

CHARMS INDUSTRIES LIMITED

ANNUAL REPORT 2009-10

Board of Directors	: Shri Shivkumar R. Chauhan Shri Ketan N. Shah Shri Harshad S. Gandhi Shri Dahyabhai B. Sachaniya Shri Nishit Rupapara Dr. Nayan C. Shah Shri Sandip R. Shah Shri Ashokkumar R. Patel	Chairman Managing Director (w.e.f. 08/03/2010) Director Director Director Director (w.e.f. 08/03/2010) Director (w.e.f. 08/03/2010) Director (w.e.f. 08/03/2010)
AUDITORS	M/s. Praful N. Shah & Co., Chartered Accountants Ahmedabad	
BANKERS	Indian Overseas Bank ICICI Bank Development Credit Bank HSBC Bank	
REGISTRAR & SHARE TRANSFER AGENT	Sharepro Services (India) Pvt Ltd. 416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad – 380 006 Email: sharepro@shareproservices.com	
REGISTERED OFFICE	108-B/109, Sampada Building, B/h. A. K. Patel House, Mithakali Six Roads, Navrangpura, Ahmedabad-380009 Email: charmsltd@yahoo.com	

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NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Friday, the 24th September, 2010 at 11 a.m. at Ground Floor, Sampada Building, B/h. A. K. Patel House, Mithakhali Six Road, Navrangpura, Ahmedabad-380009 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Audited Profit & Loss Account for the year ended on that date, together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Harshad S. Gandhi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Dahyabhai B. Sachaniya who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration.

Registered Office:

108-B/109, Sampada Building,
B/h. A. K. Patel House, Mithakhali Six Roads,
Navrangpura, Ahmedabad-380009
DATE : 13/08/2010

By Order of the Board

Shivkumar R. Chauhan
Chairman

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. Pursuant to Section 154 of the Companies Act, 1956, Register of Members and shares Transfer Books of the Company will remain closed from Monday, 20th September, 2010 to Friday, the 24th September, 2010 (both Days inclusive).
3. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
4. Members are requested to:
 - a) Intimate, if shares are held in the same name or in the order and names, but in more than one account to enable the Company to club the said accounts into one account.
 - b) Notified immediately the change in their registered address, if any, to the Company.
5. The Equity Share of the Company are now available for dematerialisation, as the Company has entered into Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. **The ISIN No. of the Equity Shares is INE442C01012.**

Brief resume of the Director seeking re-election at the 18th Annual General Meeting

Name	Mr. Harshad S. Gandhi
Age (Date of Birth)	22-06-1966
Date of Appointment	27-09-2006
Qualification and experience in specific functional area	Commerce graduate and having more than 16 years of experience of management and administration.
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

CHARMS INDUSTRIES LIMITED

Brief resume of the Director seeking re-election at the 18th Annual General Meeting

Name	Mr. Dahyabhai B. Sachaniya
Age (Date of Birth)	01-12-1937
Date of Appointment	08-06-2006
Qualification and experience in specific functional area	Civil Engineer having more than 40 years of experience of construction and general administration.
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

Registered Office:

108-B/109, Sampada Building,
B/h. A. K. Patel House, Mithakali Six Roads,
Navrangpura, Ahmedabad-380009
DATE : 13/08/2010

By Order of the Board

Shivkumar R. Chauhan
Chairman

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DIRECTORS' REPORT

To,
The Members

The Directors present the EIGHTEENTH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2009-10 ended on 31st March, 2010.

1. FINANCIAL RESULTS :

	As on 31.03.2010	As on 31.03.2009
Profit of the year	10.81	7.13
Less: Depreciation	2.22	2.80
Profit Before Taxation(PBT)	8.59	4.33
Less: Provision for Taxation	2.60	1.50
Profit After Tax (PAT)	5.99	2.83
Less:- Loss of Investment and Bed Debts Written Off	272.67	-
Net Profit/(Loss)	(266.68)	-
Add. Profit brought forward	12.79	9.96
Surplus available for appropriation	(253.89)	12.79

OPERATIONS :

Despite keen competition in the field of Foreign Exchange business, the Company was able to maintain the sales of foreign currency of Rs 3,02,44,803/- this year as against Rs.6,12,02,330/- for the previous year. The profit after tax for the year has increased to Rs.5,99,204/- as against Rs.2,82,899/- for the previous year.

DIVIDEND:

To conserve the resources for the future requirement of the company, your directors have not recommended any dividend for the year.

FIXED DEPOSITS:

During the year under report, the Company has not accepted any deposit to which the provisions of Section 58A of the Companies Act, 1956 are applicable.

PARTICULARS REGARDING EMPLOYEES:

During the year under report, none of the employees was in receipt of remuneration exceeding the limit prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

A. CONSUMPTION OF ENERGY & TECHNOLOGY ABSORPTION:

The details as required under Section 217 1 (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption are not applicable.

B. FOREIGN EXCHANGE EARNING & OUTGO :

Foreign Exchange Earning : NIL

Foreign Exchange Outgo : NIL

DIRECTORS :

- Mr. Ketan N. Shah was appointed, through Postal Ballot, as Managing Director w.e.f. 8th March, 2010 for a period of 5 years after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (substantial Acquisitions of Shares and Takeovers) Regulation, 1997.

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- Mr. Sandip R. Shah, Dr. Nayan C. Shah and Mr. Ashokkumar R. Patel were appointed, through Postal Ballot, as Directors w.e.f. 8th March, 2010 for a period of 5 years after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (substantial Acquisitions of Shares and Takeovers) Regulation, 1997.
- Two of your Directors Mr. Harshad Gandhi and Mr. Dahyabhai B. Sachaniya retires by rotation in terms of the Articles of Association of the Company, they however, being eligible, offers themselves for reappointment.

CHANGE OF CONTROL:

During the year (w.e.f. 8th March, 2010), through Postal Ballot, the Company has approved change of Control of Management in favour of Mr. Ketan Shah & Mr. Sandip Shah after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (substantial Acquisitions of Shares and Takeovers) Regulation, 1997.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. that the Directors have 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 at 31st March, 2010 being end of the financial year 2009-10 and of the Profit of the Company for the year.
- iii. that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

The Report on Corporate Governance required under Clause 49 of the Listing Agreements is annexed.

AMENDMENTS OF MAIN OBJECTS OF THE COMPANY:

The Main Object Clause of the Company mentioned in Memorandum of Association of the Company has been amended, through Postal Ballot, by deleting existed clause 1, 3, and 4 relating to ceramics and bio fuel and inserting two new clauses 2 and 3 relating to Information Technology (Software and Hardware).

AUDITORS

The present Auditors of the Company M/s. Praful N. Shah, Chartered Accountants', Ahmedabad were appointed as Auditors and will retire at the ensuing Annual General Meeting. M/s. Praful N. Shah, Chartered Accountants, have submitted certificate for their eligibility for appointment under Section 224(1B) of the Companies Act, 1956.

OBSERVATIONS OF AUDITORS / AUDITORS' REPORT:

The notes and remarks of Auditors' are self-explanatory. The specific remarks of the Auditors for non-provision of non-recovery of loan and advance and Interest thereon have been explained in details in Para No. 6 (i) of Notes forming parts of Accounts for the year 31.03.2010. The Management of your Company consider the said due amount as recoverable and are hopeful for the same and therefore the provision for the same has not been done during the year.

COMPLIANCE CERTIFICATE :

The Company has obtained Compliance Certificate under the provisions of section 383A of the Companies Act, 1956 from M/s Khandelwal Devesh & Associates, Company Secretaries and the same is attached with this Report as annexure.

LISTING:

The Shares of the Company are listed on the Stock Exchanges at Ahmedabad and Mumbai. Listing fees for the year 2010-11 has been paid to Bombay Stock Exchange and for Ahmedabad Stock Exchange it is outstanding.

ACKNOWLEDGEMENT:

Your Directors express their sincere gratitude for the assistance and co-operation extended by Promoters, Banks, Government Authorities, Employees and Shareholders.

Place : Ahmedabad
Date : 13/08/2010

For and on behalf of the Board
Shivkumar R. Chauhan
Chairman

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Co. Reg. No. : L26933GJ1992PLC017494

Nominal Capital: Rs.4,50,00,000/-

COMPLIANCE CERTIFICATE

To,
The Members of the Company
CHARMS INDUSTRIES LTD.
Ahmedabad.

We have examined the registers, records, books and papers of **CHARMS INDUSTRIES LTD.**, as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under and all entries have been duly recorded.
2. The company has duly filed forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under and with additional fees in case of delay, if any.
3. The Company being Limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met Seven times on 30/04/2009, 31/07/2009, 31/08/2009, 31/10/2009, 21/01/2010, 28/02/2010 and 08/03/2010 in respect of said meetings proper notices were given and proceedings were properly recorded and signed in the Minute Book maintained for the purpose. No circulation resolutions were passed during the year under consideration.
5. To update the Register of Members for the purpose of AGM, the company has closed its Register of Members and Share Transfer Books from 25/09/2009 to 30/09/2009 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31/03/2009 was held on 30/09/2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minute book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year.
8. As informed by the Management, during the year under review, the Company not advanced any loan to its directors, or persons or firms or companies referred to under section 295 of the Act.
9. As informed by the management, no transaction falling within the purview of section 297 of the Act was entered into during the year, by the Company.
10. The Company has not entered into any transaction during the year, entries of which required to be made in the register maintained under section 301 of the Act.
11. No transaction was entered into by the Company during the year requiring approval under section 314 of the Act.
12. No Duplicate share certificate was issued during the year.
13.
 - i) delivered all the share certificates lodged with it for transfer in accordance with the provisions of the Act;
 - ii) not declared any dividend for the Year ended on 31.03.2010;
 - iii) not required to post warrants to any members of the Company as no dividend was declared during the year;
 - iv) no such unclaimed / unpaid amount required to be transferred to Investors Education and Protection Fund;
 - v) duly complied with the requirements section 217 of the Act.
14. The Board of Directors of the company is duly constituted. One Director ceased to be director of the Company due to death during the year. There were four appointments of Directors during the year, through postal ballot. No Additional Directors, Alternate Directors and Directors to fill casual vacancies were appointed during the financial year.
15. The Company has appointed Mr. Ketan Shah as Managing Director after passing necessary Special Resolution through Postal Ballot during the financial year under review.
16. No sole selling agent was appointed during the year.

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17. The Company has changed its Main Object Clause of the Memorandum of Association during the year through postal ballot, necessary form 23 has to be filed by the Company within 30 days from the date of passing of such special resolution, the Company failed to file it within 30 days and therefore approached to the Company Law Board under section 18(4) for condonation of delay. The Company Law Board vide its Order dated 29th July, 2010 condoned the delay in filing such form 23. Apart from this the Company was not required to obtain necessary approvals of the Central Government, Regional Director, Registrar or such other authority as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued equity shares, debentures and other securities during the financial year.
20. The Company has not bought back any shares during the year.
21. The Company has not issued any preference shares/debentures and therefore redemption of the same does not arise.
22. The Company has not kept any rights to dividends or right/bonus shares in abeyance during the year.
23. The Company has not invited/accepted any deposits or unsecured loans under section 58A during the year.
24. The borrowings of the Company is within the limits as prescribed under section 293(1)(d) of the Act.
25. The Company has made loan or advances or made investments or given guarantee or provided securities to other bodies corporate and consequently entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum of Association with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny and has complied with the applicable provisions of the Act.
28. The company has not altered the provisions of Memorandum of Association with respect to the name of the company during the year under scrutiny.
29. The company has not altered provisions of Memorandum of Association respect to the Share Capital of the company during the year under scrutiny.
30. The company has not altered Articles of Association during the year under scrutiny.
31. As per the information provided by the management of the company, there is one case filed under section 217(3) of the Act on 23.03.2006 by office of the Registrar of Companies, Gujarat and one Notice issued under section 383 (A) of the Act, the Company has already replied the said Notice and no information of further action is available. Apart from this there is case pending against the Subscribers to the Prospectus under section 63, 68, 628 of the Act. Apart from these no fines, penalties and punishments were imposed on the company in any cases as per information and explanations received from the management.
32. The company has not received any money as security from its employees during the year under certification.
33. The Company has not deducted any contribution towards provident fund during the year since the provisions of section 418 of the Act are not applicable to the Company as informed by the management.

For, **Khandelwal Devesh & Associates**
Company Secretaries

Place : Ahmedabad
Date : 13/08/2010

Devesh Khandelwal
Proprietor
M.No. : 12372
COP No. : 4202

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Annexure A

Registers as maintained by the Company:

Sr No.	Section	Name of the Register
1.	150	Register of Members
2.	143	Register of Charges
3.	193	Minutes of meeting of Board of Directors
4.	193 (1)	Minutes of General Meetings
5.	301	Register of Contracts
6	301(3)	Register of Disclosure by Directors
7.	303	Register of Directors
8.	307	Register of Director's Shareholding
9	372A	Register of Investments
10.		Register of Transfers

Annexure B

Forms and returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other Authorities during the Financial Year ending on 31st March, 2010.

Sr. No	Description of Document	Filed under Section	Date of filing and SRN	Whether filed under prescribed time Yes/No	If delay in filing whether requisite additional fee paid
1	Form32 (Cessation)	303	12/06/2009 A63461263	Yes	No
2	Form 66 (2008-09)	383A	25/11/2009 P42082495	No	Yes
3	Form 32 (Appointment)	303	28/11/2009 A73585473	No	Yes
4	Form20B (2008-09)	159	29/11/2009 P42854604	Yes	No
5	Form23AC/ACA (2008-09)	220	29/11/2009 P42860627	No	Yes
6	Form32 (Change in Designation)	303	29/11/2009 A73613911	No	Yes
7	Form32 (Appointment)	303	25/03/2010 A81473126	Yes	No

For, **Khandelwal Devesh & Associates**
Company Secretaries

Place : Ahmedabad
Date : 13/08/2010

Devesh Khandelwal
Proprietor
M.No. : 12372
COP No. : 4202

CHARMS INDUSTRIES LIMITED

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis Report Pursuant to Clause 49 of Listing Agreement :

i) Industry Structure and Developments

Our Company is presently in the business of trading in Foreign Currency. The Company has amended its main object clause and inserted new objects relating to development of various types of software programme and dealing in various types of hardware relating to information technology. The Management of the Company has been changed after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997. The Management team comprising Managing Director is looking after day to day management of the Company. The foreign exchange changer business is mainly based on transfer from/to NRIs, foreign tourist, Indian tourist going abroad, business delegate to/from India, students going abroad etc. and the management sees the development of this sector good in comparison to last year. The Central as well as State Government is taking adequate steps for the development of tourism industry and such steps will generate positive business growth for this sector. The Company has yet to start business relating to Information Technology. Globally technology spending continues to grow even during tough economic times and this is expected to increase once the global economy starts to recover. Now a days, Information Technology (IT) has become an integral part of business operations across industries and is seen by organizations as a primary driver of improvement that lead to sustained competitive advantages in the market place. The newly appointed Managing Director and Directors are having very good exposure of IT industry and management sees good opportunity for the Company once it will start business relating to IT industry.

ii) Opportunities and Threats

There is a considerable scope of growth in the business of trading in Foreign Currency market because of increased visitors to Foreign Countries for which the management will puts all efforts to increase the business of the company. Steps of the Government for development of tourism and education will bring good news for development of our sector. The Company has yet to start business relating to Information Technology. The newly appointed Managing Director and Directors are having very good exposure of IT industry and management sees good opportunity for the Company once it will start business relating to IT industry.

iii) Internal Control system and their adequacy

The company has a proper and adequate system of internal control and ensure that all assets are safeguard and protected against from unauthorized use or disposition, which has been looked after by the Managing Director him self.

iv) Financial performance with respect to operational performance

The sales of foreign Currency for the year ended 31st march, 2010 were Rs.302.45 lacs as compared to Rs.612.02 lacs in the previous year. The profit before depreciation, Tax & Non-recurring items was Rs. 10.81 Lacs for the year under review as compared to Rs.7.12 Lacs for the previous year.

v) Human Resources / Industrial Relations

Relation between management and the employees at all level remained healthy and cordial throughout the year. The management and the employees are dedicated to achieve the corporate objectives and the targets set before the company.

vi) Cautionary Statement

Statement in this management Discussion and Analysis describing the company's objectives, projections, estimated and expectations are "forward looking statements" Actual results might differ, materially from those anticipated because of changing ground realities.

For and on behalf of the Board

Place : Ahmedabad
Date : 13/08/2010

Shivkumar R. Chauhan
Chairman

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REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance is focused upon a rich legacy of fair, ethical and transparent governance practice. The Company is conscious of its responsibility as a good corporate citizen and is committed to high standard of Corporate Governance practices. This is reflected in the well balanced and independent structure of the Company's eminent and well represented Board of Directors.

2) BOARD OF DIRECTORS

The policy of the Company is to maintain optimum combination of Executive and Non-Executive Directors on its Board. The Board of Directors of the Company (the Board) consists of 8 Directors, of which 5 are Independent Directors.

- **Compositions of the Board and category of Directors are as follows:**

Name of the Directors	Designation	Status	No. of Directorship held in other Companies*	No. Of Committee membership held in other Companies
Mr. Shivkumar R. Chauhan	Chairman	Promoter, Non-Executive	Nil	Nil
Mr. Ketan N. Shah (w.e.f. 08/03/2010)	Managing Director	Promoter Executive	Nil	Nil
Mr. Harshad S. Gandhi	Director	Independent, Non-Executive	Nil	Nil
Mr. Dahyabhai B. Sachaniya	Director	Independent, Non-Executive	Nil	Nil
Mr. Nishit Rupapara	Director	Independent, Non-Executive	Nil	Nil
Mr. Sandip R. Shah (w.e.f. 08/03/2010)	Director	Promoter Non-Executive	Nil	Nil
Mr. Nayan C. Shah (w.e.f. 08/03/2010)	Director	Independent, Non-Executive	Nil	Nil
Mr. Ashokkumar R. Patel (w.e.f. 08/03/2010)	Director	Independent, Non-Executive	Nil	Nil

*Pvt. Ltd. companies excluded.

- **Board Meetings:**

During the year seven board meetings were held on 30/04/2009, 31/07/2009, 31/08/2009, 31/10/2009, 21/01/2010, 28/02/2010 and 08/03/2010.

Name	No. of Board meeting attended	Attendance at the last AGM
Mr. Shivkumar R. Chauhan	07	Yes
Mr. Ketan N. Shah (w.e.f. 08/03/2010)	01	N.A.
Mr. Harshad S. Gandhi	07	Yes
Mr. Dahyabhai B. Sachaniya	06	No
Mr. Nishit Rupapara (w.e.f. 31/08/2009)	04	Yes
Mr. Sandip R. Shah (w.e.f. 08/03/2010)	01	N.A.
Mr. Nayan C. Shah (w.e.f. 08/03/2010)	01	N.A.
Mr. Ashokkumar R. Patel (w.e.f. 08/03/2010)	01	N.A.

All the information required to be furnished to the Board was made available to them along with detail agenda notes.

CHARMS INDUSTRIES LIMITED

- Brief resume of Directors seeking re-election/appointment:

Brief resume of the Director seeking re-election at the 18th Annual General Meeting

Name	Mr. Harshad Gandhi
Age (Date of Birth)	22-06-1966
Date of Appointment	27-09-2006
Qualification and experience in specific functional area	Commerce graduate and having more than 16 years of experience of management and administration.
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

Brief resume of the Director seeking re-election at the 18th Annual General Meeting

Name	Mr. Dahyabhai B. Sachaniya
Age (Date of Birth)	01-12-1937
Date of Appointment	08-06-2006
Qualification and experience in specific functional area	Civil Engineer having more than 40 years of experience of construction and general administration.
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

3. Audit Committee:

During the year five meetings of the Audit Committee were held on 29.04.2009, 30.07.2009, 31.08.2009, 30.10.2009 and 29.01.2010.

Name	Category	Designation	No. of Committee meeting attended
Mr. Shivkumar R. Chauhan	Promoter	Chairman	5
Mr. Ketan N. Shah (w.e.f. 08/03/2010)	Promoter, Executive	Member	1
Mr. Nayan C. Shah (w.e.f. 08/03/2010)	Independent, Non-Executive	Member	1
Mr. Harshad S. Gandhi	Independent, Non-Executive	Member	5
Shri Nishit Rupapara, (w.e.f. 31/08/2009)	Independent, Non-Executive	Member	2

Terms of reference:

The terms of reference of this committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement.

4. Remuneration Committee:

The remuneration committee of the company comprises of Shri Shivkumar R. Chauhan (Chairman), Shri Sandip R. Shah, Shri Harshad S. Gandhi and Shri Ashokkumar R. Patel. One Meeting of the remuneration committee held during the year on 11/01/2010. None of the directors have been paid any remuneration for the financial year ended 31-03-2010.

5. Shareholders'/Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee presently comprises Mr. Harshad S. Gandhi (Chairman) and Mr. Nayan C. Shah. The Committee looks into the redressal of shareholders and investors complaints received and to oversee the performance of the Registrar and Share Transfer Agent of the Company.

Number of Shareholders' Complaints: Nil

Number of Complaints not solved: Nil

Number of pending complaints: Nil

Number of pending Share transfers: Nil

Shri Ketan N. Shah, Managing Director is the Compliance Officer for the above purpose.

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6. General Body Meeting

The last three annual General Meeting of the Company were held within the Statutory Time period and the details of the same are as under:

AGM	Financial Year	Venue	Date	Time
17th	2008-2009	Ground Floor, Sampada Building,	30.09.2009	4:00 PM
16th	2007-2008	B/h A.K. Patel House, Mithakhali six Roads,	30.09.2008	11:00 AM
15 th	2006-2007	Navrangpura, Ahmedabad - 9	29.09.2007	11:00 AM

Pursuant to the provisions of Section 192 A of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 during the period under review, there were following matters dealt by the Company and passed through postal ballot;

- Appointment of Mr. Ketan Shah as Managing Director of the Company
- Appointment of Mr. Sandip Shah as Director of the Company
- Appointment of Dr. Nayan C. Shah as Director of the Company
- Appointment of Mr. Ashokkumar Patel as Director of the Company
- Alteration of Main Object Clause of Memorandum of Association of the Company by deleting two existing clause and inserting two new after clause 1 as 2 and 3.

7. Disclosures:

During the financial year ended 31st March, 2010 there were no materially significant related party transactions that may have potential conflict with the interest of Company at large with its promoters, directors, Subsidiaries or relatives. The Company has complied with requirements of listing agreement/ regulations/ guidelines/ rules of the Stock Exchanges/ SEBI and other statutory authorities. The Company was not imposed with any penalties or issued any strictures on any capital markets related matters during the last three years.

8. Means of Communication:

The Board of Directors of Company approves and takes on record the Unaudited financial results in the Performa prescribed by the Stock Exchange and announces the results to all the Stock Exchanges where the Company's shares are listed and also publishes in the News Paper "Western Times" both in English and Gujarati editions and started to publish in "Economic Times" both in English and Gujarati edition.

9. General Shareholder's Information:

- a) Registered Office : 108-B/109, Sampada Building,
B/h A.K. Patel House, Mithakhali six Roads,
Navrangpura, Ahmedabad-380009
- b) Annual General Meeting : Day : Friday
Date : 24th September, 2010
Time : 11.00 A.M.
Venue : At Ground Floor
Sampada Building
B/h A.K. Patel House, Mithakhali six
Roads, Navrangpura,
Ahmedabad-380009
- c) Financial Calendar (tentative) : 1st Quarter Results : End July, 2010
Half-Yearly Results : End October, 2010
3rd Quarter Results : End January 2011
Yearly Results (Un-audited): End May, 2011
- d) Book Closure Date : From Monday, the 20th September 2010
To Friday, the 24th September, 2010
(Both Days inclusive)
- e) Dividend Payment Date : Not Applicable.
- f) Listing of shares on Stock Exchanges : 1. Ahmedabad Stock Exchange Limited,
2. Bombay Stock Exchange Limited
- (g) Stock Code : BSE : 531327
ASE : —

CHARMS INDUSTRIES LIMITED

- (h) Registrar and Share Transfer Agents:
The Company has appointed the below mentioned agency as Registrars and share Transfer Agents (RTA) for both physical and Demate Segment of Equity Shares of the Company :
SHAREPRO SERVICES (INDIA) PVT. LTD.
416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, AHMEDABAD – 380006
Tel No. 079-26582381/82/83/84
Fax No. 079-26582385
Email: sharepro@shareproservices.com
- (i) Share Transfer System: Securities lodged for transfer at Registrar's address are normally processed within 15 days from the date of lodgment, if documents are clear in all respects. Request for dematerialization of securities are processed and confirmation is given to the depositories within 15 days.
- (j) Stock Price Data: the shares of the Company have been traded at the Bombay Stock Exchange during 1st April, 2009 to 31st March, 2010. The information of Stock Price data are submitted here under:

Month	BSE		Shares Traded (No.)
	High (Rs.)	Low (Rs.)	
April, 2009	1.26	0.95	6,951
May, 2009	2.02	1.32	43,964
June, 2009	3.57	2.00	1,25,767
July, 2009	3.92	2.15	1,46,503
August, 2009	2.15	1.68	9,595
September, 2009	2.82	1.76	29,107
October, 2009	3.33	2.40	3,96,692
November, 2009	5.42	2.52	12,84,048
December, 2009	6.87	4.31	15,86,868
January, 2010	6.14	4.05	12,37,757
February, 2010	4.68	3.81	1,51,604
March, 2010	4.40	3.06	4,40,258

- (k) Distribution of Shareholding as on 31st March, 2010:

No. of Equity Shares Held	No. of Shareholders	% of Share Holders	No. of Shares Held	% of Shareholding
Up to 500	2664	78.91	662293	16.13
501 to 1000	309	9.15	267902	6.52
1001 to 2000	173	5.12	289650	7.05
2001 to 3000	67	1.99	174364	4.25
3001 to 4000	32	0.95	117630	2.87
4001 to 5000	26	0.77	122647	2.99
5001 to 10000	52	1.54	416892	10.15
10001 and above	53	1.57	2054722	50.04
TOTAL	3376	100.00	4106100	100.00

- (l) Category of Shareholders as on 31st March, 2010:

Category	No. of Shares	% to Share Capital
Indian Promoters	5,91,794	14.41
Mutual Funds	-	-
Banks, Financial Institute	-	-
Private Corporate Bodies	5,17,437	12.60
NRIs/OBCs	72,786	1.77
FII's	-	-
Indian Public	29,22,883	71.18
C.M	1200	0.03
Total	41,06,100	100.00

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- (m) Outstanding GDRs/ADRs/Warrants: The Company has not issued any GDRs/ADRs.
- (n) Dematerialization : The Company has entered into Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (india) Limited (CDSL) for Dematerialization of Shares.
The Shares of the Company are under compulsory trading in demat form. Total 31,36,560 equity shares representing 76.39% were held on demat form and balance 9,69,540 equity Shares representing 23.61% were in physical form as on March 31, 2009. ISIN number of the Company is **INE442C01012**.

10. Address for Correspondence :
SHAREPRO SERVICES (INDIA) PVT. LTD.

416-420, 4th Floor, Devnandan Mall,
Opp. Sanyash Ashram, Ellisbridge,
AHMEDABAD – 380006

Tel No. 079-26582381/82/83/84

Fax No. 079-26582385

Email: sharepro@shareproservices.com

For any assistance regarding correspondence dematerialisation of shares, share transfers, transactions, change of address, non-receipt of dividend or any other query, relation to shares:

Registered Office : Regd. Office: 108-B/109, Sampada Building,
B/h A.K. Patel House, Mithakhali six Roads,
Navrangpura, Ahmedabad-380009

Telephone Nos. : (079) 2644 0404

Fax No. : (079) 2642 2081

E-mail : charmsltd@yahoo.com

Compliance Officer : Mr. Ketan N. Shah, Managing Director

For and on behalf of the Board

Place : Ahmedabad

Date : 13/08/2010

Shivkumar R. Chauhan
Chairman

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members and the senior managements personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2010.

Date: 13/08/2010

Place: Ahmedabad

Shivkumar R. Chauhan
Chairman

CHARMS INDUSTRIES LIMITED

AUDITORS' CERTIFICATE

To,
The members,
Charms Industries Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by Charms Industries Ltd. for the year ended on 31/03/2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with conditions of 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 clause 49 of the above mentioned Listing Agreements.

We further state that such 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 PRAFUL N. SHAH & CO.
Chartered Accountants,

Place : Ahmedabad
Date : 13/08/2010

PRAFUL N. SHAH
PROPRIETOR
Membership No.: 15591
F.R.N. – 708057W

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AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **CHARMS INDUSTRIES LTD.** as at 31st March, 2010 & the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the manufacturing and other Companies (Auditors Report) order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies act, 1956, 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 enclose in the Annexure a statements on the matters specified in paragraphs 4 and 5 of the said order.
4.
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - (c) The Balance sheet and Profit & Loss Account dealt with this report are in agreement with the books of accounts.
 - (d) In our opinion, the Balance Sheet, and Profit & Loss Account and cash flow statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on records by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2010 from being appointed as director in terms of clauses (g) of subsection (1) of section 274 of the Companies Act, 1956.
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and a true and fair view in conformity with the accounting principles generally accepted in India, subject to Para : 6 of Schedule : 9 (Notes forming part of Accounts) Re : Non-provision of certain overdue advances aggregating to Rs.21,15,000/- classified by the management though as good of recovery, but due to no recovery till date, they appears to be doubtful and due to its non-provision, the loss of the year has been understated to that extent.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010 AND
 - ii) In the case of the Profit and Loss Account, of the Profit of the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR PRAFUL N. SHAH & CO.
Chartered Accountants,

Place : Ahmedabad
Date : 13/08/2010

PRAFUL N. SHAH
PROPRIETOR
Membership No.: 15591
F.R.N. – 708057W

CHARMS INDUSTRIES LIMITED

ANNEXTURE REFERRED TO IN PARAGRAPH (1) OF THE AUDITOR'S REPORT TO THE MEMBERS OF CHARMS INDUSTRIES LIMITED FOR THE YEAR ENDED MARCH 31, 2010 :-

1. FIXED ASSETS :-

- i) The Company has maintained the record of Fixed Assets showing full particulars of quantitative details and location.
- ii) The same have physically verified and no discrepancy has been noticed.
- iii) During the year, the Company has not sold any Fixed Assets.

2. NATURE OF BUSINESS :-

The Company is doing the business as Money Changer (Trading in Foreign Currency & Travellers' Cheques) Under the circumstances, the following matters are not applicable :-

- i) Procedure for the purchases of stores / raw materials & finished products and its compression with record.
 - ii) Physical verification of above items.
 - iii) Maintenance of records of scrap / waste generated from the manufacturing activities.
 - iv) Maintenance of Cost Records.
 - v) Valuation of above items.
- 3.** According to the information and explanations given to us the Company has not granted any loans to companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 4.** According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 (1B) of the Companies Act, 1956.
- 5.** According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 6.** According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- 7.** The company is not a sick industrial company within the meaning of clause (0) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1956.
- 8.** Since the Company is not a chit fund or nidhi / mutual benefit fund/society, paragraph 4 (xiii) of the order is not applicable.
- 9.** As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (x iv) of the order is not applicable.
- 10.** According to the records of the Company examined by us and on the basis of information & explanations given to us, the Company has:
- i) Not taken any loans from bank or financial institution.
 - ii) Not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
 - iii) Not given any guarantee for loans taken by others or financial institutions during the year.
- 11.** Based upon the audit procedures performed and information & explanations given by the management, no fraud on or by the Company has been noticed during the year under audit.

FOR PRAFUL N. SHAH & CO.
Chartered Accountants

Place : Ahmedabad
Date : 13/08/2010

PRAFUL N. SHAH
PROPRIETOR
Membership No.: 15591
F.R.N. – 708057W

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BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31-03-2010 RS.	31-03-2009 RS.
I. SOURCES OF FUNDS :			
SHARE CAPITAL	1	4,10,61,000	4,10,61,000
RESERVES AND SURPLUS :	2	31,46,529	44,25,812
LOAN FUNDS	3	2,09,636	3,06,209
TOTAL		4,44,17,165	4,57,93,021
APPLICATION OF FUNDS :			
FIXED ASSETS :-	4		
GROSS BLOCK		64,81,111	64,81,111
LESS : DEPRECIATION		52,96,593	50,74,263
NET BLOCK		11,84,518	14,06,848
INVESTMENTS (AT COST)			
With Mutual Funds		60,39,000	34,39,000
In Equity Share (Un-quoted)		-	30,00,000
In House Property		33,03,000	-
CURRENT ASSETS, LOANS & ADVANCES:			
CASH & BANK BALANCE	5	64,22,089	67,37,968
LOANS AND ADVANCES	6	26,91,554	3,16,86,715
INVENTORIES		2,52,534	5,64,456
		93,66,177	3,89,89,139
LESS :-			
CURRENT LIABILITIES & PROVISION	7	8,64,196	12,48,822
NET CURRENT ASSETS		85,01,981	3,77,40,317
Preliminary & Pre-op. Expenses (to the extent not written off or adjusted)		-	2,06,856
Profit & Loss Account (Dr.)		2,53,88,666	-
TOTAL		4,44,17,165	4,57,93,021
NOTES FORMING PART OF ACCOUNTS	9		

As per our report of even date

FOR PRAFUL N. SHAH & CO.
Chartered Accountants

(PRAFUL N. SHAH)
Proprietor
Membership No. 15591

Place :Ahmedabad
Date :13-08-2010

On behalf of the Board of Directors
CHARMS INDUSTRIES LIMITED

Shivkumar R. Chauhan Chairman

Ketan N. Shah Managing Director

Place :Ahmedabad
Date :13-08-2010

CHARMS INDUSTRIES LIMITED

TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10 RS.	2008-09 RS.
INCOME		
Sales	3,02,44,803	6,12,02,330
Other Income	12,82,140	15,94,362
Increase / (Decrease) in Stock	(3,11,922)	(97,524)
TOTAL	3,12,15,021	6,26,99,168
EXPENDITURE		
Purchase	2,90,36,125	6,02,21,345
Administrative & Other Expenses	8 8,90,519	15,46,974
Interest & Financial Charges	0	10,706
Preliminary & Pre-op, Exp (W/o)	2,06,843	2,06,843
Depreciation	2,22,330	2,80,401
TOTAL	3,03,55,817	6,22,66,269
Profit/(Loss) before Tax	8,59,204	4,32,899
Deferred Tax	2,60,000	1,50,000
Profit/(Loss) after Tax	5,99,204	2,82,899
Extra Ordinary Item		
(Loss on written off of advance and investment)	(2,72,67,153)	0
Profit/(Loss) after written off	(2,66,67,949)	2,82,899
Balance Brought Forward	12,79,283	9,96,384
Balance Carried to Balance Sheet	(2,53,88,666)	12,79,283
NOTES FORMING PART OF ACCOUNTS	9	

As per our report of even date attached

FOR PRAFUL N. SHAH & CO.
Chartered Accountants

(PRAFUL N. SHAH)
Proprietor
Membership No. 15591

Place :Ahmedabad
Date :13-08-2010

On behalf of the Board of Directors
CHARMS INDUSTRIES LIMITED

Shivkumar R. Chauhan Chairman

Ketan N. Shah Managing Director

Place :Ahmedabad
Date :13-08-2010

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SCHEDULES TO BALANCE SHEET AS AT 31-03-2010

	As at 31-03-2010 RS.	As at 31-03-2009 RS.
SCHEDULE : 1 - SHARE CAPITAL		
AUTHORISED :		
45,00,000 (P.Y. 45,00,000) EQUITY SHARES OF Rs. 10/- EACH.	4,50,00,000	4,50,00,000
ISSUED, SUBSCRIBED & PAID UP :		
41,06,100 (P.Y. 41,06,100) EQUITY SHARES OF Rs. 10/- EACH FULLY PAID UP	4,10,61,000	4,10,61,000
TOTAL	<u>4,10,61,000</u>	<u>4,10,61,000</u>

SCHEDULE : 2 - RESERVE & SURPLUS

(A) CAPITAL FUND		
Profit in Sale of Land	31,46,529	31,46,529
Profit & Loss A/c	-	12,79,283
	<u>31,46,529</u>	<u>44,25,812</u>

SCHEDULE : 3 - LOAN FUNDS

LOAN FUNDS

(A) SECURED		
FROM BANK	NIL	96,573
SECURED BY HYPOTHECATION OF MOTOR CAR.		
(B) UNSECURED		
(1) FROM AHMEDABAD URBAN CO. OP. BANK LTD.	2,09,636	2,09,636
TOTAL	<u>2,09,636</u>	<u>3,06,209</u>

SCHEDULE : 4 - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01-04-09	Additions during the year	Sales during the year	As at 31-03-10	Upto 31-03-09	For the year	Upto 31-03-10	As at 31-03-10	As at 31-03-09
OFFICE BUILDING	9,99,076	-	-	9,99,076	3,93,116	48,690	4,41,806	5,57,270	6,05,960
OFFICE FURNITURE	8,90,671	-	-	8,90,671	7,72,211	20,150	7,92,361	98,310	1,18,460
COMPUTERS & PRINTERS	24,59,436	-	-	24,59,436	22,24,831	71,440	22,96,271	1,63,165	2,34,605
AIR- CONDITIONERS	90,847	-	-	90,847	73,963	3,050	77,013	13,834	16,884
MOTOR CAR	20,20,791	-	-	20,20,791	15,89,852	79,000	16,68,852	3,51,939	4,30,939
OFFICE EQUIPMENT	7,950	-	-	7,950	7,950	-	7,950	-	-
OFFICE PARTITION	12,340	-	-	12,340	12,340	-	12,340	-	-
TOTAL	64,81,111	-	-	64,81,111	50,74,263	2,22,330	52,96,593	11,84,518	14,06,848

CHARMS INDUSTRIES LIMITED

	As at 31-03-2010 RS.	As at 31-03-2009 RS.
SCHEDULE : 5 - CASH & BANK BALANCES		
1. Cash on Hand	6,58,350	1,06,778
2. Bank Balances		
a. With Nationalised Banks in Fixed Deposits	25,89,836	56,91,650
b. In Current Accounts with Nationalised Banks	31,73,903	9,39,540
TOTAL	64,22,089	67,37,968
SCHEDULE : 6 - LOANS & ADVANCES		
1. Advances Recoverable in Cash or Kind	2,41,015	2,18,816
2. Loans to Companies & Others (Considered good)	21,15,000	2,53,45,153
3. Advances for the Purchase of Assets (Considered doubtful)	-	48,50,000
4. Security Deposit with Stock Exchange	2,74,411	2,74,411
5. T.D.S.	61,128	9,98,335
	26,91,554	3,16,86,715
SCHEDULE :7 - CURRENT LIABILITIES & PROVISIONS		
1. Current Liabilities		
Sundry Creditors	6,04,196	4,33,822
2. Provisions for Taxation	2,60,000	8,15,000
TOTAL	8,64,196	12,48,822
SCHEDULE: 8 ADMINISTRATIVE EXPENSES		
	2009-10	2008-09
	Rs.	Rs.
EXPENDITURE		
SALARY TO:		
Staff Members	94,888	3,39,793
Managing Director	-	1,20,000
Remuneration to Auditors		
As Auditors	50,000	50,000
For Other Services	22,000	37,000
Bank Charges & Guarantee Commission	2,249	10,706
Stationery & Printing	18,540	37,619
Electricity Charges	31,635	31,021
Rent / Rates / Taxes	23,715	44,386
Repairs & Maintenance	38,520	87,625
Advertisement	25,923	27,800
Vehicle Expenses	1,38,242	1,00,611
Insurance Premium	32,427	53,434
Expenses of Annual General Meeting	27,200	21,585
Postage / Angadia Charges	3,230	12,120
Legal Fees / Expenses	1,18,627	55,702
Interest on Vehicle Loan	2,780	15,043
Commission for Foreign Currency Business	36,113	3,93,180
Office / Misc. Expenditure	1,47,885	98,643
Donation	18,300	0
Telephones	58,245	10,706
TOTAL	8,90,519	15,46,974

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SCHEDULE : 9

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-3-2010 :

SIGNIFICANT ACCOUNTING OF POLICIES :

1. **FIXED ASSETS :**
The Fixed Assets have been valued at cost, including expense incurred in connection with the acquisition of Fixed Assets.
2. **DEPRECIATION :**
Depreciation is provided on the Fixed Assets on written down value basis at the rates prescribed under Schedule: XIV of the Companies Act, 1956.
3. **BASIS OF ACCOUNTING :**
The accounts of the Company are prepared under the Historical Cost Convention and in accordance with the applicable accounting standards. As per the practice, mercantile system of accounting is followed, except interest on loans, as per following note No. : B (6).
4. The company has decided to written off Pre-Project/Pre-Operative Expenses over a period of 10 years and as such this year 1/10th of said expenses has been charged to Profit & Loss Account.

B : NOTES ON ACCOUNTS :

	FOR THE YEAR ENDED	
	31-3-2010	31-3-2009
	Rs.	Rs.
(1) Contingent Liabilities	Nil	Nil
(2) Estimated amounts of contracts remaining to be executed and not provided for	Nil	Nil
(3) C.I.F. Value of Imports	Nil	Nil
(4) F.O.B. Value of Exports	Nil	Nil
(5) Expenditure in Foreign Currency	Nil	Nil
(6) (i) The Company advanced a sum of Rs. 2,53,45,153/- as loans to Companies and others and also advanced a sum of Rs. 48,50,000/- for the purchase of machineries in earlier years. In spite of regular follow up and civil actions, the company did not received those amounts and under the circumstances, during the year a sum of Rs.1,94,17,153/- out of Rs. 2,53,45,153/- and Rs. 48,50,000/- has been written off as Bad Debts.		
(ii) The company also had invested a sum of Rs. 30,00,000 in the shares of the Limited Company. Due to non – listing, in Stock Exchange and non- working of the company, the management had observed that there is no hope for the improvement in the working of the said company and there are no chances of any realization from the sale of shares of that company. Under the circumstances, the amount of Rs. 30,00,000/- invested in the shares of that company has also been written off during the year.		
(7) As the company has no manufacturing activity, additional information pursuant to the provisions of paragraph 3 4C of the Companies Act, 1956 are not applicable this year.		
(8) Previous year's figure have been regrouped or rearranged to make them comparable with the figures of current year.		
(9) In the option of Board of Directors, the current assets, loans & advances are approximately of the value stated, if realised, in the ordinary course of business.		
(10) The Provident Fund and Gratuity Act are not applicable to the company during the year under review.		

As per our report of even date attached

FOR PRAFUL N. SHAH & CO.
Chartered Accountants

(PRAFUL N. SHAH)
Proprietor
Membership No. 15591

Place :Ahmedabad
Date :13-08-2010

On behalf of the Board of Directors
CHARMS INDUSTRIES LIMITED

Shivkumar R. Chauhan Chairman

Ketan N. Shah Managing Director

Place :Ahmedabad
Date :13-08-2010

CHARMS INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
A. Net Profit Before Tax as per P & L A/c		(26927949)		2,82,899
Add : Non-Cash & Non operating Expenses				
Depreciation	222330		2,80,401	
Preliminary expense Written off	206843	4,29,173	2,06,843	4,87,244
Profit before change in working capital		(2,64,98,776)		7,70,143
Adjusted for				
Inventory	3,11,935		97,524	
Loans & Advances	2,89,95,161		(21,36,771)	
Current Liabilities	(3,84,626)	2,89,22,470	4,65,421	(15,73,826)
Net Cash flow from operating activities		24,23,694		(8,03,749)
Less:				
Direct Tax Provision		2,60,000		1,50,000
Net Cash flow from operating activities (A)		26,83,694		(6,53,749)
B. Cash flow from Investing activities				
Increase in Investments	(29,03,000)		(19,39,000)	
Sale of Fixed Assets	0		0	
Net Cash flow from Investing activities (B)		(29,03,000)		(19,39,000)
C. Cash flow from Financing activities				
Increase in Share Capital	0		0	
Increase in Share Application money	0		0	
Increase / Decrease in Secured loans	(96,573)		(2,20,757)	
Increase / Decrease in Unsecured loans			0	
Net Cash flow from Financing activities (C)		(96,573)		(2,20,757)
Increase / Decrease in Cash flow during the year (A+B+C)		(3,15,879)		(28,13,506)
Add : Opening Balance of Cash & Cash Equivalents		67,37,968		95,51,408
Closing Balance of Cash & Cash Equivalents		64,22,089		67,37,968

On behalf of the Board of Directors
CHARMS INDUSTRIES LIMITED

Shivkumar R. Chauhan Chairman

Ketan N. Shah Managing Director

Place : Ahmedabad

Date : 13-08-2010

AUDITORS' CERTIFICATE

We have verified the cash flow statement of Charms Industries Ltd. derived from the audited financial statements for the years ended March 31st, 2010 and March 31st, 2009 and found the same to be drawn in accordance therewith and also with the requirement of clause 32 of the listing agreement with stock exchanges.

As per our report of even date attached
FOR PRAFUL N. SHAH & CO.
Chartered Accountants

Place : Ahmedabad

Date : 13/08/2010

PRAFUL N. SHAH
PROPRIETOR
Membership No.: 15591
F.R.N. – 708057W

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19. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

a. Registration details

Registration No.	1 7 4 9 4	State Code	0 4
Balance Sheet Date	31 - 03 - 2010		
	Date Month Year		

b. Capital Raised During the Year (Rs. in Thousands)

Public Issue	N I L	Bonus Issue	N I L
Right Issue	N I L	Private Placements	N I L

c. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

Total Assets	4 4 7 1 7	Total Liabilities	4 4 7 1 7
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SOURCES OF FUNDS

Paid up Capital	4 1 0 6 1	Reserve and Surplus	3 1 4 7
Secured Loans	N I L	Unsecured Loans	5 0 9

APPLICATION OF FUNDS

Net Fixed Assets	1 1 8 5	Net Current Assets	8 8 0 2
Investments	9 3 4 2	Accumulated Losses	2 5 3 8 8
Misc. Expenditure	N I L		

d. Performance of the Company (Rs. in Thousands)

Turnover	3 0 2 4 5	Total Expenditure	3 0 3 5 6
Profit Before Tax (PBT)	8 5 9	Profit After Tax (PAT)	5 9 9
Earning Per shares in Rs.	N I L	Dividend rate (%)	N I L

e. Generic Names of three Principal Products / services of Company :

Item Code No.	Product Description
---	Foreign Exchange Money Changer

As per our report of even date attached

FOR PRAFUL N. SHAH & CO.

Chartered Accountants

(PRAFUL N. SHAH)

Proprietor

Membership No. 15591

Place :Ahmedabad

Date :13-08-2010

On behalf of the Board of Directors

CHARMS INDUSTRIES LIMITED

Shivkumar R. Chauhan Chairman

Ketan N. Shah Managing Director

Place :Ahmedabad

Date :13-08-2010

CHARMS INDUSTRIES LIMITED

Regd. Office : 108-B/109, Sampada Building, B/h. A. K. Patel House,
Mithakali Six Roads, Navrangpura, Ahmedabad-380009.

Annual General Meeting

Friday, the 24th September, 2010 at 11.00 A.M.

ATTENDANCE SLIP

Place : At the Registered Office of the Company at :
Ground Floor, Sampada Building, B/h. A. K. Patel House,
Mithakali Six Roads, Navrangpura, Ahmedabad-380009.

Folio No. : _____ DP ID _____ Client ID _____

Signature of Member/ Proxy attending the meeting _____

Notes:

1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.
 2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.
-

CHARMS INDUSTRIES LIMITED

Regd. Office : 108-B/109, Sampada Building, B/h. A. K. Patel House,
Mithakali Six Roads, Navrangpura, Ahmedabad-380009.

FORM OF PROXY

I/We _____

of _____ in the district of _____

being member/s of the above named Company hereby appoint _____

of _____ in the district of _____

or failing him _____

of _____ in the district of _____

as my/our Proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, the 24th September, 2010 and at any adjournment thereof.

Signed the _____ day of _____ 2010.

Signature _____

Affix
Revenue
Stamp

N.B.: This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

**BOOK-POST
PRINTED MATTER**

To,

If undelivered, please return to :
CHARMS INDUSTRIES LIMITED
Regd. Office : 108-B/109, Sampada Building,
B/h. A. K. Patel House,
Mithakali Six Roads,
Navrangpura, Ahmedabad-380009.

Pratiksha Printers, A'bad. 98252 62512

CHARMS INDUSTRIES LIMITED

18th
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