

CHARMS INDUSTRIES LIMITED

19th  
ANNUAL REPORT **2010-11**

## ANNUAL REPORT 2010-11

<b>Board of Directors</b>	: 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	Managing Director (w.e.f. 12/08/2011) Managing Director Director Director Director Director Director Director
<b>AUDITORS</b>	M/s. Praful N. Shah & Co., Chartered Accountants Ahmedabad	
<b>BANKERS</b>	Indian Overseas Bank ICICI Bank Development Credit Bank HSBC Bank	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	<b>Sharepro Services (India) Pvt Ltd.</b> 416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad – 380 006 Email: sharepro.ahmedabad@shareproservices.com	
<b>REGISTERED OFFICE</b>	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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# CHARMS INDUSTRIES LIMITED

## NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will held on Friday, the 27<sup>th</sup> September, 2011 at 3:00 p.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 31<sup>st</sup> March, 2011 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 Nishit Rupapara who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashokkumar Patel who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

5. **Appointment of Mr. Shivkumar R Chauhan, as Managing Director of the Company.**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company do hereby accord its approval to the appointment of Mr. Shivkumar R Chauhan as Managing Director of the Company, not liable to retired by rotation, for a period of Five years with effect from 12<sup>th</sup> August 2011 on the terms and conditions set out in the Explanatory Statement ( the said term and conditions as approved by the Remuneration Committee) and that he be paid remuneration by way of Salary and Perquisites not exceeding the amount thereof as set out in the accompanying explanatory statement which is permissible under part II of Schedule XIII the Companies Act, 1956."

**"RESOLVED FURTHER THAT** the Board of Directors, be and is hereby authorised to alter and vary the terms and conditions of appointment of Mr. Shivkumar R Chauhan as to remuneration (including perquisites) within the ceiling limits in that behalf laid down in Schedule XIII to the Companies Act, 1956."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit."

### Registered Office:

108-B/109, Sampada Building,  
B/h. A. K. Patel House, Mithakali Six Roads,  
Navrangpura, Ahmedabad-380009  
DATE : 12<sup>th</sup> August 2011

By Order of the Board

**Shivkumar R. Chauhan**  
Chairman & Managing Director

### 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 Tuesday, 20<sup>th</sup> September, 2011 to Tuesday, 27<sup>th</sup> September, 2011 (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.

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5. The Equity Share of the Company are available for dematerialisation. Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE442C01012.

### **ANNEXURE TO THE NOTICE:**

#### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

In conformity with the provisions of section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 5 of the accompanying notice dated 12<sup>th</sup> August, 2011 should be taken as forming part of Notice.

#### **Item No. 5**

The Board of Directors in their meeting held on 12<sup>th</sup> August 2011 and also on the basis of recommendation of the Remuneration Committee of the Company in their meeting held on 12<sup>th</sup> August 2011 it has been proposed to appoint Mr. Shivkumar R Chauhan, Director of the Company as Managing Director of the Company for a period of 5 years with effect from 12<sup>th</sup> August, 2011.

Mr. Shivkumar R Chauhan, aged 53 years, is Commerce Graduate and having more than 20 years experience of management and administration.

The major terms and conditions of his appointment as recommended by the Remuneration Committee are as under:

#### **I. PERIOD:**

For a period of 5 years from 12<sup>th</sup> August, 2011

#### **II. REMUNERATION**

##### **1. SALARY:**

The Managing Director shall be entitled to salary of Rs.25,000/- per month.

##### **2. PERQUISITES:**

- Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either or put together are not taxable under the Income-tax Act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service
- Encashment of leave at the end of tenure.
- Medical Reimbursement:  
Medical reimbursement expenses incurred for the Managing Director and family Subject to ceiling of one month's salary per year or three month's salary over a period of Five years.
- Leave Travel Concession for self and family at a rate not exceeding one month's Salary for one year or three month's salary in a block of Five years.
- Free use of Company's car with driver for Company's business and free telephone Facility at residence.

**III.** The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

**IV.** The Managing Director shall not, so long as he functions as such, become interested or Otherwise concerned directly or through his wife and/or minor children in any selling Agency of the Company without the prior approval of the Central Government.

#### **V. DUTIES:**

Subject to the superintendence, direction, and control of the Board of Directors of the Company, the Managing Director Shall be entrusted with Administration, Finance and Account power of management and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time. The headquarter of the Managing Director shall be at Ahmedabad or at such place as the Board of Directors may decided from time to time.

#### **VI. TERMINATION:**

The Managing Director may be removed from his office for gross negligence, breach of Duty or trust if a special Resolution to that effect is passed by the Company in its General Meeting. The Managing Director may resign from his office by giving 90 days' Notice to the Company.

## CHARMS INDUSTRIES LIMITED

### VII. COMPENSATION:

In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, Managing Director shall be entitled to receive compensation from the Company for loss of office to extent and subject to limitation as provided under Section 318 of the Companies Act, 1956.

As per the provision of Section 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company accorded by Special Resolution is necessary for holding office as Managing Director of the Company on remuneration.

The terms and conditions mentioned in the above Explanatory Statement may be treated as abstract of the terms of the proposed contract under Section 302 of the Companies Act, 1956.

Resolution of the Board of Directors and Draft agreements of appointment are open for inspection at the registered office of the Company between 11.00 A.M to 1.00 P.M.

#### Brief resume of the Director seeking appointment/re-election/election at the 19<sup>th</sup> Annual General Meeting

Name	Mr. Shivkumar R Chauhan
Age (Date of Birth)	01/07/1958
Date of Appointment	18/09/1993
Qualification and experience in specific functional area	Commerce graduate and having more than 20 years of experience of management and administration.
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

\*Pvt. Companies excluded.

Name	Mr. Nishit Rupapara
Age (Date of Birth)	07/02/1983
Date of Appointment	31/08/2009
Qualification and experience in specific functional area	MBA with Finance having around 5 years Experience of management, finance and administration
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

\*Pvt. Companies excluded.

Name	Mr. Ashokkumar Patel
Age (Date of Birth)	23/08/1952
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	Graduate Engineer in Electronics and Post Graduation Diploma in IE and Management and having experience of 37 years
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

\*Pvt. Companies excluded.

**Registered Office:**  
108-B/109, Sampada Building,  
B/h. A. K. Patel House, Mithakali Six Roads,  
Navrangpura, Ahmedabad-380009  
DATE : 12/08/2011

By Order of the Board

**Shivkumar R. Chauhan**  
Chairman & Managing Director

# ANNUAL REPORT 2010-2011

## DIRECTORS' REPORT

To,  
The Members

The Directors present the NINETEENTH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2010-11 ended on 31<sup>st</sup> March, 2011.

### 1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	As on 31.03.2011	As on 31.03.2010
Profit of the year	12.92	10.81
Less: Depreciation	2.42	2.22
<b>Profit Before Taxation(PBT)</b>	10.50	8.59
Less: Provision for Taxation	3.50	2.60
<b>Profit After Tax (PAT)</b>	7.00	5.99
<b>Less:- Loss of Investment and Bad Debts Written Off</b>	-	272.67
<b>Net Profit/(Loss)</b>	7.00	(266.68)
Add. Profit brought forward	(253.88)	12.79
Surplus available for appropriation	(246.88)	(253.89)

### OPERATIONS :

Despite keen competition in the field of Foreign Exchange business, the Company was able to maintain the sales of foreign currency of Rs 3,05,47,369/- this year as against Rs.3,02,44,803/- for the previous year. The profit after tax for the year has increased to Rs.7,00,398/- as against Rs.5,99,204/- 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.

### PARTICLULRS 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 EARING & OUTGO :

Foreign Exchange Earning : NIL

Foreign Exchange Outgo : NIL

## **CHARMS INDUSTRIES LIMITED**

### **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 31<sup>st</sup> March, 2011 being end of the financial year 2010-11 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.

### **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. B-6 of Notes forming parts of Accounts for the year 31.03.2011. 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, Ahmedabad 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 : 12/08/2011

For and on behalf of the Board  
**Shivkumar R. Chauhan**  
Chairman & Managing Director

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Co. Reg. No. : L72900GJ1992PLC017494

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 **31<sup>st</sup> March, 2011**. 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 Five times on 15/05/2010, 06/08/2010, 13/08/2010, 30/10/2010 and 12/02/2011 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 20/09/2010 to 24/09/2010 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31/03/2010 was held on 24/09/2010 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. The Company has
  - 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 31/03/2011;
  - 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. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year
15. The Company has not appointed Managing Director/Whole time Director/Manager during the financial year under review.
16. No sole selling agent was appointed during the year.
17. The Company has changed its Main Object Clause of the Memorandum of Association during the year 2009-10 through postal ballot, necessary form 23 has to be filed by the Company within 30 days from the date of passing of



## CHARMS INDUSTRIES LIMITED

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 29<sup>th</sup> July, 2010 condoned the delay in filing such form 23, the Company has complied with the same. 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 not 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 with 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 : 12/08/2011

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.		Minutes of meeting of Board of Directors
3.	193 (1)	Minutes of General Meetings
4.	301	Register of Contracts
5.	301(3)	Register of Disclosure by Directors
6.	303	Register of Directors
7.	307	Register of Director's Shareholding
8.	372A	Register of Investments
9.		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 31<sup>st</sup> March, 2011.

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	Form 21	18(4)	13/08/2010 A91321216	Yes	No
2	Form 23AC (2009-10) Form 23ACA (2009-10)	220	26/09/2010 P52937166	Yes	No
3	Form 66 (2009-10)	383A	26/09/2010 P52934114	Yes	No
4	Form 20B (2009-10)	159	27/10/2010 P56707185	Yes	No
5	Form 23	192	13/08/2010 A91322933	No	Yes

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

Place : Ahmedabad  
Date : 12/08/2011

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 in the business of trading in Foreign currency and Information Technology. The Management team comprising one of the Managing Director is looking after day to day management of the forex business and another team comprising one of the Managing Director is looking after day to day management of the Information Technology (IT) business 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 IT sector is doing well and now the requirement of domestic market is increasing day by day and this will help the Company to get good business in IT sector.

**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 put 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 is exploring available opportunity to enter into IT sector and increase its value. One of the Managing Director and other 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 Shivkumar R. Chauhan, Managing Director of the Company.

**iv) Financial performance with respect to operational performance**

The sales of foreign Currency for the year ended 31<sup>st</sup> march, 2011 were Rs.305.47 lacs as compared to Rs.302.49 lacs in the previous year. The profit before depreciation, Tax & Non-recurring items was Rs. 12.92 Lacs for the year under review as compared to Rs. 10.81 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 : 12/08/2011

**Shivkumar R. Chauhan**  
**Chairman & Managing Director**

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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 & Managing Director	Promoter, Executive	None	Nil
Mr. Ketan N. Shah	Managing Director	Non-Independent Executive	None	Nil
Mr. Sandip R. Shah	Director	Non-Independent Non-Executive	None	Nil
Mr. Harshad S. Gandhi	Director	Independent, Non-Executive	None	Nil
Mr. Dahyabhai B. Sachaniya	Director	Independent, Non-Executive	None	Nil
Mr. Nishit Rupapara	Director	Independent, Non-Executive	None	Nil
Dr. Nayan C. Shah	Director	Independent, Non-Executive	Dosti Realty Limited	Nil
Mr. Ashokkumar R. Patel	Director	Independent, Non-Executive	None	Nil

\*Pvt. Ltd. companies excluded.

- **Board Meetings:**

The Board of Directors meets at least once a quarter to review the performance and Financial Results. A detailed agenda file is sent to all Directors well in time of the Board Meetings. The Chairman/Director briefs the Directors at every Board Meeting about the overall performance of the Company. All major decisions/Approvals are taken at the Meeting of the Board of Directors such as policy formation, Business plans, budgets, investment opportunities, Statutory Compliance etc. During the year six board meetings. During the year five board meetings held on 15/05/2010, 06/08/2010, 13/08/2010, 30/10/2010 and 12/02/2011.

Name	No. of Board meeting attended	Attendance at the last AGM
Mr. Shivkumar R. Chauhan	05	Yes
Mr. Ketan N. Shah	05	Yes
Mr. Harshad S. Gandhi	04	Yes
Mr. Dahyabhai B. Sachaniya	02	No
Mr. Nishit Rupapara	04	Yes
Mr. Sandip R. Shah	05	Yes
Dr. Nayan C. Shah	01	No
Mr. Ashokkumar R. Patel	04	Yes

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 19<sup>th</sup> Annual General Meeting**

Name	Mr. Shivkumar Chauhan
Age (Date of Birth)	01-07-1958
Date of Appointment	18/09/1993
Qualification and experience in specific functional area	Commerce graduate and having more than 20 years of experience of management and administration.
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

\* Pvt. Companies excluded.

**Brief resume of the Director seeking re-election at the 19<sup>th</sup> Annual General Meeting**

Name	Mr. Nishit Rupara
Age (Date of Birth)	07/12/1983
Date of Appointment	31/08/2009
Qualification and experience in specific functional area	MBA with Finance having around 5 years of experience management ,finance & administration
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

\*Pvt. Companies excluded.

**Brief resume of the Director seeking re-election at the 19<sup>th</sup> Annual General Meeting**

Name	Mr. Ashokkumar Patel
Age (Date of Birth)	23/08/1952
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	Graduate Engineer in Electronics and Post Graduation Diploma in IE and Management and having experience of 37 years
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

\*Pvt. Companies excluded.

**3. Audit Committee:**

During the year four meetings of the Audit Committee were held on 15/05/2010, 13/08/2010, 30/10/2010 and 12/02/2011.

Name	Category	Designation	No. of Committee meeting attended
Mr. Shivkumar R. Chauhan	Promoter Executive	Chairman	04
Mr. Ketan N. Shah	Non-Independent Executive	Member	04
Dr. Nayan C. Shah	Independent, Non-Executive	Member	01
Mr. Harshad S. Gandhi	Independent, Non-Executive	Member	04
Shri Nishit Rupapara	Independent, Non-Executive	Member	04

**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. No Meeting of the remuneration committee held during the year. None of the directors have been paid any remuneration for the financial year ended 31-03-2011.

## ANNUAL REPORT 2010-2011

### 5. Shareholders'/Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee reconstituted and presently comprises Mr. Harshad S. Gandhi (Chairman) Mr. Sandip R. Shah and Shri Shivkumar R. Chauhan, Managing Director are members of the Committee which 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. Shri Shivkumar R. Chauhan, Managing Director is the Compliance Officer 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

### 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
18th	2009-2010	Ground Floor, Sampada Building,	24.09.2010	11:00 AM
17th	2008-2009	B/h A.K. Patel House, Mithakhali six Roads,	30.09.2009	4:00 PM
16th	2007-2008	Navrangpura, Ahmedabad - 9	30.09.2008	11:00 AM

There was no special resolution passed by the Company at the previous AGM. Pursuant to the provisions of Sections 192A of the Companies Act, 1956 there was no matter during the financial year 2010-11 required to be dealt by the Company to be passed through Postal Ballot.

### 7. Disclosures:

During the financial year ended 31<sup>st</sup> March, 2011 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 Form 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.

### 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 : Tuesday  
Date : 27<sup>th</sup> September, 2011  
Time : 3.00 P.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 : 2<sup>nd</sup> week of August, 2011  
Half-Yearly Results : 2<sup>nd</sup> Week of November, 2011  
3rd Quarter Results : 2<sup>nd</sup> Week of February, 2012  
Yearly Results (Un-audited): 2<sup>nd</sup> week of May, 2012
- d) Book Closure Date : From Tuesday, the 20<sup>th</sup> September 2011  
To Tuesday, the 27<sup>th</sup> September, 2011  
(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 : 11451

## 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 Demat 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.ahmedabad@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 of for dematerialization 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, 2010 to 31st March, 2011. The information of Stock Price data are submitted here under:

Month	BSE		Shares Traded (No.)
	High (Rs.)	Low (Rs.)	
April, 2010	4.65	3.55	35,161
May, 2010	5.96	3.90	1,27,850
June, 2010	7.04	4.90	1,83,395
July, 2010	6.83	5.43	1,19,900
August, 2010	6.61	5.05	46,990
September, 2010	6.49	5.52	1,40,329
October, 2010	7.29	5.90	87,569
November, 2010	7.49	5.34	57,549
December, 2010	8.23	5.92	1,06,416
January, 2011	7.84	5.26	34,746
February, 2011	7.45	5.00	1,38,899
March, 2011	7.00	4.26	2,17,957

- (k) Distribution of Shareholding as on 31st March, 2011:

No. of Equity Shares Held	No. of Shareholders	% of Share Holders	No. of Shares Held	% of Shareholding
Up to 500	2548	81.069	616548	15.015
501 to 1000	262	8.336	225216	5.485
1001 to 2000	132	4.200	219354	5.342
2001 to 3000	53	1.686	138121	3.364
3001 to 4000	26	0.827	96111	2.341
4001 to 5000	21	0.668	97559	2.376
5001 to 10000	45	1.432	352747	8.591
10001 and above	56	1.782	2360444	57.486
TOTAL	3143	100.00	4106100	100.00

- (l) Category of Shareholders as on 31st March, 2011:

Category	No. of Shares	% to Share Capital
Indian Promoters	607989	14.81
Mutual Funds	-	-
Banks, Financial Institute	-	-
Private Corporate Bodies	153505	3.74
NRIs/OBCs	70368	1.71
FII's	-	-
Indian Public	3274238	79.74
C.M	-	-
Total	4106100	100.00

## ANNUAL REPORT 2010-2011

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- (m) Outstanding GDRs/ADRs/Warrants: The Company has not issued any GDRs/ADRs.
- (n) The Shares of the Company are under compulsory trading in demat form. Total 3163560 equity shares representing 77.05% were held on demat form and balance 942540 equity Shares representing 22.95% were in physical form as on March 31, 2011. 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.ahmedabad@shareproservices.com

For any assistance regarding correspondence dematerialisation of shares, share transfers, transactions, change of address, non-receipt of dividend or any other query, related 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. Shivkumar R. Chauhan

For and on behalf of the Board

Place : Ahmedabad

Date : 12/08/2011

**Shivkumar R. Chauhan**  
**Chairman and Managing Director**

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### 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 management personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2011.

Date: 12/08/2011

Place: Ahmedabad

**Shivkumar R. Chauhan**  
**Chairman and Managing Director**



## CHARMS INDUSTRIES LIMITED

### Chief Executive Officer [CEO] Certification

(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

To the Board of Directors of Charms Industries Limited

Dear Sirs,

I have reviewed the financial statements, read with the cash flow statement of Charms Industries Limited for the year ended March 31<sup>st</sup>, 2011 and that to the best of my knowledge and belief, I state that;

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements present a true and fair view of the Company's affair and are in compliance with current accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the auditors and the Audit committee
  - i. that there are no significant changes in internal control over financial reporting during the year;
  - ii. there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. there are no instances of fraud during the year.

For and on behalf of the Board

Place : Ahmedabad

Date : 12/08/2011

**Shivkumar R. Chauhan**  
Chairman and Managing Director

### AUDITORS' CERTIFICATE

To,  
The members,  
**Charms Industries Limited**  
Ahmedabad

We have examined the compliance of conditions of corporate governance by **Charms Industries Ltd.**, Ahmedabad for the year ended on 31st March, 2011 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 procedures and implementation thereof adopted by the Company for ensuring the compliance of 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, we certify that the Company has complied in all materials respects with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

As per representation received from the Company, we state that as per records maintained by the Shareholders' / investors' Grievance Committee, no investor grievance remaining unattended / pending for more than 30 days.

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,

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

Place : Ahmedabad

Date : 12/08/2011

# ANNUAL REPORT 2010-2011

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## AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **CHARMS INDUSTRIES LTD.** as at 31st March, 2011 & 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 (Auditor's 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, 2011 and taken on records by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2011 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 ( regarding laons / advances and especially of old loan amounts Rs. 7,40,000/- ( last year's balance Rs. 21,15,000 less Rs. 13,75,000 received before signing of balance sheet) which has been considered as good of recovery by the management but due to no recovery till date, they appears to be doubtful and due to its non-provision, the profit of the year has been overstated to that extent.
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011 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,**  
F.R.N. – 708057W

**PRAFUL N. SHAH**  
**PROPRIETOR**  
Membership No.: 15591

Place : Ahmedabad  
Date : 12/08/2011

## **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, 2011:-**

**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 sold one Motor Car.

**2. NATURE OF BUSINESS :-**

The Company is doing the business as Money Changer (Trading in Foreign Currency & Travellers' Cheques & Software Services ) 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 (O) 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**  
F.R.N. – 708057W

**PRAFUL N. SHAH**  
**PROPRIETOR**  
Membership No.: 15591

Place : Ahmedabad  
Date : 12/08/2011

# ANNUAL REPORT 2010-2011

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

	Schedule	31-03-2011 RS.	31-03-2010 RS.
<b>I. SOURCES OF FUNDS :</b>			
SHARE CAPITAL	1	4,10,61,000	4,10,61,000
RESERVES AND SURPLUS :	2	31,46,529	31,46,529
LOAN FUNDS	3	2,09,636	2,09,636
<b>TOTAL</b>		<b>4,44,17,165</b>	<b>4,44,17,165</b>
<b>APPLICATION OF FUNDS :</b>			
FIXED ASSETS :-	4		
GROSS BLOCK		1,33,81,111	64,81,111
LESS : DEPRECIATION		54,39,051	52,96,593
NET BLOCK		79,42,060	11,84,518
INVESTMENTS (AT COST)			
With Mutual Funds		34,30,000	60,39,000
In House Property		33,03,000	33,03,000
CURRENT ASSETS, LOANS & ADVANCES:			
Debtors		24,92,529	
CASH & BANK BALANCE	5	17,25,346	64,22,089
LOANS AND ADVANCES	6	41,45,322	26,91,554
INVENTORIES		3,32,532	2,52,534
		86,95,729	93,66,177
LESS :-			
CURRENT LIABILITIES & PROVISION	7	36,41,892	8,64,196
NET CURRENT ASSETS (to the extent not written off or adjusted)		50,53,837	85,01,981
Profit & Loss Account (Dr.)		2,46,88,268	2,53,88,666
<b>TOTAL</b>		<b>4,44,17,165</b>	<b>4,44,17,165</b>
<b>NOTES FORMING PART OF ACCOUNTS</b>	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 :12 /08/2011

On behalf of the Board of Directors  
**CHARMS INDUSTRIES LIMITED**

**Shivkumar R. Chauhan** Chairman & Managing Director

**Ketan N. Shah** Managing Director

Place :Ahmedabad  
Date :12 /08/2011

## CHARMS INDUSTRIES LIMITED

### TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

Schedule	2010-11 RS.	2009-10 RS.
<b>INCOME</b>		
Sales	3,05,47,369	3,02,44,803
Software Job Charges / Other Income	47,93,879	12,82,140
Increase / (Decrease) in Stock	79,998	(3,11,922)
<b>TOTAL</b>	<b>3,54,21,246</b>	<b>3,12,15,021</b>
<b>EXPENDITURE</b>		
Purchase	2,82,11,829	2,90,36,125
Software related Expenses	38,71,247	
Administrative Expenses	8	20,45,314
Preliminary Expense W/ Off	—	2,06,843
Depreciation	2,42,458	2,22,330
<b>TOTAL</b>	<b>3,43,70,848</b>	<b>3,03,55,817</b>
<b>Profit/(Loss) before Tax</b>	<b>10,50,398</b>	<b>8,59,204</b>
Less : Provision for Taxation	3,50,000	2,60,000
<b>Profit/(Loss) after Tax</b>	<b>7,00,398</b>	<b>5,99,204</b>
Extra Ordinary Item		
(Loss on written off of advance and investment)	—	(2,72,67,153)
Profit/(Loss) after written off	7,00,398	(2,66,67,949)
Balance Brought Forward	(2,53,88,666)	12,79,283
Balance Carried to Balance Sheet	(2,46,88,268)	(2,53,88,666)

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 :12 /08/2011

On behalf of the Board of Directors  
CHARMS INDUSTRIES LIMITED

Shivkumar R. Chauhan Chairman & Managing Director

Ketan N. Shah Managing Director

Place :Ahmedabad  
Date :12 /08/2011

# ANNUAL REPORT 2010-2011

## SCHEDULES TO BALANCE SHEET AS AT 31-03-2011

	As at 31-03-2011 RS.	As at 31-03-2010 RS.
<b>SCHEDULE : 1 - SHARE CAPITAL</b>		
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

CAPITAL RESERVE	31,46,529	31,46,529
(As per Previous Year Balance Sheet)		
	<u>31,46,529</u>	<u>31,46,529</u>

### SCHEDULE : 3 - LOAN FUNDS

#### LOAN FUNDS

##### UNSECURED

(1) FROM AHMEDABAD URBAN CO. OP. BANK LTD.	2,09,636	2,09,636
TOTAL	<u>2,09,636</u>	<u>2,09,636</u>

### SCHEDULE : 4 - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at 01-04-10	Additions during the year	Sales during the year	As at 31-03-11	Upto 31-03-10	For the year	Upto 31-03-11	As at 31-03-11	As at 31-03-10
OFFICE BUILDING	9,99,076	—	—	9,99,076	4,41,806	55,727	4,97,533	5,01,543	5,57,270
OFFICE FURNITURE	8,90,671	—	—	8,90,671	7,92,361	9,831	8,02,192	88,479	98,310
COMPUTERS & PRINTERS	24,59,436	—	—	24,59,436	22,96,271	24,475	23,20,746	1,38,690	1,63,165
AIR- CONDITIONERS	90,847	—	—	90,847	77,013	2,075	79,088	11,759	13,834
MOTOR CAR	20,20,791	—	1,00,000	19,20,791	16,68,852 -1,00,000	45,350	17,14,202	2,06,589	3,51,939
OFFICE EQUIPMENT	7,950	-	-	7,950	7,950	-	7,950	-	-
OFFICE PARTITION	12,340	-	-	12,340	12,340	-	12,340	-	-
Soft ware -	—	—	—	—	—	—	—	—	—
Physical Health Record	—	70,00,000	—	—	70,00,000	1,05,000	1,05,000	68,95,000	-
TOTAL	64,81,111	70,00,000	1,00,000	1,33,81,111	49,74,263	2,42,458	52,16,721	78,42,060	11,84,518

## CHARMS INDUSTRIES LIMITED

	As at 31-03-2011 RS.	As at 31-03-2010 RS.
<b>SCHEDULE : 5 - CASH &amp; BANK BALANCES</b>		
1. Cash on Hand	81,227	6,58,350
2. Bank Balances		
a. With Nationalised Banks in Fixed Deposits	-	25,89,836
b. In Current Accounts with Nationalised Banks	16,44,119	31,73,903
TOTAL	<u>17,25,346</u>	<u>64,22,089</u>
<b>SCHEDULE : 6 - LOANS &amp; ADVANCES</b>		
1. Loans to Companies & Others (Considered good) & amounts recoverable in cash or kind	38,70,911	24,17,143
2. Security Deposit with Stock Exchange	2,74,411	2,74,411
	<u>41,45,322</u>	<u>26,91,554</u>
<b>SCHEDULE :7 - CURRENT LIABILITIES &amp; PROVISIONS</b>		
1. Current Liabilities		
Sundry Creditors	30,31,892	6,04,196
2. Provisions for Taxation	6,10,000	2,,60,000
TOTAL	<u>6,41,892</u>	<u>8,64,196</u>
<b>SCHEDULE: 8 ADMINISTRATIVE EXPENSES</b>		
	2010-11 Rs.	2009-10 Rs.
<b>EXPENDITURE</b>		
SALE PROMOTION EXPENSES	5,50,000	—
SALARY TO STAFF.....	1,32,350	94,888
INCOME TAX / 31-3-2010	47,763	—
INCOME TAX / 31-3-2011	75,000	—
REMUNERATION TO AUDITORS		
AS AUDITORS	50000	50000
FOR OTHER SERVICES	25000	22000
BANK CHARGES & GUARANTEE COMMISSION	—	2249
STATIONERY & PRINITING	30,250	18540
ELECTRICITY CHARGES	31,047	31635
RENT /RATES/TAXES	24,895	23715
REPAIRS & MAINTENANCE	2,25,455	38520
ADVERTISEMENT	35,146	25923
VEHICLE FUEL / REPAIRS	2,31,665	138242
INSURANCE PREMIUM	30,390	32,427
EXPENSES OF ANNUAL GEN.MEETING	5,150	27,200
POSTAGE/ANGADIA CHARGES	5,050	3230
LEGAL FEES/EXPENSES	86,963	118627
INTREST ON VEHICLE LOAN	—	2780
COMMISSION FOR FOREIGN CURRENCY BUSINESS	1,67,142	36113
OFFICE/MISC. EXPENDITURE	2,22,538	147885
DONATION	—	18300
TELEPHONES	69,510	58,245
<b>T O T A L</b>	<u>2045314</u>	<u>890519</u>

# ANNUAL REPORT 2010-2011

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## SCHEDULE : 9

### NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-3-2011 :

#### 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).

#### B : NOTES ON ACCOUNTS :

	FOR THE YEAR ENDED	
	31-3-2011 Rs.	31-3-2010 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) In earlier years, as reported in last year, the Company has advanced a sum of Rs. 2,53,45,153/- and out of the said amount, a sum of Rs. 1,94,17,153/- was treated as bad of recovery. As shown in the Balance Sheet as on 31-3-2010, a sum of Rs. 21,15,000/- was treated as good of recovery. However, no amount has been received during the year. The management is in process to recover the same and as a result after the date of Balance Sheet, a sum of Rs.13,75,000/- has been recovered. Thus, all such sums have been treated as good for recovery.  During the year some new amounts as loans/advances of Rs. 12,38,348/- have also advanced 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.		

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#### 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 :12 /08/2011

On behalf of the Board of Directors  
**CHARMS INDUSTRIES LIMITED**

**Shivkumar R. Chauhan** Chairman & Managing Director

**Ketan N. Shah** Managing Director

Place :Ahmedabad  
Date :12 /08/2011



## CHARMS INDUSTRIES LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

Particulars	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
<b>A. Net Profit Before Tax as per P &amp; L A/c</b>		7,00,398		(2,69,27,949)
Add : Non-Cash & Non operating Expenses				
Depreciation	2,42,458		2,22,330	
Preliminary expense Written off	NIL	2,42,458	2,06,843	4,29,173
Profit before change in working capital		9,42,856		(2,64,98,776)
Adjusted for				
Inventory	(79,998)		(3,11,935)	
Loans & Advances	(1453768)		2,89,95,161	
Current Liabilities	24,27,696		(3,84,626)	
Debtors	(24,92,529)	(15,98,599)	NIL	2,89,22,470
Net Cash flow from operating activities		(6,55,743)		24,26,694
Less :				
Direct Tax Provision		3,50,000		2,60,000
Net Cash flow from operating activities (A)		(3,05,743)		26,83,694
<b>B. Cash flow from investing activities</b>				
Increase in Investments	26,09,000		(2903000)	
Sale / Purchase of Fixed Assets	(70,00,000)	(43,91,000)	NIL	(29,03,000)
Net Cash flow from Investing activities (B)		(43,91,000)		(29,03,000)
<b>C. Cash flow from Financing activities</b>				
Increase / Decrease in Secured loans		NIL		(96,573)
Net Cash flow from Financing activities (C)		NIL		(96,573)
Increase / Decrease in Cash flow during the year (A+B+C)		(46,96,743)		(3,15,879)
Add : Opening Balance of Cash & Cash Equivalents		64,22,089		67,37,968
Closing Balance of Cash & Cash Equivalents		17,25,346		64,22,089

On behalf of the Board of Directors  
**CHARMS INDUSTRIES LIMITED**

Place : Ahmedabad  
Date : 12-08-2011

**Shivkumar R. Chauhan** Chairman & Managing Director  
**Ketan N. Shah** Managing Director

#### AUDITORS' CERTIFICATE

We have verified the cash flow statement of Charms Industries Ltd. derived from the audited financial statements for the year ended March 31<sup>st</sup>, 2011 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 : 12/08/2011

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

## ANNUAL REPORT 2010-2011

### 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 - 2011		
	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 4 1 7	Total Liabilities	4 4 4 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	2 0 9

#### APPLICATION OF FUNDS

Net Fixed Assets	7 9 4 2	Net Current Assets	5 0 5 4
Investments	6 7 3 3	Accumulated Losses	2 4 6 8 8
Misc. Expenditure	N I L		

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

Turnover / Income	3 5 4 2 1	Total Expenditure	3 4 3 7 1
Profit Before Tax (PBT)	1 0 5 0	Profit After Tax (PAT)	7 0 0
Earning Per shares in Rs.	0 . 1 7	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 :12-08-2011

On behalf of the Board of Directors  
**CHARMS INDUSTRIES LIMITED**

**Shivkumar R. Chauhan** Chairman & Managing Director  
**Ketan N. Shah** Managing Director

Place :Ahmedabad  
Date :12 /08/2011

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**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 27<sup>th</sup> September, 2011 at 3.00 P.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.
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**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 27<sup>th</sup> September, 2011 and at any adjournment thereof.

Signed the \_\_\_\_\_ day of \_\_\_\_\_ 2011.

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.