

22ND ANNUAL REPORT 2013-14



Choice Infra Ventures Limited



Choice Infra Ventures Limited

Registered Office:

Shree Shakambhari Corporate Park, Plot No. 156-158,
Chakravati Ashok Society, J.B. Nagar, Andheri (East),
Mumbai-400099

CIN: L45400MH1992PLC070070

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

Website: www.choiceindiagroup.com

Email: investors@choiceindiagroup.com



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BOARD OF DIRECTORS

CA Kamal Poddar
CA Arunkumar Poddar
Mr. Hasmukh Mehta
Mr. Lalit Menghnani
Mr. Rameshchandra Purohit

Executive and Nominee Director
Non-Executive and Non-Independent Director
Non-Executive and Independent Director
Non-Executive and Independent Director
Non-Executive and Independent Director

REGISTERED OFFICE

Shree Shakambhari Corporate Park,
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Tel: 022 – 6707 9999; Fax: 022 – 6707 9959
Email: investors@choiceindiagroup.com
Website: www.choiceindiagroup.com

REGISTRAR &
SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mill Compound,
L.B.S. Marg, Bhandup (w),
Mumbai – 400 078
Ph. 2596 3838 Fax: 2594 6969
Email: Mumbai@linkintime.co.in

COMPANY SECRETARY &
COMPLIANCE OFFICER

Mr. Sandeep Likhamania

STATUTORY AUDITORS

M/s. Agarwal Desai & Shah
Chartered Accountants

BANKERS TO
THE COMPANY

HDFC Bank Ltd.
AXIS Bank Ltd.

To the Members

The Directors have pleasure in presenting the Twenty Second Annual Report on the business and operations of the Company together with the audited statement of accounts for the year ended March 31, 2014.

Financial Highlights:

A snapshot of the Related & Consolidated financial performance summary of Choice Infra Ventures Limited for the year 2013-14 summarized below:

(₹ in Lakhs)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Total Income	4363.07	3135.71
Total Expenditure	4233.50	3009.88
Profit Before Tax	129.57	125.83
Provision for Tax	41.99	41.33
Profit After Tax	87.58	84.50
Add: Surplus brought forward during the year	142.78	58.28
Profit available for Appropriations	87.57	84.50
Appropriations:	Nil	Nil
Surplus carried forward	230.35	142.78

Results of Operations:

The global economic climate posed several challenges, but we made the best use of our resources and abilities for growth. The overall performance for the year spelled growth, both for us and for our clients. During the financial year the Company's Gross Income was ₹ 4363.07 Lakhs. The Profit before Tax for the FY 2013-14 increased by 2.97% to ₹ 129.57 Lakhs as against ₹ 125.83 Lakhs in FY 2012-13. The Net Worth of the Company as on March 31, 2014 was ₹ 3173.11 Lakhs as against ₹ 3085.54 Lakhs as on March 31, 2013.

Dividend:

In order to conserve the resources, your Directors does not recommend any dividend for the year ended March 31, 2014.

Deferred Tax:

In terms of Accounting Standard on 'Accounting for Taxes on Income' (AS -22) a sum of ₹ 0.69 Lakhs has been debited from the Profit & Loss Account being Deferred Tax Liability for the year under review.

Public Deposits and Loans/Advances:

During 2013-14, your Company has not accepted any deposits from the public within meaning of Section 58A of the Companies Act, 1956.

Pursuant to Clause 32 of the Listing Agreement, the particulars of loans/advances given to subsidiaries have been disclosed in the Annual Accounts of the Company.

Subsidiary Company:

Your company has one subsidiary company Choice Realty Private Limited pursuant to Section 370 of Companies Act, 1956.

As required under the provisions of Section 212 of the Companies Act, 1956, a statement of the holding company's interest in the subsidiary companies is attached as and form part of this report.

In view of the general exemption under section 212(8) of Companies Act, 1956 granted by Central Government vide MCA circular No.2/2011 dated 8th February, 2011 the required disclosures in respect of subsidiary companies are not enclosed along with this report. However, we undertake that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the Registered Office of the company and of the subsidiary companies concerned on working day during business hours. The consolidated Financial Statement presented by the Company includes financial results of its subsidiaries.

Operations and Management Discussion & Analysis:

The current year's operations are covered in the Management Discussion and Analysis Report. This Management Discussion and Analysis Report, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is presented in a separate section forming part of this annual report.

Corporate Governance:

The Report on Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, forms part of this Annual Report.

Particulars Of Employees:

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

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

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

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

Directors:

In light of the provisions of section 152 of the Companies Act, 2013, CA Arunkumar Poddar (DIN : 02819581), Director of the Company, who is retiring by rotation at the 21st Annual General Meeting has not sought re-appointment. It is

proposed not to fill up the vacancy thereby caused.

With the enactment of the Companies Act, 2013 (Act) it is now incumbent upon every listed Company to appoint Independent Directors as defined in section 149 of the Act, who are required to be appointed for a term of maximum of 5 (five) consequent years and Independent Directors shall not be liable to retire by rotation and pursuant to clause 49 of the Listing Agreement with Stock Exchanges (to come into force w.e.f. 1 October, 2014), a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of up to five years only. Hence, Mr. Hasmukh Mehta, Mr. Rameshchandra Purohit and Mr. Lalit Meghnani are proposed to be appointed for a period as mentioned in the notice from the conclusion of this Annual General Meeting Accordingly.

The Independent directors have filed requisite declarations with the Company under section 149 (7) of the Act to the effect that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

CA Govind Ram Patodia has retired as director in the company with effect from September 16, 2013 due to his personal commitments. The resignation has been duly accepted by the Board. The Board places on record its sincere appreciation for the valuable services rendered by CA Govind Ram Patodia during his tenure.

Brief resume of the Directors proposed to be re-appointed/appointed, nature of their expertise in specific functional areas and names of public limited companies in which they hold directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, are provided in the notice along with the 22nd Annual Report of the Company.

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:

- In the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed and that there are no material departures from the same;
- The Directors have been selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of Profit of the Company for the said period.
- 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
- The Directors have prepared the accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

Auditors:

The Statutory Auditors M/s Agarwal Desai & Shah, Chartered Accountants, having Firm Registration No124850W, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder.

Your Company has received confirmation from the Auditors to the effect that their appointment, if made, will be in accordance with the limits specified under the Companies Act, 2013 and the firm satisfies the criteria specified in Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules 2014. Your Board is of the opinion that continuation of M/s Agarwal Desai & Shah, Chartered Accountants., Statutory Auditors during FY 2014-15 will be in the best interests of the Company and therefore, Members are requested to consider their re-appointment as

Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting till next Annual General Meeting at remuneration as may be decided by the Board.

Auditors' Report:

The Auditors Report to the shareholders does not contain any qualifications hence does not require any comments on the same. A company, whose securities are listed on the Stock Exchanges, is compulsorily required to follow the accounting standards prescribed by the Institute of Chartered Accountants of India.

Establishment Of Vigil Mechanism:

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

Voting Through Electronic Means:

Pursuant to section 108 of the Companies Act, 2013 and Clause 35B of the amended Listing Agreement, your Company is taking necessary steps to make available the facility provide to its members the facility to exercise their right to vote by Electronic means for the transactions which require approval through Postal Ballot. The Company has an agreement with the CDSL for e-voting facilities. This facility will be made available to all the members in financial year 2014-15.

Acknowledgment:

The Directors wish to express their appreciation of the continued support of the financial institutions, banks, government authorities, customers, vendors, members and other stakeholders during the year under review. The Directors also wish to thank employees at all levels for their contribution and co-operation throughout the year.

By Order of the Board of Directors

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

Sd/-
Arunkumar Poddar
(Director)
DIN: 02819581

Place: Mumbai
Date: August 14, 2014

ANNEXURE TO DIRECTOR'S REPORT
Statement pursuant to Section 212 of the Companies Act ,1956 relating to Subsidiary Companies

(Amount in ₹)

Particulars	Choice Realty Private Limited	
	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
The Financial year/period of the Subsidiary Company		
Extent of interest in Subsidiary Company		
Equity Share Capital	2,100,000	2,100,000
% Shares held by Choice Infra Ventures Limited	100.00%	100.00%
Net aggregate amount of the profits/(losses)of the Subsidiary Company for the period , so far as it concerns members of Choice Infra Ventures Limited		
a) not dealt with in the Accounts of the Company		
(I) For the financial year of the subsidiary	(13,085)	(54,224)
(ii) For the previous financial years since it became the subsidiary of the Company	(54,224)	-
b) dealt with in the Accounts of the Company		
(i) For the financial year of the subsidairy	0	0
(ii)For the previous financial years since it became the subsidiary of the Company	0	0
Additional Information u/s 212 (5)	Not Applicable	Not Applicable

The above details are as on March 31, 2014.

For and on behalf of the Board of Directors

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

 Sd/-
Arunkumar Poddar
 (Director)
 DIN: 02819581

 Sd/-
Sandeep Likhmanian
 (Company Secretary)

August 14, 2014, Mumbai

ANNEXURE TO DIRECTOR'S REPORT
Statement pursuant to Section 212 of the Companies Act ,1956 relating to Subsidiary Company(s)

(Amount in ₹)

	Choice Realty Private Limited *	
	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
The financial year/period of the Subsidiary Company		
Share Capital (Equity & preference)	2,100,000	2,100,000
Reserve & Surplus(Net of debit balance of profit & loss Account & miscellaneous expenditure to the extent not written off)	63,167,425	63,180,510
Total Assets (Fixed Assets + Current Assets)	55,280,909	58,985,011
Total Liabilities(Debts+Currents Liabilities & Provisions	13,484	3,704,501
Details of investments(excluding investments in subsidiary companies)	10,00,000	10,00,000
Turnover	-	-
Profit Before Taxation	(13,085)	(54,224)
Provision for Taxation	-	-
Profit after Taxation	(13,085)	(54,224)
Proposed/interim Dividend(including Dividend (Tax) (including on Preference Share)	-	-

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. The same will also be available on our website, www.choiceindiagroup.com

* The company has acquired 100% of equity stake in Choice Realty Pvt Ltd.

For and on behalf of the Board of Directors

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

 Sd/-
Arunkumar Poddar
 (Director)
 DIN: 02819581

 Sd/-
Sandeep Likhmanian
 (Company Secretary)

August 14, 2014, Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

CAUTIONARY STATEMENT

Statements made in this Management Discussion and Analysis contain certain forward looking statements based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, government new regulations and policies that may impact the Company's Business as well as its ability to implement the strategy. The information contained herein is as of the date referred and the Company does not undertake any obligation to update these statements.

Indian Economy overview

In the last couple of years, the Indian economy witnessed a slowdown across various sectors and continued to struggle, resulting in the GDP growth slipping to 4.7% in 2013 from 9.7% in 2010. Such economic downdraft was largely attributed to slowdown in policy initiatives especially during the run up to the parliamentary elections of 2014. Besides that, high interest regime, enforced to rein in inflation had an impact on slowing down of investments. Last Financial year was also marked by a tough period of economic uncertainty, owing to tapering of quantitative easing of liquidity in United States and resultant volatile movements in INR-USD exchange rate.

Availability of quality infrastructure is a key for the growth of industry and services. From the infrastructure development perspective, while important issues like delays in regulatory approvals, problems in land acquisition and rehabilitation, and environmental clearances need immediate attention, time overruns in the implementation of projects continue to be one of the main reasons for underachievement in many of the infrastructure sectors. According to the Ministry of Statistics and Programme Implementation (MOSPI) Flash Report for February 2014, of 239 central-sector infrastructure projects costing ₹ 1000 crore and above, 99 are delayed with respect to the latest schedule and 11 have reported additional delays with respect to the date of completion reported in the previous month. The additional delays in respect to projects relating to the petroleum, power, steel, and coal sectors are in the range of 1 to 26 months. The total original cost of implementation of these 239 projects was about ₹ 7,39,882 crore and their anticipated completion cost is likely to be ₹ 8,97,684 crore, implying an overall cost overrun of ₹ 1,57,802 crore (21.3 per cent of the original cost). The expenditure incurred on these projects till February 2014 was ₹ 4,10,684 crore, which is 45.7 per cent of the total anticipated cost.

(source: indiabudget.nic.in)

However, this crisis situation was averted by the various policy measures taken by Indian Government – like diesel price deregulation, disinvestment in sectors like Retail, Aviation etc. RBI too played its role in measures to bring back the growth through minor reduction in interest rates in Q3 and Q4. Even the global oil prices came down to a reasonable level towards the end of the FY 13.

Reserve Bank of India's (RBI) policy stance has been to stay firmly focused on keeping Indian economy on a disinflationary glide path that is intended to hit 8 per cent Consumer Price Inflation (CPI) by January, 2015 and 6 per cent by January, 2016. According to RBI and contingent upon the desired inflation outcome, real GDP growth is projected to pick up from a little below 5 per cent in 2013-14 to more sustained levels which will help in bringing more growth to the overall economy.

There has been a regime change in India's federal government with a firm and decisive mandate in favour of an alliance, which is seen as progressive and development friendly. The new government has provided signals of moving along development agenda that will push for reforms that were so far left on the back burner and are much needed to revitalize the economy. With the legislature and the executive getting back to the business of good governance, investments in various businesses and sectors of the economy are expected to pick up pace, all of which will bode well for the real estate sector.

Despite a bleak and uncertain macro-economic outlook, the prospects for infrastructure look positive with the planning commission recognizing the continued infrastructure deficit of India. The 12th five year plan (2012-17) envisages doubling of investment over the previous 11th five year plan. In addition, almost half of its share is expected to come through the private sector. This provides tremendous business potential for established and emerging infrastructure developers.

Construction cost has increased by 40% in two years, while taxes have also gone up. This eliminates any scope for reducing prices.

The Indian real estate sector continues to be a favoured destination for global investors. The urban population will surge in the coming years, which, coupled with growth in employment, education and health care, will push the demand for residential and commercial space.

Urbanisation has been rapid in the past few years, with 'upwardly-mobile' buyers keen to invest and reap dividends from the real estate market growth. Increasing migration to the cities will drive this demand. Also anticipate a rise in sales of housing property following the recent stock market rally and a slew of optimistic RBI rules to allow foreign banks into the country's protected banking ecosystem. Steady housing demand will be a big constant for the Indian economy this year, and the industry will focus on meeting this demand.

However, the real estate sector is burdened with high costs because of which there is little possibility of reduction in home prices in most micro markets. Construction cost has increased by 40% in two years, while government taxes and premiums have also gone up substantially. This eliminates any scope for reduced prices, despite the weak market. Banks' reluctance to lend to real estate companies has led to increased cost of borrowing, adding to the overall cost. In fact, these factors will also result in an increase in prices in improved market conditions. The housing industry will revive at a faster pace if a stable government is formed after the general elections in 2014.

The Confederation of Real Estate Developers' Associations of India (CREDAI) has identified demand from tier-II and tier-III cities as an impetus for better real estate solutions. With rapid land and infrastructure development in smaller cities and towns, assisted by bank loans, higher earnings and improved standards of living, housing and construction demand will increase here.

The recent move to introduce REITs, or Real Estate Investment Trusts, is a progressive one as well. REITs are a great instrument to tap cash flow into the Indian economy, and help smaller investors access income-generating real estate assets. It will help both developers and investors, through better financing and investment options. This will give the Indian real estate market more depth. Providing tax incentives to REITs for investment in housing, especially the affordable housing sector, will increase chances of its success.

(source: businesstoday.intoday.in/story/expert-outlook-on-prices-in-real-estate-sector-in-2014)

Few other industries sector status in the FY 2013-14 with comparison in earlier years are as follows:
The Company visualizes a pickup in real estate demand beginning from the second half of FY'15.

Growth in broad industrial groups based on IIP(Base 2004-05=100)

Year	Quarter	Mining	Manufacturing	Electricity	General
	Weight	141.57	755.27	103.16	1000
2011-12	Q1	0.7	7.7	8.3	7.0
	Q2	-4.1	3.4	10.5	3.2
	Q3	-4.2	1.1	9.6	1.2
	Q4	-0.4	0.3	4.5	0.6
2012-13	Q1	-1.5	-0.8	6.4	-0.3
	Q2	-0.7	0.2	2.8	0.4
	Q3	-3.0	2.5	4.4	2.1
	Q4	-3.8	3.1	2.3	2.2
2013-14	Q1	-4.7	-1.1	3.5	-1.0
	Q2	-0.1	1.2	8.4	1.7

April – September

2012-13		-1.1	-0.3	4.6	0.1
2013-14		-2.60.7	0.0	5.9	0.3

(source: finmin.nic.in)

Review of Company's operation:

Our Company is also not an exception in the industry and facing pressure of high inflation and sluggish market conditions coupled with rising labor and material cost over and above interest rates impacted the industry as a whole.

Still the efforts are carried on by the Company for the effective working in raising the earnings and to focus on maximizing the domestic opportunities of the Company. During the year ended March 31, 2014, the revenue increased to ₹ 4363.07 Lakhs as compared to ₹ 3135.71 Lakhs of the previous financial year, due to the expansions of the business. The Net Profit for the year is ₹ 87.44 Lakh as compared to ₹ 83.96 Lakhs in the previous year. We are keeping pace of work with growth and sustainability for the years to come.

OPPORTUNITY & THREATS

► Opportunities

As India awaits policy reforms from the new government, your company firmly believes that the demand for Real Estate in a country like India should remain strong in the medium to long term.

Execution excellence and successful implementation of cost optimization initiatives are imperative for

translating the targeted top-line growth into earnings growth and sustainable margins. In this respect, the businesses have taken various steps for focused cost reduction and productivity improvement to enhance their competitive positioning.

► Capacity augmentation:

The Company has made significant investments in the past few years in expanding its facilities for various businesses. While these new capacities provide the competitive edge to the Company, the returns on these investments are expected only over a longer term. The businesses are focusing on increasing capacity utilization and enhancing productivity in order to improve returns on these investments.

Your Company's well trying to become accepted brand, contemporary architecture, with well designed projects in strategic locations, strong balance sheet and stable financial performance even in testing times make it a preferred choice for customers and shareholders.

► Threat cum Challenges:

The weakness in the economy is not only cyclical but also structural in nature. Domestic supply bottlenecks and policy obstacles have seen growth decelerate and investment and industrial output slump. Global uncertainties also adversely affected growth. While the management of your Company is confident of creating and exploiting the opportunities, it also finds the following threats cum challenges:

- ✓ Unanticipated delays in project approvals
- ✓ Availability of accomplished and trained labour force
- ✓ Increased cost of manpower
- ✓ Rising cost of construction
- ✓ Growth in auxiliary infrastructure facilities
- ✓ Over regulated environment

Risks and concerns:

The performance of your Company may be affected by the sales realizations of its projects. These prices are driven by prevailing market conditions, the nature and location of the projects, and other factors such as brand and reputation and the design of the projects.

Risks Management:

Choice Infra Ventures limited (CIVL) follows a process of risk management that comprises risk identification, risk analysis and measures for mitigation of the risk.

Tight control on costs and exploration of new avenues for sourcing of construction material are expected to provide cost savings to the company in the longer run.

The company is adopting to new construction techniques which reduce involvement of manual labour. With intense monitoring of project schedules, with the participation of all the departmental heads, the company is attempting to curtail project delays but for the factors beyond control viz. regulatory policies, political and bureaucratic environment which may dampen the progress of work. The company has a strong management team with significant experience, knowledge and execution capability.

Outlook

FY2015 outlook would be governed by the policies and framework to be announced by the new government. FY2015 is expected to remain challenging in light of the need for significant fiscal adjustment, inflation risks and the spiralling current account and fiscal deficits. Economists expect India's GDP growth in the range of 5.0-6.0% for FY2015. The economic policies around the global economy may bring further complexity to the economic environment in the midst of uncertainty of the directions on the policy front. A strong vision on infrastructure and implementation of Real Estate Regulation & Development Bill may boost the investor confidence and related businesses. Amidst all these challenges, your company will target to ensure steady operations and deliver high quality projects for its customers. The Company will eagerly await formation of the new government and union budget for 2015.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) policy of the Company provides a road map for its CSR activities. The purpose of CSR policy is to devise an appropriate strategy and focus its CSR initiatives and lay down the broad principles on the basis of which the Company will fulfill its CSR objectives. As per the said policy, the company continues the strategy of discharging part of its CSR responsibilities related to the social services through various trust/societies in addition to its own initiatives and donations made to the non-government organisations.

The Company has been playing a pro-active role in the socio-economic growth and contributed to environment conservation, development, etc.

Conservation of environment

The Company believes in sustainable development by promoting clean and pollution free environment and making the environment eco-friendly. Accordingly, various initiatives have been taken for Clean Development Mechanism (CDM) and pollution prevention. The environmental dimension forms an integral part of the business decisions.

Internal Control System and their adequacy:

The Company has a policy of reviewing and if necessary, revising its systems and procedure to ensure controls at appropriate levels. All operating parameters are periodically monitored and strengthened. Review of internal audit system and compliance of the accounting standards prescribed by the Institute of Chartered Accountants of India by an independent audit committee.

Generation of periodic management reports to monitor the statutory and other compliance.

The management continuously reviews the internal control systems and procedures for the efficient conduct of the Company's business. The Company adheres to the prescribed guidelines with respect to the transactions financial reporting and ensures that all its assets are safeguarded and protected against losses.

Internal Control Systems are implemented to safeguard the Company's assets from loss or damage, to keep constant check on the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and implement accounting standards.

Human Resources and Industrial Relations:

We believe manpower resources at Choice Infra Ventures play an important role in providing quality infrastructure to the each company operation. Our manpower resources are most important assets for the Company. Human Resource (HR) function at Choice Infra Ventures ensures that a favourable work environment with multiple opportunities for leadership growth is created. The HR strategy aims at attracting, developing and retaining talent in the organization. The Company always endeavours to keep work place and working environment cheerful.

The internal control systems are reviewed at regular intervals by the Audit Committee and top management in consultation with the internal auditors and corrective action(s) are initiated wherever deemed necessary.

HR at Choice Infra Ventures would continue to strive for betterment of the employees and work towards creating an environment of excellence and innovation.

Industrial Relations continued to be cordial during the year resulting in constant co-operation by all the employees in day-to-day work and implementing policies of the Company.

By order of the Board of Directors

Place: Mumbai
Date: August 14, 2014

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

Sd/-
Arunkumar Poddar
(Director)
DIN: 02819581

CORPORATE GOVERNANCE REPORT

1. Our Corporate Governance policy:

“Corporate governance is about maintaining an appropriate balance of accountability between three key players, the corporation's owners, the directors whom the owners elect, and the managers whom the directors select. Accountability requires not only good transparency, but also an effective means to take action for poor performance or bad decisions.”

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

The Company respects and strives hard to meet these objectives of good corporate governance.

2. Composition and size of Board of Directors:

The Board of Directors of the company shall have an optimum combination of executive and non-executive directors with not less than fifty per cent of the Board of Directors comprising of non- executive directors.

The Board of Directors of the company as on March 31, 2014 comprises of 5 (Five) directors, out of which one is Chairman cum Managing Director who is Executive & Nominee director, one is Executive & Non-Independent director and the remaining three directors are Non-Executive & Independent Directors.

None of the Directors holds directorship in more than 15 public limited companies nor is any of them a member of more than ten committees of the prescribed nature or holds Chairmanship of more than five such committees of the across all public limited companies in which they are directors.

► Definition and Role of Independent Directors

According to clause 49 of the Listing Agreement entered with the BSE Limited, an Independent Director means a person a non - executive director of the company who apart from receiving directors remuneration does not have any material pecuniary relationship or transactions with the company, its promoters, its directors, its senior management its holding, subsidiaries and associates which may affect the independence of the director nor does have any relations with promoters. Board level or one level below Board, nor being executive in last three financial years or partner of statutory auditor or internal auditor of the company or any other way to show the salaries or income person from the company as executive or holds more than two percent of block of voting shares which in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

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

• Materially significant related party transactions

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

• Non-executive directors' compensation and disclosure:

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

3. Composition, size of the Board, attendance of the Directors at Board and AGM and their memberships in other Board and Board Committees:

Sr. No.	Name of Director	Category	Board Meeting		Whether attended last AGM	No. of Directorship held in other Public Ltd. Company		Committee Positions in other Companies	
			Held Meeting	Attended Meeting		Chairman of Board	Board Member	Chairman	Member
1	Mr. Kamal Poddar	Executive Director & Managing Director	4	4	Yes	1	1	-	-
2	Mr. Rameshchandra Purohit	Non-Executive & Independent Director	4	3	Yes	-	1	-	-
3	Mr. Arunkumar Poddar	Non-Executive Director & Professional	4	3	Yes	-	-	-	-
4	Mr. Lalit Menghnani	Non-Executive & Independent Director	4	2	No	-	-	-	-
2	Mr. Govind Patodia*	Executive Director	4	1	Yes	-	-	-	-
3	Mr. Sanwarmal Jangid*	Non-Executive & Independent Director	4	1	No	-	-	-	-
4	Mr. Hasmukh Mehta	Non-Executive & Independent Director	4	4	Yes	-	1	-	-

- 1 Excluding Directorships/Chairmanship in Indian Private Limited Companies, Section 25 Companies and Foreign Companies and positions held in Proprietorship and Partnership in firm.
- 2 As required by Clause 49 of the Listing Agreement, the disclosure includes membership of audit committee and Shareholder's/Investor grievance committee in Indian public companies (Listed and Unlisted).
- 3 * Mr. Govind Patodia and Mr. Sanwarmal Jangid retired by rotation in the 21st AGM.

4. Details of the Directors seeking appointment/re-appointment at the forthcoming AGM:

Except Mr. Kamal Poddar, Chairman and Managing Director of the Company and Independent Directors other directors of the Company are liable to retire by rotation under the Companies Act, 2013. One third of the said directors is liable to retire by rotation every year and if eligible, offers themselves for re-appointment.

CA Arunkumar Poddar (DIN : 02819581), Director of the Company, who is retiring by rotation at the 22nd Annual General Meeting has not sought re-appointment. It is proposed not to fill up the vacancy thereby caused.

5. Conduct of Board Meetings and Deliberations:

Minimum four Board meetings are held every year as required under the Listing Agreement of stock exchange. The meeting are usually held at the Company's registered office at Shree Shakambhari Corporate Park, Plot No. 156-158 Chakravarty Ashok Society, J.B. Nagar, Andheri (E), Mumbai- 400099. The Company Secretary in consultation with the Chairman of the Company prepares the agenda and supporting papers for discussion at each Board Meeting. The Board meets at least once in every quarter ensuring that the gap between any two meetings does not exceed four months. During the year under review, the Board of Directors of the Company met four times. The dates for the Board Meeting held during the each quarter are as follows:

Sr. No.	Date of Meetings	For the Quarter
1	May 21, 2013	April To June
2	August 08,2013	July To September
3	November 12,2013	October To December
4	February 13, 2014	January To March

- The Company has adopted a Code of Conduct for its Executive and Non-Executive Directors and all directors have affirmed compliance with the said code. All the Senior Management of the Company has affirmed compliance with the Choice Infra Code of Conduct. The Code of Conduct is also displayed on the Company's website. The Annual Report of the Company contains a Certificate duly signed by the Chief Executive Officer in this regard.
- All the relevant information, as recommended by the Securities and Exchange Board of India (SEBI) and Stock Exchanges is promptly furnished to the Board from time to time in a structured manner.
- The details of Directors seeking appointment have been attached along with the Notice of the Annual General Meeting.
- Other than transactions entered into in the normal course of business, the Company has not entered into any materially related party transactions during the year, which do not have a potential conflict of interest between the Company and its Promoters, Directors, Management and/or relatives.
- The Company has a well-defined risk management framework in place. The risk Management framework adopted by the Company is discussed in the Management Discussion and Analysis report of this Annual Report. The Board assesses the risk and the procedures being followed by the Company and steps taken by it to mitigate these risks.
- 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, satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law. Management is the trustee of the shareholders capital and not the owner.

6. Board Committees

The Board is responsible for the formation/reconstitution of committees and assigning, co-opting and fixing of

terms of service for the members of the committees. The Chairman of the Board, in consultation with the Company Secretary and the committee chairman, determines the frequency of the committee meeting. Recommendations of the committees are submitted to the Board for approvals. Your Company has three major Board level Committees:

- Audit Committee
- Remuneration Committee (forth shall be known as Nomination & remuneration Committee)
- Shareholders/Investor Grievance Committee (forth shall be known as Stakeholders' Relationship Committee)

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

A. Audit Committee:

The Audit Committee was constituted by the Board of Directors of the company, in accordance with Section 292A of the Companies Act, 1956. The main task of the Audit Committee is to assist the Board in overseeing financial reporting, report procedures and accounting principles. The Committee also evaluates the quality of the Group's reporting, internal auditing and risk management functions and reviews the reports and opinions of the Company's external auditors. The Company's external auditors are present at all meetings of the Audit Committee. At least once a year, the Committee meets the auditors without anyone from Company management being present.

I. Composition:

The committee was reconstituted by the Board of Directors on May 21, 2013. The Audit committee comprises of:

- Mr. Hasmukh Mehta – Chairman
- Mr. Kamal Poddar
- Mr. Lalit Menghnani

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

II. Audit Committee Attendance:

The Audit Committee had 4 meetings during the period May 21,2013, August 08,2013, November 12,2013, and February 13,2014.

Name of the Committee Member	No. of Committee Meetings	
	Held Meeting	Attended Meeting
Mr. Hasmukh Mehta (Chairman)	4	4
Mr. Kamal Poddar	4	4
Mr. Lalit Menghnani	4	2
Mr. Sanwarmal Jangid*	4	1

* Mr. Sanwarmal Jangid has retired by rotation in the last AGM of the Company held.