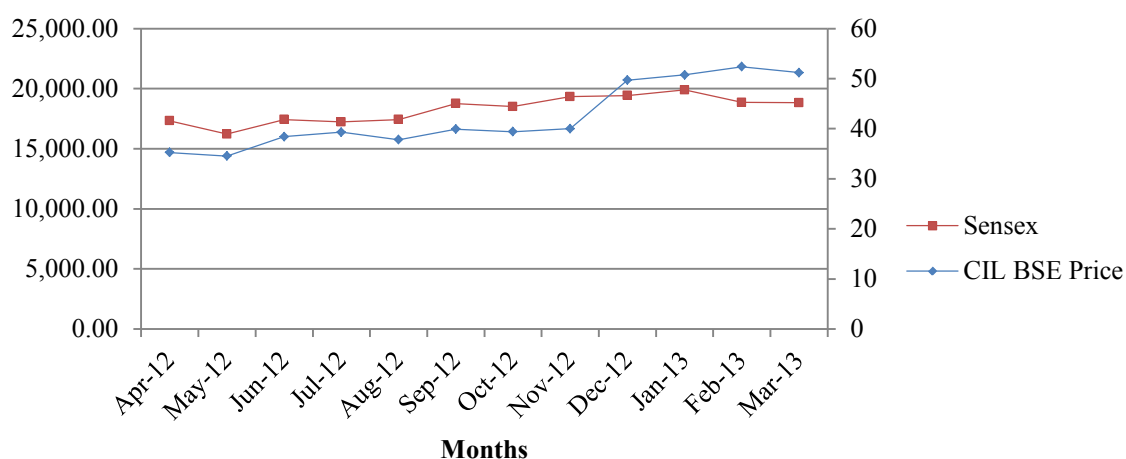
The Dividend, if declared at the AGM, would be paid to the shareholders within 30 days from the date of AGM.

• Market Price Data:

High /Low of daily closing market price of the Company's shares traded at BSE during each month during the financial year ended March 31, 2013 are as under:

Month	High Price	Low Price	Close Price	Trade Quantity	Sensex
Apr -2012	37.70	31.30	35.25	8,13,492	17,318.81
May - 2012	36.85	28.25	34.55	9,10,850	16,218.53
June -2012	41.80	33.35	38.40	13,13,542	17,429.98
July - 2012	43.95	36.50	39.30	15,46,478	17,236.18
Aug - 2012	41.60	37.20	37.80	10,95,949	17,429.56
Sep- 2012	44.00	36.50	39.90	12,96,631	18,762.74
Oct-2012	42.85	37.60	39.40	10,93,013	18,505.38
Nov-2012	41.70	38.55	40.00	9,62,512	19,339.90
Dec-2012	51.90	39.40	49.70	17,19,806	19,426.71
Jan-2013	54.40	49.30	50.75	22,35,292	19,894.98
Feb-2013	53.90	50.10	52.40	14,67,330	18,861.54
Mar-2013	57.50	49.90	51.20	13,32,685	18,835.77

Monthly movements of the scrip on BSE:



• Share Transfer System:

The share transfer activities under physical mode are carried out by the RTA. Shares in physical mode which are lodged for transfer are processed and returned within limited time limit from the date of lodgement as per SEBI amendment vide circular no. CIR/MIRSD/8/2012 dated July 05, 2012. A summary of transfer/transmission of securities of the Company so approved by the

Managing Director/ Company Secretary is placed at every 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.

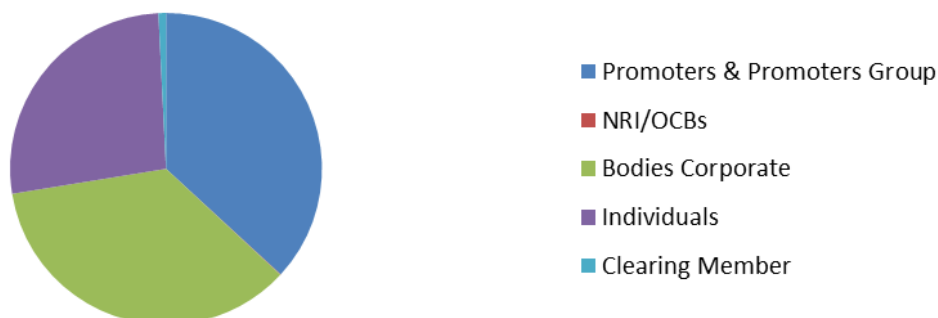
• Distribution of Shareholding as on March 31, 2013

No. of Shares	No. of Shareholders	% to total No. of Shareholders	Share Amount (in Rs)	% to total share capital
1-100	991	37.71	603420	0.60
101-200	346	12.98	626750	0.63
201-500	510	19.13	2006430	2.01
501-1000	313	11.74	2529350	2.53
1001-5000	362	13.58	8539550	8.54
5001-10000	49	1.84	3535000	3.53
10001-100000	76	2.85	29024150	29.01
100001 to Above	19	0.71	53183350	53.16
Total	2666	100.00	100048000	100.00

• Categories of Shareholders as at March 31, 2013

Sr. No	Description	No. of Shares	% to Capital
A.	Promoters & Promoters Group	3686527	36.85
B.	Public Shareholding		
	-NRI/OCBs	4578	0.05
	-Bodies Corporate	3556020	35.54
	-Individuals	2679160	26.78
	-Clearing Member	78515	0.78
	Total	10004800	100.00

• Graphical presentation of shareholding pattern



Registrar and Transfer Agent:

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

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

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

The shares of the company are traded on the Bombay Stock Exchange Limited only in the dematerialized form. As on March 31, 2013, 95.71 percent of the Company's shares were in dematerialized form.

- **Address for Correspondence and request to investors**

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

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

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

Choice International Limited

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

Other Useful Information for Shareholders:

- **Information about past Dividends:**

Demand Drafts in respect of the Dividend declared in September 2012 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/it's 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 dividend 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, 2009	October 21, 2016
2009-10	July 30, 2010	August 10, 2017
2010-11	September 30, 2011	October 21, 2018
2011-12	September 28, 2012	October 05, 2019

* 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.

On behalf of the Board of Directors

Sd/-
Kamal Poddar
(Managing Director)

Sd/-
Ajay Kejriwal
(Director)

Mumbai, August 08, 2013

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

To,
The Members of Choice International Limited

We have examined the compliance of conditions of Corporate Governance by Choice International Limited for the year ended March 31 2013, 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 08, 2013

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)
Mumbai, August 08, 2013

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 for the year ended March 31, 2013 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 my knowledge and belief, no transactions entered into by the company during the year ended March 31, 2013 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, May 28, 2013

N.B.F.C. Certification

To,
The Board of Directors,
Choice International Limited

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

1. The company has applied for the registration on July 7, 1997 as provided in the section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and the company has received certificate of Registration No.13.00128 dated February 26, 1998 from Reserve Bank of India, Department of Non-Banking Supervision, Mumbai Regional Office.
2. The Board of Directors in their meeting held on May 28, 2013 has passed a resolution for non-acceptance of any public deposit in the financial year 2013-14 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, 2013.
4. In our opinion and as per the information and explanation given to us the company has complied with prudential norms relating to income recognition, accounting standards, asset classification, and provisioning of bad and doubtful debt as applicable to it for the year ended on March 31, 2013.

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

Sd/-
Shyamsundar Gupta
Proprietor
Membership No.038484
Mumbai, August 08, 2013

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
Choice International Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Choice International Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **Gupta Shyam & Co.**

Firm Registration Number: 103450W

Chartered Accountants

Sd/-

Shyamsunder Gupta

Proprietor

Membership Number: 038484

Address

11 Sukhsagar CHS Ltd,

Akurli Cross road No 1

Kandivali (East), Mumbai - 400101

Mumbai, 28th May 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Choice International Limited on the financial statements as of and for the year ended March 31, 2013)

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The fixed assets are physically verified by the Management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- c. In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. a. The inventory of shares & securities held in dematerialized format has been verified from the relevant statement received from the depository and those held in the physical format has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- b. In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory and no material discrepancies has been noticed on physical verification of inventory.
- iii. a. The Company has granted secured / unsecured loans, to four companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to Rs.17,118,209/- and Rs.9,156,158/- respectively.
- b. In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- c. In respect of the aforesaid loans, the parties are regular in repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.
- d. In respect of the aforesaid loans, there is no overdue amount more than Rs.100,000/-.
- e. The Company has taken secured / unsecured loans from six parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to Rs.27,880,975/- and Rs.92,59,075/- respectively.
- f. In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- g. In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, as applicable.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for

the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

- v. a. According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs.500,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular, except few instances, in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- b. According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- x. The company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. In our opinion, the Company has maintained adequate documents and records in the cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund /societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely

Annexure to the Auditor's Report

entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.

- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its subsidiaries from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. In our opinion, and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **Gupta Shyam & Co.**
Firm Registration Number: 103450W
Chartered Accountants

Sd/-
Shyamsunder Gupta
Proprietor
Membership Number: 038484

Mumbai
28th May 2013

BALANCE SHEET AS AT MARCH 31, 2013

(Amount in Rs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I Equity & Liabilities			
1. Shareholders' funds			
(a) Share Capital	2	10,00,48,000	7,50,48,000
(b) Reserves and Surplus	3	39,11,38,760	21,24,58,438
(c) Money Received Ag. Share Warrants		-	6,02,47,500
		49,11,86,760	34,77,53,938
2. Non - Current Liabilities			
(a) Long - Term Borrowings	4	10,44,87,201	13,39,91,379
(b) Deferred Tax Liabilities (Net)	5	1,89,08,272	1,52,23,896
(c) Long - Term Provisions	6	74,245	1,08,890
		12,34,69,718	14,93,24,165
3. Current Liabilities			
(a) Short - Term Borrowings	7	8,72,26,692	80,43,811
(b) Trade Payables	8	17,26,220	95,86,205
(c) Other Current Liabilities	9	3,75,13,600	3,20,48,494
(d) Short - Term Provisions	10	1,28,00,928	77,51,738
		13,92,67,440	5,74,30,248
TOTAL		75,39,23,918	55,45,08,351
II Assets			
1. Non - Current Assets			
(a) Fixed Assets	11		
(i) Tangible assets		25,67,91,293	26,26,41,913
(ii) Intangible assets		1,13,26,349	1,40,33,665
		26,81,17,642	27,66,75,578
(b) Non - Current Investments	12	31,36,97,812	21,19,36,945
(c) Long - Term Loans and Advances	13	13,03,550	22,03,550
(d) Other Non - Current Assets	14	66,54,325	51,08,326
		58,97,73,329	49,59,24,399
2. Current Assets			
(a) Inventories	15	30,36,375	1,62,72,619
(b) Trade Receivables	16	1,76,61,816	85,07,711
(c) Cash and Cash Equivalents	17	4,88,532	4,97,469
(d) Short - Term Loans and Advances	18	14,29,63,866	35,25,319
(e) Other Current Assets	19	-	2,97,80,834
		16,41,50,590	5,85,83,952
TOTAL		75,39,23,918	55,45,08,351

The accompanying notes are an integral part of the financial statements

Significant Accounting Policies

1

Notes forming part of financial statements

2-28

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F.R.No. : 103450W

Sd/-

Shyamsunder Gupta

Proprietor

Mem. No. : 038484

For and on behalf of Board of Directors

Sd/-

Kamal Poddar

Managing Director

Sd/-

Mahavir Toshniwal

Company Secretary

Sd/-

Ajay Kejriwal

Director

Mumbai

28th May 2013

Standalone Financial Statements

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in Rs)

Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
I Revenue from Operations	20	8,03,37,286	24,00,22,045
II Other Income	21	3,25,207	1,65,646
III Total Revenue (I + II)		8,06,62,493	24,01,87,691
IV Expenses			
Purchases Stock-in-Trade	22	51,48,022	16,55,47,980
Changes in Inventories	23	1,32,36,244	80,06,027
Employee Benefits Expenses	24	67,78,931	65,67,584
Depreciation	11	88,96,059	97,62,550
Finance Costs	25	2,08,04,709	2,50,48,929
Other Expenses	26	1,09,30,709	1,15,27,247
Total Expenses		6,57,94,673	22,64,60,316
V Profit Before Tax (III-IV)		1,48,67,820	1,37,27,375
VI Tax Expense:			
(a) Current Tax Expenses		14,00,000	27,80,000
(b) Earlier Year Tax Adjustments		(11,678)	-
(c) MAT Credit		(13,90,000)	(21,00,000)
(d) Deferred Tax		36,84,376	31,82,420
		36,82,698	38,62,420
VII Profit/(Loss) for the Period (V-VI)		1,11,85,122	98,64,955
VIII Earnings Per Equity Share (Face Value Rs 10 Per Share):	27		
(1) Basic (Rs)		1.32	1.31
(2) Diluted (Rs)		1.32	1.20

The accompanying notes are an integral part of the financial statements

Significant Accounting Policies	1
Notes forming part of financial statements	2-28

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F.R.No. : 103450W

Sd/-

Shyamsunder Gupta

Proprietor

Mem. No. : 038484

For and on behalf of Board of Directors

Sd/-

Kamal Poddar

Managing Director

Sd/-

Mahavir Toshniwal

Company Secretary

Sd/-

Ajay Kejriwal

Director

Mumbai

28th May 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

(Amount in Rs)

Particulars	As at 31-Mar-13	As at 31-Mar-12
A. Cash flow from Operating Activities		
Net profit before extra-ordinary items and tax	1,48,67,820	1,37,27,375
<u>Adjustments for:</u>		
Depreciation	88,96,059	97,62,550
Finance costs	2,08,04,709	2,50,48,929
Loss on disposal of fixed assets	2,48,297	-
Other interest income	(2,55,749)	(1,65,646)
<i>Operating profit before Working Capital changes</i>	4,45,61,136	4,83,73,208
<u>Changes in Working Capital</u>		
- Trade Receivables	(91,54,105)	11,43,80,423
- Short term loans & advances and other current assets	(10,96,76,893)	(2,28,02,201)
- Inventories	1,32,36,244	80,06,027
- Trade Payables	(78,59,984)	(1,68,87,945)
- Other current liabilities & provisions	23,07,533	(4,09,05,389)
<u>Cash generated from operations</u>	(6,65,86,070)	9,01,64,122
- Income tax paid	(16,35,260)	(48,68,551)
Net cash flow from/(used in) from Operating Activities	(6,82,21,330)	8,52,95,571
B. Cash flow from Investing Activities		
Other interest received	1,18,930	9,998
Purchase of fixed assets	(7,69,107)	(62,09,296)
Investment in subsidiaries	(11,56,78,857)	-
Investment in associates	-	(8,88,00,000)
Disposal of subsidiary	-	11,00,000
Sale of investments in other companies	1,39,17,990	-
Movement in long term loans & advances	9,00,000	(15,98,550)
Net cash flow from/(used in) Investing Activities	(10,15,11,044)	(9,54,97,848)
C. Cash flow from Financing Activities		
Finance costs paid	(2,02,22,073)	(2,62,21,943)
Dividend & dividend distribution tax paid	(74,85,693)	(86,56,551)
Money borrowed/(repaid) from related parties	71,15,264	4,33,811
Money borrowed/(repaid) from others	4,80,63,439	(1,61,00,000)
Proceeds from issue of share capital / warrants	14,22,52,500	6,02,47,500
Net cash flow from/(used in) Financing Activities	16,97,23,437	97,02,817
Net increase/(decrease) in Cash and Cash Equivalents	(8,937)	(4,99,460)
Opening Cash and Cash Equivalents	4,97,469	9,96,929
Closing Cash and Cash Equivalents	4,88,532	4,97,469

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F.R.No. : 103450W

Sd/-

Shyamsunder Gupta

Proprietor

Mem. No. : 038484

For and on behalf of Board of Directors

Sd/-

Kamal Poddar

Managing Director

Mumbai

28th May 2013

Sd/-

Ajay Kejriwal

Director

Sd/-

Mahavir Toshniwal

Company Secretary

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. A Basis of accounting and preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 (the "Act"). All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Act.

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. Cash and cash equivalents

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

D. 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 CashFlow

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

E. Inventories

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

F. Revenue recognition

- Revenue and cost are generally accounted on accrual basis as they are earned/incurred, except in case significant uncertainties.
- Interest and other income is accounted on accrual basis.
- Profit/loss on sale of investments are recognised on the day of confirmation of transaction.
- Revenue figures excludes tax component.
- Dividend is accounted when the right to receive payment is established.
- Profit/loss from dealing in shares & securities are recognised on the day of settlement of transaction.
- Profit/loss on equity derivative transactions are accounted for as explained below -
 - ◆ Initial and additional margin paid over and above Initial margin, for entering into contracts for Equity Stock/Index Futures which are released on final settlement/squaring-up of underlying contracts are disclosed under Other Current Assets. "Mark-to-market margin- Equity Stock/Index Futures" representing the amounts paid in respect of mark to market margin is disclosed under Other Current Assets.
 - ◆ On final settlement or squaring up of contracts for equity stock/index futures, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. When more than one contract in respect of the relevant series of equity stock/index futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

- ◆ As at the balance sheet date, the mark to market on all transactions comprising of Equity Derivatives positions is determined on a Portfolio basis with net unrealized losses being recognized in the Profit and Loss Account. Unrealized gains (on portfolio basis) are not recognized in the Profit and Loss Account on grounds of prudence as enunciated in Accounting Standard - 1, Disclosure of Accounting Policies.
- ◆ In respect of other transactions, the unrealized losses on equity derivatives determined on scrip-basis are recognized in Profit and Loss Account and unrealized gains are ignored; and in case of securities (shares, etc) the net unrealized losses are recognized in Profit & Loss Account and net unrealized gains are ignored.

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

H. 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.

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

J. 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.

K. Depreciation and amortisation

Depreciation has been provided on the straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of computer softwares which are amortised over a period of 6.17 years, computer software is amortised in accordance with the Accounting Standard 26 "Accounting for Intangible Assets". Depreciation on addition to fixed assets is provided on a pro-rata basis from the date of addition.

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

L. Provision and Contingencies

A provision is recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a

present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – "Provisions, Contingent Liabilities and Contingent Assets" is made. Further provision is also made as per the norms prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

M. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments, all other investments are classified as non-current investments. Investments are valued in accordance with the RBI guidelines and accounting standard 13 on "Accounting for investments". Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

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. Service tax input credit

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

P. 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.

Q. Borrowing cost

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

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

		(Amount in Rs)	
Particulars	As at 31-Mar-13	As at 31-Mar-12	
2 SHARE CAPITAL			
(a) Details of authorised, issued and subscribed share capital			
Authorised Capital			
10,100,000 (PY 10,100,000) Equity Shares of Rs 10/- each	10,10,00,000	10,10,00,000	
Issued Capital			
10,004,800 (PY 7,504,800) Equity Shares of Rs 10/- each	10,00,48,000	7,50,48,000	
Subscribed and Paid up Capital			
10,004,800 (PY 7,504,800) Equity Shares of Rs 10/- each fully paid-up	10,00,48,000	7,50,48,000	
	10,00,48,000	7,50,48,000	
Rights, preferences and restrictions attached to each class of shares -			
The company has only one class of share capital, i.e. equity shares having face value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share.			
(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	75,04,800	
Add : shares issued during the year	25,00,000	-	
No. of shares at the end of the year	1,00,04,800	75,04,800	
(c) Shareholders holding more than 5% of equity shares as at the end of the year			
Vinita Sunil Patodia	Promoter	10,28,927	10,28,927
		10.28%	13.71%
Florence Securities Pvt. Ltd.		7,50,000	-
		7.50%	

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

(Amount in Rs)		
Particulars	As at 31-Mar-13	As at 31-Mar-12
3 RESERVES AND SURPLUS		
Statutory reserve -		
Opening Balance	1,41,00,000	1,21,00,000
Add : transferred from statement of profit & loss	22,50,000	20,00,000
Closing Balance	1,63,50,000	1,41,00,000
Capital reserve -		
Opening Balance	8,69,500	8,69,500
Add : transferred from statement of profit & loss	-	-
Closing Balance	8,69,500	8,69,500
Securities premium reserve -		
Opening Balance	16,17,17,300	16,17,17,300
Add : received on shares issued during the year	17,75,00,000	-
Closing Balance	33,92,17,300	16,17,17,300
Surplus in statement of profit & loss -		
Opening Balance	3,57,71,638	3,54,11,483
Add : profit/(loss) for the year	1,11,85,122	98,64,955
Less : transfer to statutory reserve	22,50,000	20,00,000
Less : proposed dividend	1,00,04,800	75,04,800
Closing Balance	3,47,01,960	3,57,71,638
	39,11,38,760	21,24,58,438
4 LONG TERM BORROWINGS		
Secured loans		
Term loan from bank*	13,39,87,201	15,79,91,379
Less : current portion of long term borrowings	(2,95,00,000)	(2,40,00,000)
	10,44,87,201	13,39,91,379
*The loan was taken from State Bank of India and is secured by way of first charge on land & building at Mumbai. The loan is repayable in monthly principal instalments and interest, ending in April 2017.		
5 DEFERRED TAX LIABILITIES (NET)		
The major components of deferred tax liabilities / assets (net) as recognised in the financial statements is as follows:		
Deferred tax liability -		
On difference between book balance & tax balance of fixed assets	1,89,31,214	1,52,57,543
Deferred tax asset -		
Provision for employee benefit expenses	(22,942)	(33,647)
	1,89,08,272	1,52,23,896

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

		(Amount in Rs)	
Particulars	As at 31-Mar-13	As at 31-Mar-12	
6 LONG-TERM PROVISIONS			
Provision for employee benefit expenses	74,245	1,08,890	
	74,245	1,08,890	
7 SHORT TERM BORROWINGS			
Secured loans			
Loans taken from institutions*	7,62,78,130	-	
Overdraft in current bank account**	9,17,706	-	
Unsecured loans			
Loans taken from others	7,71,781	59,00,000	
Loans taken from related parties***	92,59,075	21,43,811	
	8,72,26,692	80,43,811	
*Loans taken from institutions are secured against shares & securities of customers to whom loans has been given.			
**Overdraft is secured against FD of subsidiary company Choice Insurance Brokers P. Ltd.			
***The loan taken from related parties are interest free and repayable on demand, refer to Note No.28(K) "Related Party Disclosure".			
8 TRADE PAYABLES			
Dues to Micro, Small and Medium Enterprises*	-	-	
Other than Micro, Small and Medium Enterprises	17,26,220	95,86,205	
	17,26,220	95,86,205	
*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.			
9 OTHER CURRENT LIABILITIES			
Current portion of long term borrowings	2,95,00,000	2,40,00,000	
Interest accrued but not due on borrowings	14,14,264	8,31,628	
Unclaimed dividend	84,822	65,715	
Other liabilities & statutory dues	65,14,514	71,51,151	
	3,75,13,600	3,20,48,494	
10 SHORT TERM PROVISIONS			
Provision for tax (net of taxes paid)	-	2,46,938	
Proposed dividend*	1,00,04,800	75,04,800	
Provision for expenses	24,44,158	-	
Contingent provision against standard loan assets	3,50,846	-	
Provision for employee benefit expenses	1,124	-	
	1,28,00,928	77,51,738	
*According to the special provision of sub-section (1A) of section 115-O of the Income Tax Act, 1961, the company is not required to make provision for the dividend distribution tax on dividend proposed.			

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

11. FIXED ASSETS

Description	Gross Block			Depreciation & Amortisation			Net Block	
	As at April 1, 2012	Additions	Deductions/A adjustments	As at March 31, 2013	Charged For the year	Deductions/A adjustments	As at March 31, 2013	As at March 31, 2012
(i) Tangible Assets:								
Freehold Land	2,79,77,910	-	-	2,79,77,910	-	-	2,79,77,910	2,79,77,910
Building owned	21,47,76,824	-	-	21,47,76,824	35,00,862	-	20,57,91,314	20,92,92,176
Computer Hardwares	36,46,224	-	2,23,693	34,22,531	5,54,792	1,83,843	15,06,399	25,10,774
Furniture & Fixtures	1,49,92,055	4,500	4,07,786	1,45,88,769	9,23,417	3,08,131	15,51,347	1,40,55,994
Vehicles	16,67,380	-	-	16,67,380	1,58,402	-	4,06,747	14,19,035
Office Equipments	79,27,775	59,868	5,80,145	74,07,498	3,46,531	2,88,666	5,99,616	73,86,024
Total	27,09,88,168	64,368	12,11,624	26,98,40,912	54,84,004	7,80,640	1,30,49,619	25,67,91,293
(ii) Intangible Assets:								
Computer Softwares	2,08,71,739	7,04,739	-	2,15,76,478	34,12,055	-	1,02,50,129	1,40,33,665
Total	2,08,71,739	7,04,739	-	2,15,76,478	34,12,055	-	1,02,50,129	1,40,33,665
Grand Total	29,18,59,907	7,69,107	12,11,624	29,14,17,390	88,96,059	7,80,640	2,32,99,748	27,66,75,578
Previous Year	27,27,40,588	3,45,88,559	1,54,69,240	29,18,59,907	97,62,550	64,86,388	1,51,84,329	26,08,32,421

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

Particulars	(Amount in Rs)	
	As at 31-Mar-13	As at 31-Mar-12
12 NON-CURRENT INVESTMENTS		
(a) Trade investments in unquoted equity shares fully paid-up		
Subsidiary companies -		
5,050,000 (PY - 5,050,000) shares of Rs 10/- each of Choice Capital Advisors Private Limited	5,05,00,000	5,05,00,000
4,236,000 (PY - 3,080,000) shares of Rs 10/- each of Choice Equity Broking Private Limited	15,00,00,000	3,44,00,000
1,000,000 (PY - 1,000,000) shares of Rs 10/- each of Choice Merchandise Broking Private Limited	1,00,00,000	1,00,00,000
510,000 (PY - 500,000) shares of Rs 10/- each of Choice Insurance Brokers Private Limited	50,78,857	50,00,000
10,000 (PY - 10,000) shares of Rs 10/- each of Choice Business Services Private Limited	1,00,000	1,00,000
10,000 (PY - 10,000) shares of Rs 10/- each of Choice Wealth Management Private Limited	1,00,000	1,00,000
(b) Other investments in quoted equity shares fully paid-up		
Associate company -		
5,257,850 (PY - 5,257,850) shares of Rs 10/- each of Choice Infra Ventures Limited	9,58,36,985	9,58,36,985
Other company -		
69,399 (PY - 533,332) shares of Rs 10/- each of Shekhawati Poly-Yarn Limited	20,81,970	1,59,99,960
	31,36,97,812	21,19,36,945
(b) Aggregate book value of -		
Quoted fully paid-up investments	9,79,18,955	11,18,36,945
Unquoted fully paid-up investments	21,57,78,857	10,01,00,000
Aggregate market value of -		
Quoted fully paid-up investments	49,28,45,749	14,64,97,785
13 LONG TERM LOANS & ADVANCES		
Security deposits		
Unsecured, considered good	3,550	3,550
Loans to employees		
Unsecured, considered good	-	9,00,000
Deposit with co-op credit society		
Unsecured, considered good	13,00,000	13,00,000
	13,03,550	22,03,550

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

		(Amount in Rs)	
Particulars	As at 31-Mar-13	As at 31-Mar-12	
14 OTHER NON-CURRENT ASSETS			
MAT credit entitlement	63,51,860	49,61,860	
Interest accrued on deposit	3,02,465	1,46,466	
	66,54,325	51,08,326	
15 INVENTORIES			
Stock-in-trade			
Shares & securities*	30,36,375	1,62,72,619	
	30,36,375	1,62,72,619	
*Market value - Rs 3,036,375/- (PY - Rs 16,505,958/-)			
16 TRADE RECEIVABLES			
Outstanding for a period exceeding six months	5,09,999	5,09,999	
Unsecured, considered good			
Others			
Unsecured, considered good	1,71,51,817	79,97,712	
	1,76,61,816	85,07,711	
17 CASH AND BANK BALANCES			
Cash & Cash Equivalents			
Cash on Hand	2,72,011	12,288	
Bank Balances -			
In current accounts	1,31,108	4,18,986	
In earmarked accounts (unclaimed dividend)	85,414	66,195	
	4,88,532	4,97,469	
18 SHORT-TERM LOANS AND ADVANCES			
Unsecured, considered good			
Loans & advances to related parties*	91,56,158	5,73,000	
Advances to employees	10,500	3,24,180	
Balance with statutory/revenue authorities	15,56,842	3,29,856	
Loans & advances to others	4,39,82,741	15,09,343	
Security deposits	-	3,39,185	
Prepaid expenses	10,58,156	4,49,755	
Secured, considered good			
Loans & advances to others	8,71,99,469	-	
	14,29,63,866	35,25,319	
*The loans & advances given to related parties are interest free and repayable on demand, refer to Note No.28(K) "Related Party Disclosure".			

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

(Amount in Rs)		
Particulars	As at 31-Mar-13	As at 31-Mar-12
19 OTHER CURRENT ASSETS		
Margin - Equity stock / Index futures	-	1,89,44,333
Less : provision for loss	-	2,45,471
	-	1,86,98,862
Receivables from related parties*	-	1,10,81,972
	-	2,97,80,834
*Refer to Note No.28(K) "Related Party Disclosure".		
20 REVENUE FROM OPERATIONS		
Sale of shares & securities	3,08,34,450	21,85,87,513
Profit on sale of investments	75,89,429	
Interest income	73,28,257	-
Dividend income	75,75,150	-
Income from lease and support services	2,70,10,000	41,04,028
Professional fees	-	1,73,30,504
	8,03,37,286	24,00,22,045
21 OTHER INCOME		
Interest on deposits	1,55,999	1,46,466
Interest on employees loan	99,750	19,180
Misc. income	69,458	-
	3,25,207	1,65,646
22 PURCHASE OF STOCK-IN-TRADE		
Shares & Securities	51,48,022	16,55,47,980
	51,48,022	16,55,47,980
23 CHANGES IN INVENTORIES		
Shares & Securities		
At the beginning of the period	1,62,72,619	2,42,78,646
Less : At the end of the period	30,36,375	1,62,72,619
	1,32,36,244	80,06,027
24 EMPLOYEE BENEFIT EXPENSES		
Salaries, allowances and incentives	67,11,298	63,08,694
Staff welfare expenses	80,790	1,50,000
Gratuity	(13,157)	1,08,890
	67,78,931	65,67,584
25 FINANCE COST		
Interest on bank borrowings	1,90,80,108	2,50,48,929
Interest on institution borrowings	14,81,843	-
Other borrowing costs	2,42,759	-
	2,08,04,709	2,50,48,929

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

Particulars	(Amount in Rs)	
	As at 31-Mar-13	As at 31-Mar-12
26 OTHER EXPENSES		
Bank charges	9,787	7,650
Business promotion expenses	75,200	1,14,773
Director sitting fees	90,000	1,20,000
Donation	2,500	5,48,403
Electricity Charges	11,40,096	4,97,605
Communication expenses	4,46,477	3,26,302
Computer expenses	7,71,795	4,99,953
Conference & meeting expenses	-	1,81,618
CSR expenses	25,900	1,00,000
Insurance charges	91,975	95,833
Legal and professional	9,09,509	11,04,311
Loss on disposal of fixed assets	2,48,297	-
Marketing & advertisement expenses	3,73,062	25,01,155
Membership & subscription fees	1,00,000	-
Payment to auditors -		
Statutory audit fees	1,00,000	60,000
Tax audit fees	25,000	25,000
Other certification fees	97,000	44,672
Printing and stationery	6,38,446	10,21,341
Provision on standard loan assets	3,50,846	-
Rent including lease rentals	-	11,14,086
Repairs & maintenance	12,01,200	24,921
Rates & taxes	27,75,588	11,78,319
Security Expenses	3,38,772	97,300
Sundry expenses	6,26,277	9,79,469
Traveling & Conveyance expenses	1,59,691	7,75,306
Vehicle expenses	13,985	1,09,230
Water charges	3,19,306	-
	1,09,30,709	1,15,27,247
27 EARNINGS PER EQUITY SHARE		
Profit/(Loss) attributable to equity shareholders	1,11,85,122	98,64,955
Weighted average number of equity shares	84,84,252	75,04,800
Basic Earnings Per Share	1.32	1.31
Face value per Share	10	10
Profit after adjusting interest on potential equity shares	1,11,85,122	98,64,955
Weighted average number of equity share after considering	84,84,252	82,03,430
Dilutive Earnings per Share	1.32	1.20

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

NOTE 28 : OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS

A. Nature of business :

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

B. Statutory reserve :

The management has created a statutory reserve of Rs 22,50,000/- (PY - Rs 20,00,000/-) as per the provisions of section 45-IC of Reserve Bank of India Act, 1934.

C. Corporate social responsibility :

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

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

E. Balances of the trade receivables, trade payables, advances and balances of deposits are subject to confirmation, reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.

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

G. Contingent liabilities not provided for :

Particulars	31-Mar-13	31-Mar-12
Corporate guarantees to banks for subsidiaries -		
Choice Equity Broking Pvt. Ltd.	59,00,00,000	3,00,00,000
Choice Merchandise Broking Pvt. Ltd.	2,00,00,000	2,00,00,000

H. Value of imports on CIF basis :

Particulars	31-Mar-13	31-Mar-12
Capital goods	-	18,94,839

I. Employee benefit plans :

Defined benefit plans

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

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

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

Particulars	(Amount in Rs) As on 31.03.2013
Components of employer expense	
Current service cost	24,706
Interest cost	8,929
Expected return on plan assets	-
Curtailement cost / (credit)	-
Settlement cost / (credit)	-
Past service cost	-
Actuarial losses/(gains)	(46,792)
Total expense recognised in the Statement of Profit & Loss	(13,157)
Actual contribution and benefit payments for year	
Actual benefit payments	20,364
Actual contributions	-
Net asset / (liability) recognised in the Balance Sheet	
Present value of defined benefit obligation	75,369
Fair value of plan assets	-
Funded status [Surplus / (Deficit)]	-
Unrecognised past service costs	-
Net asset / (liability) recognised in the Balance Sheet	75,369
Change in fair value of defined benefits obligation representing reconciliation of the the opening and closing balances thereof are as follows:	
Opening fair value of plan assets as on 01.04.2012	1,08,890
Service cost	24,706
Interest cost	8,929
Actuarial (gain) / loss	(46,792)
Benefits paid	(20,364)
Closing fair value of plan assets as on 31.03.2013	75,369
Change in fair value of plan assets	
Plan assets at beginning of the year	-
Acquisition adjustment	-
Expected return on plan assets	-
Actual company contributions	-
Actuarial gain / (loss)	-
Benefits paid	-
Plan assets at the end of the year	-

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

Composition of the plan assets is as follows:

Government bonds	0.00%
PSU bonds	0.00%
Equity mutual funds	0.00%
Others	0.00%

Actuarial assumptions

Discount rate	8.20%
Salary escalation	6.00%

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

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

Liabilities side	Amount Outstanding	Amount Overdue
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(1) Loans & advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:

(a) Debentures Secured	NIL	NIL
Unsecured	NIL	NIL
(other than falling within the meaning of public deposits*)		
(b) Deferred credits	NIL	NIL
(c) Term loans	13,54,01,465	NIL
(d) Inter-corporate loans and borrowing	1,00,30,856	NIL
(e) Commercial paper	NIL	NIL
(f) Other loans (specify nature)		
Bank overdraft	9,17,706	NIL
Financial institutions loan against shares & securities	7,62,78,130	NIL
Total -	22,26,28,157	NIL

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

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

(2) Break-up of loans and advances including bills

(a) Secured	8,71,99,469
(b) Unsecured	5,31,38,899
	14,03,38,368

Assets side	Amount Outstanding
(3) Break-up of leased assets and stock on hire and other	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	NIL
(b) Operating lease	NIL
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	NIL
(b) Repossessed assets	NIL
(iii) Other loans counting towards AFC activities:	
(a) Loans where assets have been repossessed	NIL
(b) Loans other than (a) above	NIL
(4) Break-up of investments -	
<u>Current investments -</u>	
1) Quoted -	
(i) Shares (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government securities	NIL
(v) Others (please specify)	NIL
2) Unquoted -	
(i) Shares (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government securities	NIL
(v) Others (please specify)	NIL
<u>Long term investments -</u>	
1) Quoted -	
(i) Shares (a) Equity	9,79,18,955
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
2) Unquoted -	
(i) Shares (a) Equity	21,57,78,857
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government securities	NIL
(v) Others (please specify)	NIL
	31,36,97,812

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

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

Category	Amount net of provisions*		
	Secured	Unsecured	Total
1. Related parties**			
(a) Subsidiaries	NIL	91,33,268	91,33,268
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	8,69,81,470	4,38,72,784	13,08,54,254
Total -	8,69,81,470	5,30,06,052	13,99,87,522

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

Category	Market value / Break-up or fair value or NAV	Book value (Net of provisions)
1. Related parties**		
(a) Subsidiaries	24,93,47,412	21,57,78,857
(b) Companies in the same group	NIL	NIL
(c) Other related parties	49,00,31,620	9,58,36,985
2. Other than related parties	28,14,129	20,81,970
Total -	74,21,93,161	31,36,97,812

(7) Other information

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

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

** As per accounting standard of ICAI.

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

K. Related Party Disclosure :

Details of Related Parties -

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

Standalone Financial Statements

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2013

(Amount in Rs)

Particulars	Subsidiaries	Associates	KMP and their relatives	Individuals owning directly or indirectly voting power that gives them control & their relatives	Enterprises over which (c) & (d) are able to exercise significant influence	Total
Equity infusion from	-	-	5,02,20,000	2,43,00,000	2,99,70,000	10,44,90,000
	-	-	-	-	-	-
Equity investments in	11,56,78,857	-	-	-	-	11,56,78,857
	-	(8,88,00,000)	-	-	-	(8,88,00,000)
Loan taken from	1,59,18,455	31,73,520	87,89,000	-	-	2,78,80,975
	(4,50,000)	(36,00,000)	(13,09,000)	-	(2,50,000)	(56,09,000)
Loan given to	1,65,45,209	-	-	-	-	1,65,45,209
	(1,55,32,000)	-	-	-	-	(1,55,32,000)
Revenue from operations	2,19,75,000	30,00,000	-	-	96,10,000	3,45,85,000
	(24,28,903)	(1,66,403)	-	-	(15,08,722)	(41,04,028)
Salaries & incentives	-	-	22,42,280	-	-	22,42,280
	-	-	(12,00,000)	-	-	(12,00,000)
<u>Balances outstanding at the end of the year</u>						
Short term loans & advances	91,56,158	-	-	-	-	91,56,158
	(5,73,000)	-	-	-	-	(5,73,000)
Trade receivables	1,24,14,021	-	-	-	7,37,796	1,31,51,817
	(24,24,052)	-	-	-	(15,58,889)	(39,82,941)
Other current assets	-	-	-	-	-	-
	(1,09,91,972)	-	-	-	(90,000)	(1,10,81,972)
Trade payables	-	-	2,64,138	-	-	2,64,138
	(37,60,503)	-	-	-	-	(37,60,503)
Short term borrowings	82,07,305	10,51,770	-	-	-	92,59,075
	-	(1,34,811)	(20,09,000)	-	-	(21,43,811)

* Previous year figures are in brackets

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F.R.No. : 103450W

Sd/-

Shyamsunder Gupta

Proprietor

Mem. No. : 038484

Mumbai 28th May 2013

For and on behalf of Board of Directors

Sd/-

Kamal Poddar

Managing Director

Sd/-

Ajay Kejriwal

Director

Sd/-

Mahavir Toshniwal

Company Secretary

CONSOLIDATED AUDITORS' REPORT

To
The Board of Directors of
Choice International Limited

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements of Choice International Limited and its subsidiaries (the "Company"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. As stated in the Other Matters paragraph below, our opinion, in so far it relates to the amount and disclosures included in respect of the subsidiaries not audited by us, is based solely on the reports of such other auditors.

Opinion

7. In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the other auditor's reports on the financial statements of subsidiaries as noted below, the accompanying consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Consolidated Statement of Profit and Loss, of the profit/ loss for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

8. We have not audited the financial statements of any of the subsidiaries of the company, whose financial statements reflect the total assets of Rs.385,306,653/-, revenue of Rs.334,698,480/- and the net profit of Rs.25,381,296/- and net cash inflow amounting to Rs.4,100,378/- for the year ended on March 31, 2013. These financial statements have been audited by other auditor whose reports have been furnished to us by the management, and our opinion is based solely on the report of the other auditor.

For **Gupta Shyam & Co.**

Firm Registration Number: 103450W

Chartered Accountants

Sd/-

Shyamsunder Gupta

Proprietor

Membership Number: 038484

Mumbai

28th May 2013

Address

11 Sukhsagar CHS Ltd,

Akurli Cross road No 1

Kandivali (East), Mumbai - 400101

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

(Amount in Rs)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I Equity & Liabilities			
1. Shareholders' funds			
(a) Share Capital	2	10,00,48,000	7,50,48,000
(b) Reserves and Surplus	3	43,49,93,310	23,26,00,338
(c) Money Received Ag. Share Warrants		-	6,02,47,500
		53,50,41,310	36,78,95,838
2. Minority Interest		-	92,272
3. Non - Current Liabilities			
(a) Long -Term Borrowings	4	10,44,87,201	13,39,91,379
(b) Deferred Tax Liabilities (Net)	5	2,11,07,256	1,64,46,885
(c) Long - Term Provisions	6	7,97,858	4,52,141
		12,63,92,315	15,08,90,405
4. Current Liabilities			
(a) Short - Term Borrowings	7	15,21,48,072	3,06,97,959
(b) Trade Payables	8	25,94,76,715	4,15,13,643
(c) Other Current Liabilities	9	4,56,57,541	3,63,38,757
(d) Short - Term Provisions	10	2,05,14,618	1,40,44,891
		47,77,96,946	12,25,95,250
TOTAL		1,13,92,30,571	64,14,73,765
II Assets			
1. Non - Current Assets			
(a) Fixed Assets	11		
(i) Tangible assets		26,80,31,380	27,11,35,014
(ii) Intangible assets		1,50,98,213	1,85,94,374
		28,31,29,593	28,97,29,388
(b) Non - Current Investments	12	15,34,30,779	16,73,43,500
(c) Long - Term Loans and Advances	13	3,59,28,551	3,00,28,551
(d) Other Non - Current Assets	14	79,28,792	58,82,810
		48,04,17,715	49,29,84,249
2. Current Assets			
(a) Inventories	15	1,06,86,375	1,62,72,619
(b) Trade Receivables	16	31,11,66,362	5,91,68,110
(c) Cash and Bank Balances	17	18,72,06,875	3,24,21,215
(d) Short - Term Loans and Advances	18	14,50,20,079	2,14,92,652
(e) Other Current Assets	19	47,33,165	1,91,34,920
		65,88,12,856	14,84,89,516
TOTAL		1,13,92,30,571	64,14,73,765

The accompanying notes are an integral part of the financial statements

Significant Accounting Policies	1
Notes forming part of financial statements	2-29

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F.R.No. : 103450W

Sd/-

Shyamsunder Gupta

Proprietor

Mem. No. : 038484

For and on behalf of Board of Directors

Sd/-

Kamal Poddar

Managing Director

Mumbai

28th May 2013

Sd/-

Ajay Kejriwal

Director

Sd/-

Mahavir Toshniwal

Company Secretary

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in Rs)

Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
I Revenue from Operations	20	40,55,15,616	47,82,59,734
II Other Income	21	98,45,357	27,54,816
III Total Revenue (I + II)		41,53,60,973	48,10,14,550
IV Expenses			
Operating Expenses	22	13,93,87,750	7,74,97,841
Purchases Stock-in-Trade	23	1,25,74,772	16,50,10,664
Changes in Inventories	24	55,86,244	80,06,027
Employee Benefits Expense	25	13,98,24,005	12,10,52,932
Depreciation & Amortisation	11	1,15,63,790	1,08,40,578
Finance Costs	26	3,13,22,284	2,61,59,048
Other Expense	27	1,90,61,325	2,19,10,822
Total Expense		35,93,20,170	43,04,77,912
V Profit Before Tax (III-IV)		5,60,40,803	5,05,36,638
VI Tax Expense:			
(a) Current Tax Expense		1,62,12,000	1,18,74,000
(b) Earlier Year Tax Adjustments		(7,985)	-
(c) MAT Credit		(13,90,000)	(21,00,000)
(d) Deferred Tax		46,60,370	41,76,159
		1,94,74,385	1,39,50,159
VII Profit/(Loss) for the period (before adjustment for minority interest) (V-VI)		3,65,66,418	3,65,86,479
VIII Less : Share of minority interest		-	(2,170)
IX Profit/(Loss) for the period (VII-VIII)		3,65,66,418	3,65,88,649
X Earnings Per Equity Share (Face Value Rs 10 Per Share):	28		
(1) Basic (Rs)		4.31	4.88
(2) Diluted (Rs)		4.31	4.46

The accompanying notes are an integral part of the financial statements

Significant Accounting Policies 1
Notes forming part of financial statements 2-29

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F.R.No. : 103450W

Sd/-

Shyamsunder Gupta

Proprietor

Mem. No. : 038484

Mumbai 28th May 2013

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, 2013

(Amount in Rs)

Particulars	As at 31-Mar-13	As at 31-Mar-12
A. Cash flow from Operating Activities		
Net profit before extra-ordinary items and tax	5,60,40,803	5,05,36,638
<u>Adjustments for:</u>		
Depreciation	1,15,63,790	1,08,40,578
Finance costs	3,13,22,284	2,61,59,048
Loss on disposal of fixed assets	2,48,297	-
Other interest income	(97,72,899)	(26,74,423)
<i>Operating profit before Working Capital changes</i>	8,94,02,275	8,48,61,841
<u>Changes in Working Capital</u>		
- Trade Receivables	(25,19,98,252)	6,74,40,755
- Short term loans & advances and other current assets	(10,43,99,380)	81,22,904
- Inventories	55,86,244	80,06,027
- Trade Payables & provisions	22,18,45,922	78,89,588
- Other current liabilities	87,17,041	(3,48,90,825)
<u>Cash generated from operations</u>	(3,08,46,150)	14,14,30,290
- Income tax paid	(1,60,28,525)	(87,03,355)
Net cash flow from/(used in) from Operating Activities	(4,68,74,675)	13,27,26,935
B. Cash flow from Investing Activities		
Other interest received	43,90,625	20,58,906
Purchase of fixed assets	(54,08,394)	(88,03,534)
Investment in associates	-	(8,88,00,000)
Disposal/(Acquisition) of stake in subsidiary	(78,857)	11,00,000
Sale/(Purchase) of investments in other companies	1,39,12,721	(5,49,55,046)
Change in other bank balances	(15,06,94,219)	(45,00,000)
Movement in long term loans & advances	(59,00,000)	(16,95,551)
Net cash flow from/(used in) Investing Activities	(14,37,78,124)	(15,55,95,225)
C. Cash flow from Financing Activities		
Finance costs paid	(3,07,39,648)	(2,73,32,062)
Dividend & dividend distribution tax paid	(87,14,547)	(87,22,266)
Money borrowed/(repaid) from related parties	32,31,959	4,33,811
Money borrowed/(repaid) from others	8,87,13,976	45,54,148
Proceeds from issue of share capital / warrants	14,22,52,500	6,02,47,500
Net cash flow from/(used in) Financing Activities	19,47,44,240	2,91,81,131
Net increase/(decrease) in Cash and Cash Equivalents	40,91,441	63,12,841
Opening Cash and Cash Equivalents	1,32,42,520	72,01,957
Less : Eliminated on disposal of subsidiary	-	(2,72,278)
Closing Cash and Cash Equivalents	1,73,33,961	1,32,42,520

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F.R.No. : 103450W

Sd/-

Shyamsunder Gupta

Proprietor

Mem. No. : 038484

For and on behalf of Board of Directors

Sd/-

Kamal Poddar

Managing Director

Mumbai

28th May 2013

Sd/-

Ajay Kejriwal

Director

Sd/-

Mahavir Toshniwal

Company Secretary

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting and preparation of financial statements

These financial statements and the financial statements of Indian subsidiaries have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements and the financial statements of Indian subsidiaries have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 (the "Act"). All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Act.

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. Cash and cash equivalents

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

D. 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.

E. Inventories

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

F. Revenue recognition

- Revenue and cost are generally accounted on accrual basis as they are earned/incurred, except in case significant uncertainties.
- Brokerage income from dealing in shares & securities is recognised on the day of settlement of the transaction.
- Fees are recognised when reasonable right of recovery is established and the revenue can be reliably measured and on accrual basis. The performance of services is measured under the proportionate completion method which relates the revenue to the work accomplished.
- Interest and other income is accounted on accrual basis.
- Profit/loss on sale of investments are recognised on the day of confirmation of transaction.
- Revenue figures excludes tax component.
- Dividend is accounted when the right to receive payment is established.
- Profit/loss from dealing in shares & securities are recognised on the day of settlement of transaction. Profit/loss on equity derivative transactions are accounted for as explained below -

Initial and additional margin paid over and above Initial margin, for entering into contracts for Equity Stock/Index Futures which are released on final settlement/squaring-up of underlying contracts are disclosed under Other Current Assets. "Mark-to-market margin- Equity Stock/Index Futures" representing the amounts paid in respect of mark to market margin is disclosed under Other Current Assets.

On final settlement or squaring up of contracts for equity stock/index futures, the realized profit

or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. When more than one contract in respect of the relevant series of equity stock/index futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

As at the balance sheet date, the mark to market on all transactions comprising of Equity Derivatives positions is determined on a Portfolio basis with net unrealized losses being recognized in the Profit and Loss Account. Unrealized gains (on portfolio basis) are not recognized in the Profit and Loss Account on grounds of prudence as enunciated in Accounting Standard - 1, Disclosure of Accounting Policies.

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

G. Employee benefits

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

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

H. 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.

I. Depreciation and amortisation

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

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

J. Fixed assets

Tangible assets

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

Intangible assets

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

K. 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.

L. Provision and Contingencies

A provision is recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – “Provisions, Contingent Liabilities and Contingent Assets” is made. Further provision is also made as per the norms prescribed in non banking financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

M. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments, all other investments are classified as non-current investments. Investments are valued in accordance with the RBI guidelines and accounting standard 13 on “Accounting for investments”. Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

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. Service tax input credit

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

P. Principles of consolidation

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

- ◆ the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard 21 - "Consolidated Financial Statements" prescribed by Companies (Accounting Standards) Rules, 2006.
- ◆ the difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.
- ◆ the share of minority interest in the net profit/(loss) of subsidiary for the year is identified and adjusted against the income of the group to arrive at the net income attributable to the shareholders of the holding Company.
- ◆ the share of minority interest in the net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the holding company's shareholders.
- ◆ the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- ◆ investments other than in subsidiary have been accounted as per Accounting Standard - 13 on "Accounting for Investments" prescribed by the Companies (Accounting Standard) Rules, 2006.
- ◆ the financial statements of the subsidiary used in the consolidation are drawn upto the same reporting dates as that of the holding company i.e. March 31, 2013.

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

Name of the Entity	Country	Ownership as on	
		31.03.2013	31.03.2012
Choice Capital Advisors Pvt. Ltd.	India	100.00%	100.00%
Choice Equity Broking Pvt. Ltd.	India	100.00%	100.00%
Choice Merchandise Broking Pvt. Ltd.	India	100.00%	100.00%
Choice Business Services Pvt. Ltd.	India	100.00%	100.00%
Choice Wealth Management Pvt. Ltd.	India	100.00%	100.00%
Choice Insurance Brokers Pvt. Ltd.	India	100.00%	98.04%

Q. Borrowing cost

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

R. Foreign currency transactions and translations

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

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

		(Amount in Rs)	
Particulars	As at 31-Mar-13	As at 31-Mar-12	
2 SHARE CAPITAL			
(a) Details of authorised, issued and subscribed share capital			
Authorised Capital			
10,100,000 (PY 10,100,000) Equity Shares of Rs 10/- each	10,10,00,000	10,10,00,000	
Issued Capital			
10,004,800 (PY 7,504,800) Equity Shares of Rs 10/- each	10,00,48,000	7,50,48,000	
Subscribed and Paid up Capital			
10,004,800 (PY 7,504,800) Equity Shares of Rs 10/- each fully paid-up	10,00,48,000	7,50,48,000	
	10,00,48,000	7,50,48,000	
Rights, preferences and restrictions attached to each class of shares -			
The company has only one class of share capital, i.e. equity shares having face value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share.			
(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	75,04,800	
Add : shares issued during the year	25,00,000	-	
No. of shares at the end of the year	1,00,04,800	75,04,800	
(c) Shareholders holding more than 5% of equity shares as at the end of the year			
Vinita Sunil Patodia Promoter	10,28,927	10,28,927	
	10.28%	13.71%	
Florence Securities Pvt. Ltd.	7,50,000		
	7.50%		
3 RESERVES AND SURPLUS			
Statutory reserve -			
Opening Balance	1,41,00,000	1,21,00,000	
Add : transferred from statement of profit & loss	22,50,000	20,00,000	
Closing Balance	1,63,50,000	1,41,00,000	
General reserve -			
Opening Balance	5,55,000	-	
Add : transferred from statement of profit & loss	-	5,55,000	
Closing Balance	5,55,000	5,55,000	
Capital reserve -			
Opening Balance	8,69,500	8,69,500	
Add : transferred from statement of profit & loss	-	-	
Closing Balance	8,69,500	8,69,500	
Securities premium reserve -			
Opening Balance	16,17,17,300	19,52,41,110	
Less : on disposal of subsidiary	-	(3,35,23,810)	
Add : received on shares issued during the year	17,75,00,000	-	
Closing Balance	33,92,17,300	16,17,17,300	
Surplus in statement of profit & loss -			
Opening Balance	5,53,58,538	2,97,00,836	
Add : profit/(loss) for the year	3,65,66,418	3,65,88,649	
Add : reversal of accumulated loss on disposal of subsidiary	-	3,57,707	
Less : transfer to statutory reserve	22,50,000	20,00,000	
Less : transfer to general reserve	-	5,55,000	
Less : dividend distribution tax on proposed dividend	16,68,646	12,28,854	
Less : proposed dividend	1,00,04,800	75,04,800	
Closing Balance	7,80,01,510	5,53,58,538	
Grand Total	43,49,93,310	23,26,00,338	

Consolidated Financial Statements

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

(Amount in Rs)

Particulars	As at 31-Mar-13	As at 31-Mar-12
4 LONG TERM BORROWINGS		
Secured loans		
Term loan from bank*	13,39,87,201	15,79,91,379
Less : current portion of long term borrowings	(2,95,00,000)	(2,40,00,000)
Total	10,44,87,201	13,39,91,379
*The loan was taken from State Bank of India and is secured by way of first charge on land & building at Mumbai. The loan is repayable in monthly principal instalments and interest, ending in April 2017.		
5 DEFERRED TAX LIABILITIES (NET)		
The major components of deferred tax liabilities / assets (net) as recognised in the financial statements is as follows:		
Deferred tax liability -		
On difference between book balance & tax balance of fixed assets	2,13,53,794	1,65,86,487
Deferred tax asset -		
Provision for employee benefit expenses	(2,46,538)	(1,39,602)
Total	2,11,07,256	1,64,46,885
6 LONG-TERM PROVISIONS		
Provision for employee benefit expenses	7,97,858	4,52,141
Total	7,97,858	4,52,141
7 SHORT TERM BORROWINGS		
Secured loans		
Loans taken from institutions*	7,62,78,130	-
Overdraft in bank's current account**	6,97,22,391	1,26,54,148
Unsecured loans		
Loans taken from others	7,71,781	1,59,00,000
Loans taken from related parties***	53,75,770	21,43,811
Total	15,21,48,072	3,06,97,959
*Loans taken from institutions are secured against shares & securities pledged by customers.		
**Overdraft is secured against term deposits, shares & securities.		
***The loan taken from related parties are interest free and repayable on demand, refer to Note No.29(J) "Related Party Disclosure".		
8 TRADE PAYABLES		
Dues to Micro, Small and Medium Enterprises*	-	-
Other than Micro, Small and Medium Enterprises	25,94,76,715	4,15,13,643
Total	25,94,76,715	4,15,13,643
*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.		
9 OTHER CURRENT LIABILITIES		
Current portion of long term borrowings	2,95,00,000	2,40,00,000
Interest accrued but not due on borrowings	14,14,264	8,31,628
Unclaimed dividend	84,822	65,715
Other liabilities & statutory dues	1,25,97,455	1,14,41,414
Margin money deposit	20,61,000	-
Total	4,56,57,541	3,63,38,757

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

(Amount in Rs)

Particulars	As at 31-Mar-13	As at 31-Mar-12
10 SHORT TERM PROVISIONS		
Provision for tax (net of taxes paid)	54,86,727	53,11,237
Proposed dividend*	1,00,04,800	75,04,800
Provision for dividend distribution tax	16,68,646	12,28,854
Provision for expenses	30,01,658	-
Provision on standard loan assets	3,50,846	-
Provision for employee benefit expenses	1,941	-
Total	2,05,14,618	1,40,44,891
*According to the special provision of sub-section (1A) of section 115-O of the Income Tax Act, 1961, the company is not required to make provision for the dividend distribution tax on dividend proposed.		
12 NON-CURRENT INVESTMENTS		
(a) Other investments in quoted equity shares fully paid-up		
Associate company -		
5,257,850 (PY - 5,257,850) shares of Rs 10/- each of Choice Infra Ventures Limited	9,58,36,985	9,58,36,985
Other company -		
500,000 (PY - 500,000) shares of Rs 10/- each of The Byke Hospitality Limited	5,00,96,906	5,00,96,906
69,399 (PY - 533,332) shares of Rs 10/- each of Shekhawati Poly-Yarn Limited	20,81,970	1,59,99,960
119,000 (PY - 119,000) shares of Rs 10/- each of Upsurge Investment & Finance Limited	48,58,140	48,58,140
62,516 (PY - 62,516) shares of Rs 10/- each of Lawreshwar Polymers Limited	5,43,916	5,43,916
5 (PY - 5) shares of Rs 10/- each of Sesa Goa Ltd.	1,853	1,853
980 (PY - 980) shares of Rs 10/- each of GSL Sec. Ltd.	5,740	5,740
1 (PY - NIL) shares of Rs 10/- each of GAIL India Ltd.	350	-
10 (PY - NIL) shares of Rs 10/- each of Parikh Herbal Ltd.	399	-
200 (PY - NIL) shares of Rs 10/- each of NHPC Ltd.	4,520	-
Total	15,34,30,779	16,73,43,500
(b) Aggregate book value of -		
Quoted fully paid-up investments	15,34,30,779	16,73,43,500
Aggregate market value of -		
Quoted fully paid-up investments	60,94,79,483	21,54,06,348
13 LONG TERM LOANS & ADVANCES		
Unsecured, considered good		
Security deposits	2,94,28,551	2,21,28,551
Loans to employees	-	9,00,000
Deposit with co-op credit society	55,00,000	60,00,000
Loans & advances to others	10,00,000	10,00,000
Total	3,59,28,551	3,00,28,551
14 OTHER NON-CURRENT ASSETS		
MAT credit entitlement	63,51,860	49,61,860
Interest accrued on deposit	15,76,932	9,20,950
Total	79,28,792	58,82,810

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

11 FIXED ASSETS

(Amount in Rs.)

Description	Gross Block			Depreciation & Amortisation			Net Block	
	As at April 1, 2012	Additions	Deductions/ Adjustments	As at March 31, 2013	Charged For the year	Deductions/ Adjustments	As at March 31, 2013	As at March 31, 2012
(i) Tangible Assets:								
Freehold Land	2,79,77,910	-	-	2,79,77,910	-	-	2,79,77,910	2,79,77,910
Building owned	21,47,76,824	-	-	21,47,76,824	35,00,862	-	20,57,91,314	20,92,92,176
Computer Hardwares	1,26,33,047	21,24,393	2,23,693	1,45,33,747	21,06,870	1,83,843	1,08,99,978	1,09,22,305
Furniture & Fixtures	1,49,92,055	2,03,950	4,07,786	1,47,88,219	9,25,972	3,08,131	1,32,34,317	1,40,55,994
Vehicles	16,67,380	19,60,892	-	36,28,272	2,02,470	-	31,77,457	14,19,035
Office Equipments	80,16,325	1,26,514	5,80,145	75,62,694	3,52,225	2,88,666	69,50,404	74,67,594
Total	28,00,63,541	44,15,749	12,11,624	28,32,67,666	70,88,399	7,80,640	26,80,31,380	27,11,35,014
(ii) Intangible Assets:								
Computer Softwares	2,60,99,635	9,92,645	-	2,70,92,280	44,75,391	-	1,50,98,213	1,85,80,959
Goodwill on Consolidation	13,415	-	13,415	-	-	-	-	13,415
Total	2,61,13,050	9,92,645	13,415	2,70,92,280	44,75,391	-	1,50,98,213	1,85,94,374
Grand Total	30,61,76,591	54,08,394	12,25,039	31,03,59,946	1,15,63,790	7,80,640	28,31,29,593	28,97,29,388
Previous Year	27,54,80,182	3,71,82,797	3,23,750	31,23,39,229	1,08,40,578	3,23,750	28,97,29,388	26,33,87,169

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

		(Amount in Rs)	
Particulars	As at 31-Mar-13	As at 31-Mar-12	
15 INVENTORIES			
Stock-in-trade			
Shares & securities*	1,06,86,375	1,62,72,619	
Total	1,06,86,375	1,62,72,619	
*Market value - Rs 10,686,375/- (PY - Rs 16,505,958/-)			
16 TRADE RECEIVABLES			
Unsecured, considered good			
Outstanding for a period exceeding six months from due date	5,09,999	14,02,681	
Others	31,06,56,363	5,77,65,429	
Total	31,11,66,362	5,91,68,110	
17 CASH AND BANK BALANCES			
Cash & Cash Equivalents			
Cash on Hand	3,76,442	2,04,071	
Bank Balances -			
In current accounts	83,07,519	43,88,449	
Term deposits	86,50,000	86,50,000	
Other Bank Balances			
Term deposits held against bank guarantees	16,97,87,500	1,91,12,500	
In earmarked accounts (unclaimed dividend)	85,414	66,195	
Total	18,72,06,875	3,24,21,215	
18 SHORT-TERM LOANS AND ADVANCES			
Unsecured, considered good			
Loans & advances to related parties*	2,58,684	-	
Advances to employees	3,79,932	3,93,060	
Balance with statutory/revenue authorities	24,79,058	5,57,751	
Loans & advances to others	4,40,11,715	1,30,38,187	
Prepaid expenses	89,91,221	13,28,654	
Security deposits	17,00,000	61,75,000	
Secured, considered good			
Loans & advances to others	8,71,99,469	-	
Total	14,50,20,079	2,14,92,652	
*The loans & advances 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	
Security deposits	-	3,39,185	
Receivables from related parties*	-	90,000	
Accrued interests on deposits	47,33,165	6,873	
Total	47,33,165	1,91,34,920	
*Refer to Note No.29(J) "Related Party Disclosure".			

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ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

(Amount in Rs)

Particulars	As at 31-Mar-13	As at 31-Mar-12
20 REVENUE FROM OPERATIONS		
Sale of shares & securities	3,08,34,450	21,85,87,513
Profit on sale of investments	75,89,429	-
Interest income	73,28,257	-
Income from lease and support services	1,26,10,000	16,75,125
Brokerage income	12,71,67,381	3,91,74,796
Professional fees	20,30,93,095	21,47,95,989
Other operating revenues	1,68,93,004	40,26,311
Total	40,55,15,616	47,82,59,734
21 OTHER INCOME		
Interest on deposits	96,73,149	26,55,243
Interest on employees loan	99,750	19,180
Misc. income	72,458	80,393
Total	98,45,357	27,54,816
22 OPERATING EXPENSES		
Professional Service charges	3,73,00,000	5,88,10,965
Computer & software expenses	12,32,701	4,66,652
Membership & subscription fees	14,78,500	2,92,250
Sub-brokerage / Referral fees	9,81,07,439	1,59,97,710
Leaseline expenses	5,88,813	3,85,590
Other operating expenses	6,80,297	15,44,674
Total	13,93,87,750	7,74,97,841
23 PURCHASE OF STOCK-IN-TRADE		
Shares & Securities	1,25,74,772	16,50,10,664
Total	1,25,74,772	16,50,10,664
24 CHANGES IN INVENTORIES		
Shares & Securities		
At the beginning of the period	1,62,72,619	2,42,78,646
Less : At the end of the period	1,06,86,375	1,62,72,619
Total	55,86,244	80,06,027
25 EMPLOYEE BENEFIT EXPENSES		
Salaries, allowances and incentives	13,93,67,940	12,03,96,791
Staff welfare expenses	80,790	2,04,000
Gratuity	3,75,275	4,52,141
Total	13,98,24,005	12,10,52,932
26 FINANCE COST		
Interest on bank borrowings	2,33,81,904	2,57,13,216
Interest on institution borrowings	14,81,843	-
Other borrowing costs	64,58,537	4,45,832
Total	3,13,22,284	2,61,59,048

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

Particulars	(Amount in Rs)	
	As at 31-Mar-13	As at 31-Mar-12
27 OTHER EXPENSES		
Bank charges	2,29,519	54,037
Business promotion expenses	2,06,841	4,57,181
Director sitting fees	90,000	1,20,000
Donation	2,500	5,48,403
Electricity Charges	22,18,328	10,09,467
Communication expenses	8,23,997	9,68,818
Computer expenses	10,17,562	6,40,441
Conference & meeting expenses	1,03,672	1,81,618
CSR expenses	25,900	1,00,000
Insurance charges	91,975	95,833
Legal and professional	25,22,313	43,71,373
Loss on disposal of fixed assets	2,48,297	-
Marketing & advertisement expenses	10,62,160	34,51,327
Membership & subscription fees	1,00,000	-
Payment to auditors -		
Statutory audit fees	1,51,236	92,472
Tax audit fees	45,000	35,618
Other certification fees	97,000	44,672
Printing and stationery	9,14,033	19,34,871
Provision on standard loan assets	3,50,846	-
Rent including lease rentals	4,94,596	19,79,440
Repairs & maintenance	14,95,507	40,070
Rates & taxes	30,01,738	12,03,778
Security Expenses	3,99,188	97,300
Sundry expenses	8,02,264	17,65,860
Traveling & Conveyance expenses	19,28,859	26,09,013
Vehicle expenses	3,18,688	1,09,230
Water charges	3,19,306	-
Total	1,90,61,325	2,19,10,822
28 EARNINGS PER EQUITY SHARE		
Profit/(Loss) attributable to equity shareholders	3,65,66,418	3,65,86,479
Weighted average number of equity shares	84,84,252	75,04,800
Basic Earnings Per Share	4.31	4.88
Face value per Share	10	10
Profit after adjusting interest on potential equity shares	3,65,66,418	3,65,86,479
Weighted average number of equity share after considering potential	84,84,252	82,03,430
Dilutive Earnings per Share	4.31	4.46

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ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

NOTE 29 : OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS

A. Statutory reserve :

The management has created a statutory reserve of Rs 22,50,000/- (PY - Rs 20,00,000/-) as per the provisions of section 45-IC of Reserve Bank of India Act, 1934.

B. Corporate social responsibility :

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

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

D. Balances of the trade receivables, trade payables, advances and balances of deposits are subject to confirmation, reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.

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

F. Contingent liabilities not provided for :

	31-Mar-13	31-Mar-12
Corporate guarantees given to banks for subsidiaries	61,00,00,000	5,00,00,000
Bank guarantees given to stock exchanges by subsidiaries	52,13,75,000	3,42,25,000

G. Value of imports on CIF basis :

	31-Mar-13	31-Mar-12
Capital goods	-	18,94,839

H. Employee benefit plans :

Defined benefit plans

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

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

(Amount in Rs)

Particulars	As on 31.03.2013
Components of employer expense	
Current service cost	3,94,315
Interest cost	29,088
Expected return on plan assets	-
Curtailment cost / (credit)	(4,796)
Settlement cost / (credit)	-
Prior year charge	39,611
Actuarial losses/(gains)	(82,943)
Total expense recognised in the Statement of Profit & Loss	3,75,275

Consolidated Financial Statements

(Amount in Rs)

Particulars	As on 31.03.2013
Actual contribution and benefit payments for year	
Actual benefit payments	25,599
Actual contributions	-
Net asset / (liability) recognised in the Balance Sheet	
Present value of defined benefit obligation	7,99,799
Fair value of plan assets	-
Funded status [Surplus / (Deficit)]	-
Unrecognised past service costs	-
Net asset / (liability) recognised in the Balance Sheet	7,99,799

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

Opening fair value of plan assets as on 01.04.2012	4,45,327
Service cost	3,94,315
Interest cost	29,088
Actuarial (gain) / loss	(82,943)
Prior year charge	39,611
Benefits paid	(25,599)
Closing fair value of plan assets as on 31.03.2013	7,99,799

Change in fair value of plan assets

Plan assets at beginning of the year	-
Acquisition adjustment	-
Expected return on plan assets	-
Actual company contributions	-
Actuarial gain / (loss)	-
Benefits paid	-
Plan assets at the end of the year	-

Composition of the plan assets is as follows:

Government bonds	0.00%
PSU bonds	0.00%
Equity mutual funds	0.00%
Others	0.00%

Actuarial assumptions

Discount rate	8.20%
Salary escalation	6.00%

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

Consolidated Financial Statements

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

I. Segment information :

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

Particulars	For the year ended 31 March, 2013					
	Business segments				Total (Segments)	Total (Enterprise)
	NBFC & Other services	Broking & Distribution	Investment Banking	Outsourcing		
Segment Revenue						
Sales / Income	8,03,37,286 (222691541)	14,47,18,404 (43994562)	8,88,62,080 (162085829)	11,42,31,015 (52710161)	42,81,48,785 (481482093)	
Less: Inter-segment Sales / Income	2,19,75,000 (2428903)	6,58,169 (793455)	0 0	0 0	2,26,33,169 (3222358)	
Total Revenue External	5,83,62,286 (220262638)	14,40,60,235 (43201107)	8,88,62,080 (162085829)	11,42,31,015 (52710161)	40,55,15,616 (478259735)	
Total revenue of each segment as a percentage of total revenue of all segments	14.39% 46.06%	35.53% 9.03%	21.91% 33.89%	28.17% 11.02%		
Segment Result: Profit / (Loss) before interest and taxes	4,06,36,186 (47500087)	2,25,42,768 (15599621)	2,58,81,984 (34255402)	1,37,29,036 (6032885)	10,27,89,974 (103387995)	10,27,89,974 (103387995)
Less: Interest Expenses						2,08,04,709 (25048929)
Less: Unallocable expenses (net)						2,66,19,975 (28238893)
Add: Other income (net)						6,75,513 (436465)
Profit before tax						5,60,40,803 (50536638)
Less: Tax expense						1,94,74,385 (13950159)
Net profit for the year						3,65,66,418 (36586479)

* Previous year figures are in brackets

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

J. Related Party Disclosure :

Details of Related Parties -

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

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ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2013

Details of Related Party transactions during the year ended March 31, 2013

Particulars	Associates	KMP and their relatives	Individuals owning directly or indirectly voting power that gives them control & their relatives	Enterprises over which (b) & (c) are able to exercise significant influence	Total
Equity infusion from	-	5,02,20,000	2,43,00,000	2,99,70,000	10,44,90,000
	-	-	-	-	-
Equity investments in	-	-	-	-	-
	(8,88,00,000)	-	-	-	(8,88,00,000)
Loans given to	8,00,000	-	-	-	8,00,000
	-	-	-	-	-
Loans taken from	31,73,520	87,89,000	-	-	1,19,62,520
	(36,00,000)	(13,09,000)	-	(2,50,000)	(51,59,000)
Revenue from operations	30,00,000	-	-	96,10,000	1,26,10,000
	(1,66,403)	-	-	(15,08,722)	(16,75,125)
Salaries & incentives	-	28,44,701	-	-	28,44,701
	-	(12,00,000)	-	-	(12,00,000)
<u>Balances outstanding at the end of the year</u>					
Short term loans & advances	2,50,000	-	-	-	2,50,000
	-	-	-	-	-
Trade receivables	-	-	-	7,37,796	7,37,796
	-	-	-	(15,58,889)	(15,58,889)
Other current assets	-	-	-	-	-
	-	-	-	(90,000)	(90,000)
Trade payables	-	2,64,138	-	-	2,64,138
	-	-	-	-	-
Short term borrowings	10,51,770	-	-	-	10,51,770
	(1,34,811)	(20,09,000)	-	-	(21,43,811)

* Previous year figures are in brackets

In terms of our report of even date
For Gupta Shyam & Co.
Chartered Accountants
F.R.No. : 103450W

Sd/-
Shyamsunder Gupta
 Proprietor
Mem. No. : 038484

For and on behalf of Board of Directors

Sd/-
Kamal Poddar
 Managing Director

Sd/-
Ajay Kejriwal
 Director

Sd/-
Mahavir Toshniwal
 Company Secretary

Mumbai
 28th May 2013

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal blue lines across its entire width. The lines are thin and consistent in color, set against a plain white background. There are no margins, text, or other markings on the page.

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Shree Shakambhari Corporate Park



Head Office

Shree Shakambhari Corporate Park, Plot No.156-158 Chakravarty Ashok Society,
Near Bombay Cambridge School,

J B Nagar, Andheri (E). Mumbai – 400 099.

Tel: 022-6707 9999 Telefax: 022-6707 9959

Website: www.choiceindia.com Email-id: info@choiceindia.com



Choice International Limited

Shree Shakambhari Corporate Park, Plot No.156-158 Chakravarty Ashok Society,

Near Bombay Cambridge School, J B Nagar, Andheri (E), Mumbai – 400 099.


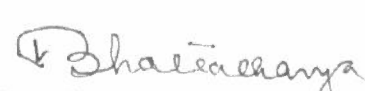

Tel: 022-6707 9999 Telefax: 022-6707 9959

Website: www.choiceindia.com

Choice International Limited

Form A

Covering letter of the Annual Audit Report to be filed with stock exchange (BSE)

1	Name of the company	Choice International Limited
2	Annual financial statement for the year ended	March 31, 2013
3	Type of audit observation	Un-qualified
4	Frequency of observation	Not applicable
5	To be signed by:	
	CEO/ Managing Director	 Mr. Kamal Poddar
	Audit Committee chairman	 Dr. Kali Mohan Bhattacharya
	Auditor of the Company M/s Gupta Shyam & Co., Chartered Accountants	 Shyamsunder Gupta

