

20th
ANNUAL REPORT
2011-12

CHARMS INDUSTRIES LIMITED

20th ANNUAL REPORT 2011-12**BOARD OF DIRECTORS**

Shri Shivkumar R. Chauhan	<i>Managing Director</i>
Shri Ketan N. Shah	<i>Managing Director</i>
Shri Harshad S. Gandhi	<i>Director</i>
Shri Dahyabhai B. Sachaniya	<i>Director</i>
Shri Nishit Rupapara	<i>Director</i>
Dr. Nayan C. Shah	<i>Director</i>
Shri Sandip R. Shah	<i>Director</i>
Shri Ashokkumar R. Patel	<i>Director</i>

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.ahmedabad@shareproservices.com

REGISTERED OFFICE

108-B/109, Sampada Building,
B/h. A. K. Patel House,
Mithakali Six Roads, Navrangpura,
Ahmedabad-380009
Website: charmsindustries.in
Email: charmsltd@yahoo.com

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held on Thursday, the 20th September, 2012 at 11.00 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, 2012 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 Dr. Nayan Champaklal Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Sandip Rajnikant Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:**5. Adoption of new set of Articles of Association of the Company:**

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

"RESOLVED THAT pursuant to provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the new set of **Articles of Association**, as placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved and adopted as new **Articles of Association** of the Company in the place and exclusion of the existing **Articles of Association** of the Company.

RESOLVED FURTHER THAT Mr. Shivkumar R. Chauhan Managing Directors of the Company be and is hereby, authorised to do all such acts, deeds and take such steps as may be required to give effect to the above resolution."

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 Thursday, 13th September, 2012 to Thursday, 20th September, 2012 (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 Shares 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.**

**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 8th August, 2012 should be taken as a forming part of the Notice.

Item No. 5

Your Directors considered that the existing Articles of Association of the Company do not cover latest amendments and it is proposed to amend the existing Article of Association by adopting a new set of Articles of Association in the place of the existing Articles of Association of the Company.

In terms of Section 31 of the Companies Act, 1956, the consent of the Members by way of Special Resolution is required for adoption of new set of Articles of Association of the Company.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and during the Annual General Meeting.

The Board recommends the resolution as set out in item no.5 for members' approval. None of the Directors is interested or concerned in this resolution.

Brief resume of the Director seeking re-appointment at the 20th Annual General Meeting

Name	Dr. Nayan Champaklal Shah
Age (Date of Birth)	30/07/1955
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	MBBS, DMRD, MD having experience of more than 20 years as Group Chief Executive Officer of Healthcare related companies, activities spanning from Wellness Cure – rehabilitation, Healthcare Education, Healthcare Media and Healthcare IT.
Directorship held in other companies*	Dosti Realty Limited
Membership/Chairmanships of Committee in other Public Companies	None

*Pvt. Companies excluded.

Name	Mr. Sandip Rajnikant Shah
Age (Date of Birth)	27/11/1968
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	Graduate Engineer in the field of Computer having experience of more than two decades in the field of Development, Networking and Project Management
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

*Pvt. Companies excluded.

Regd office :

108-B/109, Sampada Building,
B/h. A. K. Patel House, Mithakali Six Roads,
Navrangpura, Ahmedabad-380009
Date : 08/08/2012

By Order of the Board

Shivkumar R Chauhan
Chairman & Managing Director

DIRECTORS' REPORT

TO,
THE MEMBERS,

The Directors present the TWEENTIETH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2011-12 ended on 31st March, 2012.

FINANCIAL RESULTS:

	As On 31.03.2012	(Rs. in Lacs) As On 31.03.2011
Profit of the year	9.37	12.92
Less: Depreciation	1.92	2.42
Profit Before Taxation (PBT)	7.45	10.50
Less: Provision for Taxation	2.40	3.50
Profit After Tax (PAT)	5.05	7.00
Less:- Extraordinary Item(Loss of Investment and Bed Debts Written Off)	—	—
Net Profit/(Loss)	5.05	7.00
Add. Profit brought forward	(246.88)	(253.88)
Surplus available for appropriation	(241.83)	(246.88)

OPERATIONS:

Despite keen competition in the field of Foreign Exchange business, the Company was able to maintain the sales of foreign currency of Rs 28,724,289/- this year as against Rs.30,547,369/- for the previous year. The profit after tax for the year has decreased to Rs.505,089/- as against Rs.700,398/- 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 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, 2012 being end of the financial year 2011-12 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. Board of Directors of your Company favour his re-appointment as Auditors of the Company and such re-appointment if done, shall be upto the next Annual General Meeting of the Company.

OBSERVATIONS OF AUDITORS' / AUDITORS' REPORT:

The notes and remarks of Auditors' are self-explanatory. The specific remarks of the Auditors for non-provision of loan and advance thereon have been explained in details in Para No. 6 of Notes 16 forming parts of Accounts for the year 31.03.2012. The Management has taken appropriate action to recover such outstanding amount and assume the said amount as recoverable 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 2012-13 has been paid to Bombay Stock Exchange and for Ahmedabad Stock Exchange.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place : Ahmedabad

Date : 08/08/2012

Shivkuamr R Chauhan
Chairman & Managing Director

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, 2012**. 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 (6) Six times on 01/04/2011, 13/05/2011, 12/08/2011, 12/11/2011, 14/02/2012 and 25/03/2012 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 20/09/2011 to 27/09/2011 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31/03/2011 was held on 27/09/2011 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 31/03/2012;
 - 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 of 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* appointed Mr. Shivkumar Chauhan as a Managing Director after passing necessary special resolution in AGM during the financial year under review.
16. *No* sole selling agent was appointed during the year.
17. The company was not required to obtain necessary approvals of Central Government, Company Law Board, Regional director, Registrar or such other authority as may be prescribe under the various provision 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 borrowing 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 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, and 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

Devesh Khandelwal
Proprietor

Place : Ahmedabad
Date : 08/08/2012

M.No. : FCS 6897
COP No. : 4202

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 31st March, 2012.

Sr. No.	Description of Document	Filed under Section	Date of Filing and SRN No.	Whether filed under prescribed time (Yes/No)	If delay in filing whether requisite additional fee paid
1	Form 25C	269	20/10/2011 B23205834	Yes	No
2	Form 23AC XBRL (2010-11) Form 23ACA XBRL (2010-11)	220	30/12/2011 P84240795	Yes	No
3	Form 66 (2010-11)	383A	20/10/2011 P73809857	Yes	No
4	Form 20B (2010-11)	159	03/11/2011 P78103629	Yes	No
5	Form 23	192	19/10/2011 B23155195	No	Yes
6	Form 23	192	19/10/2011 B23155542	Yes	No

For, Khandelwal Devesh & Associates
Company Secretaries

Devesh Khandelwal
Proprietor

Place : Ahmedabad
Date : 08/08/2012

M.No. : FCS 6897
COP No. : 4202

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

i) Industry Structure and Development

Our Company is in the business of trading in Foreign Currency. The Management team comprising one of the 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.

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.

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 Chauhan, Managing Director of the Company.

iv) Financial performance with respect to operational performance

The sales of foreign Currency for the year ended 31st March, 2012 were Rs.287.24 lacs as compared to Rs 305.47 lacs in the previous year. The profit before depreciation, Tax & Non-recurring items was Rs. 9.37 Lacs for the year under review as compared to Rs.12.92 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 : 08/08/2012

Shivkumar R. Chauhan
Chairman & Managing Director

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 Chairmanship/ membership held in other Companies
Mr. Shivkumar R. Chauhan	Chairman & Managing Director	Promoter, Executive	—	Nil
Mr. Ketan N. Shah	Managing Director	Promoter Executive	1	2
Mr. Sandip R. Shah	Director	Promoter 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	1	Nil
Mr. Ashokkumar R. Patel	Director	Independent, Non-Executive	2	2

***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 held on 01/04/2011, 13/05/2011, 12/08/2011, 12/11/2011, 14/02/2012 and 25/03/2012

Name	No. of Board meeting attended	Attendance at the last AGM
Mr. Shivkumar R. Chauhan	06	Yes
Mr. Ketan N. Shah	06	Yes
Mr. Harshad S. Gandhi	06	Yes
Mr. Dahyabhai B. Sachaniya	01	No
Mr. Nishit Rupapara	05	Yes
Mr. Sandip R. Shah	06	Yes
Dr. Nayan C. Shah	02	No
Mr. Ashokkumar R. Patel	05	Yes

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

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

Brief resume of the Director seeking re-election at the 20th Annual General Meeting

Name	Dr. Nayan Champaklal Shah
Age (Date of Birth)	30/07/1955
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	MBBS, DMRD, MD having experience of more than 20 years as Group Chief Executive Officer of Healthcare related companies, activities spanning from Wellness Cure – rehabilitation, Healthcare Education, Healthcare Media and Healthcare IT.
Directorship held in other companies*	Dosti Realty Limited
Membership/Chairmanships of Committee in other Public Companies	None

* Pvt. Ltd. Companies excluded

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

Brief resume of the Director seeking re-election at the 20th Annual General Meeting

Name	Mr. Sandip R. Shah
Age (Date of Birth)	27/11/1968
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	Graduate Engineer in the field of Computer having experience of more than two decades in the field of Development, Networking and Project Management
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

* Pvt. Ltd. Companies excluded

3. Audit Committee:

During the year the Audit Committee of the Company has been reconstituted and four meetings of the Audit Committee were held on 13/05/2011, 12/08/2011, 12/11/2011 and 14/02/2012

Name	Category	Designation	No. of Committee meeting attended
Mr. Harshad S. Gandhi	Independent, Non-Executive	Chairman	04
Dr. Nayan C. Shah	Independent, Non-Executive	Member	02
Mr. Shivkumar R. Chauhan	PromoterExecutive	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. One meeting of the remuneration committee was held on 12/08/2011. None of the directors Except Mr. Shivkumr Chauhan, Managing Directors have been paid any remuneration for the financial year ended 31-03-2012.

5. Shareholders/Investors Grievance Committee:

The Shareholders'/Investors' Grievance Committee presently comprises Mr. Harshad S. Gandhi (Chairman) Mr. Sandip R. Shah and Shri Shivkumar R. Chauhan, Managing Director are members of 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. 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
19th	2010-2011	Ground Floor, Sampada Building, B/h A.K.Patel House, Mithakhali six Roads, Navrangpura, Ahmedabad-9.	27.09.2011	3.00 PM
18th	2009-2010	As Above	24.09.2010	11:00 AM
17th	2008-2009	As Above	30.09.2009	4:00 PM

Mr. Shivkumar Chauhan was appointed as a Managing Director through special resolution passed by Company at previous AGM. Pursuant to the provisions of Sections 192A of the Companies Act, 1956 there was no matter during the financial year 2011-12 required to be dealt by the Company to be passed through Postal Ballot.

7. Disclosures:

During the financial year ended 31st March, 2012 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 "Lokmitra Gujarati Daily" in Gujarati edition and "Free Press Gujarat" in English edition.

9. General Shareholders' 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 : Thursday
Date : 20th September, 2012
Time : 11. A.M
Venue : At Ground Floor, Sampada Building , B/h A.K.PatelHouse, Mithakhali Six Roads, Navrangpura, Ahmedabad-380009.
- c) Financial Calendar (tentative) : 1st Quarter Result : 2nd week of August, 2012
Half-Yearly Results : 2nd week of November 2012
3rd Quarter Results : 2nd week of February 2013
Yearly results (un-audited) : 2nd week of may 2013
- d) Book Closure Date : From Thursday the 13th September 2012 To Thursday the 20th September 2012 (Both Day Inclusive)
- e) Dividend Payment Date : Not Applicable.
- f) Listing of Shares on Stock Exchange : 1. Ahmedabad Stock Exchange Limited.
2. Bombay Stock Exchange Limited.
- (g) Stock Code : BSE : 531327
ASE : 11451
- (h) Registrar and Share Transfer Agent :

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.

CHARMS INDUSTRIES LIMITED

- (j) Stock Price Data: the shares of the Company have been traded at the Bombay Stock Exchange during 1st April, 2011 to 31st March, 2012. The information of Stock Price data are submitted here under:

Month	BSE		Shares Traded (No.)
	High(Rs.)	Low(Rs.)	
April, 2011	8.50	5.28	2,94,430
May, 2011	7.59	6.59	16,048
June, 2011	6.49	5.03	27,247
July, 2011	6.54	5.15	23,617
August, 2011	6.51	5.40	20,173
September, 2011	8.70	6.75	3,367
October, 2011	8.74	8.07	8,890
November, 2011	8.00	7.23	13,288
December, 2011	8.38	6.51	10,311
January, 2012	6.19	4.81	11,355
February, 2012	5.60	4.66	88,724
March, 2012	5.43	4.75	5,29,830

- (k) Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares Held	No. of Shareholders	% of Share Holders	No. of Shares Held	% of Shareholding
Up to 499	2485	81.342	598118	14.567
500 to 1000	257	8.412	222404	5.416
1001 to 2000	118	3.863	196195	4.778
2001 to 3000	50	1.637	129832	3.162
3001 to 4000	26	0.851	95547	2.327
4001 to 5000	17	0.556	79035	1.925
5001 to 10000	45	1.473	347003	8.451
10001 and above	57	1.866	2437966	59.374
TOTAL	3055	100.00	4106100	100.00

(l) Category of Shareholders as on 31st March, 2012:

Category	No. Of Shares	%to Share Capital
Indian Promoters	689317	16.79
Mutual Funds	—	—
Bank, Financial Institute	—	—
Private Corporate Bodies	412176	10.04
NRIs/OBCs	141086	3.43
FIIIs	—	—
Indian Public	2863521	69.74
C.M	—	—
TOTAL	4106100	100.00

(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 3179160 equity shares representing 77.43% were held on demat form and balance 926940 equity Shares representing 22.57% were in physical form as on March 31, 2012. 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 divided 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. Shivkumar R. Chauhan, Managing Director

For and on behalf of the Board

Place : Ahmedabad
Date : 08/08/2012

Shivkumar R. Chauhan
Chairman and Managing Director

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's personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2012.

For and on behalf of the Board

Place : Ahmedabad
Date : 08/08/2012

Shivkumar R. Chauhan
Chairman and Managing Director

CHIEF EXECUTIVE OFFICER (CEO) CERTIFICATION

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

To the Board of Directors of Charms Industries Limited

Dear Sir,

I have reviewed the financial statements, read with the cash flow statement of Charms Industries Limited for the year ended March 31st, 2012 and to the best of my knowledge and belief, I state that;

- a) (i) These statements do not contain any materiality 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 transaction 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 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 during the year and 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

Shivkumar R. Chauhan

Chairman and Managing Director

Place : Ahmedabad

Date : 08/08/2012

AUDITORS' CERTIFICATE

To the Members of 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, 2012 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)

M. No. :-15591

F.R.N.-108057W

Date : 08/08/2012

AUDITOR'S REPORT

To
The Members of Charms Industries Ltd.

1. We have audited the attached Balance Sheet of **CHARMS INDUSTRIES LTD.** as at 31st March, 2012 and also the Statement of Profit and Loss 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, the Statement of Profit and Loss and Cash Flow Statement dealt with this report are in agreement with the books of accounts.
(d) In our opinion, the Balance Sheet and the Statement of Profit and Loss 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, 2012 and taken on records by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2012 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 Note 16 (regarding loans / advances and especially of old loan amounts Rs. 16,66,674/-, 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, 2012 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

Praful N. Shah
(Proprietor)
M. No. :-15591
F.R.N.-108057W

Place : Ahmedabad
Date : 14/06/2012

ANNEXTURE REFERRED TO IN PARAGRAPH (1) OF THE AUDITOR'S REPORT TO THE MEMBERS OF CHARMS INDUSTRIES LIMITED FOR THE YEAR ENDED MARCH 31, 2012:-**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, none of the Fixed Assets have been sold.

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 (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

Praful N. Shah
(Proprietor)

Place : Ahmedabad
Date : 14/06/2012

M. No. :-15591
F.R.N.-108057W

BALANCE SHEET AS AT 31 MARCH, 2012

PARTICULARS	Note No.	As at 31/03/12		As at 31/03/11	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY AND LIABILITIES					
1. Shareholders' funds					
(a) Share Capital	1	41,061,000		41,061,000	
(b) Reserves and Surplus	2	(21,036,650)		(21,541,739)	
(c) Money received against share warrants		—		—	
			20,024,350		19,519,261
2. Share application money pending allotment (To the extent not refundable)					
		—		—	
3. Non-current liabilities					
(a) Long-term borrowings	3	209,636		209,636	
(b) Deferred Tax liabilities (Net)		—		—	
(c) Other Long term liabilities		—		—	
(d) Long-term Provisions		—		—	
			209,636		209,636
4. Current Liabilities					
(a) Short term borrowings		—		—	
(b) Trade payables	4	1,428,652		3,031,892	
(c) Other current liabilities	4A	850,000		610,000	
(d) Short term provisions		—		—	
			2,278,652		3,641,892
TOTAL			22,512,638		23,370,789
II ASSETS					
1. Non-current assets					
(a) Fixed assets	5				
(i) Tangible assets		7,749,880		7,942,060	
(ii) Intangible assets		—		—	
(iii) Capital work-in-progress		—		—	
(iv) Intangible assets under development		—		—	
(b) Non-current investments	6	6,550,753		6,733,000	
(c) Deferred tax assets (net)		—		—	
(d) Long-term loans and advances		—		—	
(e) Other non-current assets		—		—	
			14,300,633		14,675,060
2. Current assets					
(a) Current investments		—		—	
(b) Inventories	7	79,033		332,532	
(c) Trade receivables	8	2,074,413		2,492,529	
(d) Cash and Bank Balances	9	2,258,449		1,725,346	
(e) Short-term loans and advances	10	3,800,110		4,145,322	
(f) Other current assets		—	8,212,005	—	8,695,729
TOTAL			22,512,638		23,370,789

See accompanying notes forming part of the financial statements

In terms of our report of even date

For, **Prful N. Shah & Co.****Chartered Accountants**

(FRN : 108057W)

Prful N. Shah*Proprietor*

Membership No. : 15591

Dated : 14/06/2012

Place : Ahmedabad

FOR & ON BEHALF OF THE BOARD OF DIRECTORS
CHARMS INDUSTRIES LTD.**Shivkumar R. Chauhan** Chairman & Managing Director**Ketan N. Shah** *Managing Director*

Dated : 14/06/2012

Place : Ahmedabad

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31/03/12

PARTICULARS	Note No.	As at 31/03/12		As at 31/03/11	
		Rs.	Rs.	Rs.	Rs.
I Revenue from operations:	11				
Sale of Products		—		—	
Sale of Services		—		—	
Other Operating Revenues		28,724,289		30,547,369	
Less: Excise Duty		—	28,724,289	—	30,547,369
Increase in Inventory		—		—	
II Other Income	12	10,475,345	10,475,345	4,793,879	4,793,879
III Total Revenue (I + II)			39,199,634		35,341,248
IV Expenses					
Cost of Materials Consumed		27,221,934		28,291,827	
Purchases of Stock in Trade		—		—	
Changes in inventories of finished goods, work in progress and Stock-in-trade	13	253,499		(79,998)	
Employee benefits expense	14	509,317		132,350	
Finance Costs		—		—	
Depreciation and amortization expense	5	192,180		242,458	
Other expense	15	10,277,615		5,704,213	
Total Expense			38,454,545		34,290,850
V Profit before exceptional and extraordinary items and tax (III-IV)			745,089		1,050,398
VI Exceptional Items			—		—
VII Profit before extraordinary items and tax (V-VI)			745,089		1,050,398
VIII Extraordinary items			—		—
IX Profit before tax (VII-VIII)			745,089		1,050,398
X Tax expense:					
(1) Current tax			240,000		350,000
(2) Deferred tax			—		—
XI Profit/(Loss) for the period from continuing operations (IX-X)			505,089		700,398
XII Profit/(Loss) for the period from discontinuing operations			—		—
XIII Tax expense of discontinuing operations			—		—
XIV Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)			—		—
XV Profit/(Loss) for the period (XI + XIV)			505,089		700,398
XVI Earnings per equity share:					
(1) Basic			0.12		0.17
(2) Diluted			0.12		0.17

See accompanying notes forming part of the financial statements

In terms of our report of even date

For, **Prful N. Shah & Co.****Chartered Accountants**

(FRN : 108057W)

Prful N. Shah*Proprietor*

Membership No. : 15591

Dated : 14/06/2012

Place : Ahmedabad

**FOR & ON BEHALF OF THE BOARD OF DIRECTORS
CHARMS INDUSTRIES LTD.****Shivkumar R. Chauhan** Chairman & Managing Director**Ketan N. Shah** *Managing Director*

Dated : 14/06/2012

Place : Ahmedabad

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31/03/12		As at 31/03/11	
	Rupees	Rupees	Rupees	Rupees

NOTE '1' : SHARE CAPITAL

- Authorised				
45,00,000 Equity Shares of Rs. 10/- each [Previous Year : 45,00,000 Equity Shares of Rs.10/- each]		45,000,000		45,000,000
- Issued, Subscribed and Paid up				
* 41,06,100 Equity Shares of Rs.10/- each fully paid-up. [Previous Year : 41,06,100 Equity Shares of Rs.10/- each]		41,061,000		41,061,000
TOTAL		41,061,000		41,061,000

- Reconciliation of Shares:	Nos	Amt(Rs)	Nos	Amt(Rs)
Opening Share Capital	4,106,100	41,061,000	4,106,100	41,061,000
Add: Shares issued During the year	—	—	—	—
Add: Rights/Bonus Shares Issued	—	—	—	—
Total	4,106,100	41,061,000	4,106,100	41,061,000
Less: Buy back of Shares	—	—	—	—
Less Reduction in Capital	—	—	—	—
Closing Share Capital	4,106,100	41,061,000	4,106,100	41,061,000

- **List of Share holders having 5% or more Shares (In Nos)**

Name Of Shareholders	In Nos	In %	In Nos	In %
1. Marfatia Stock Broking Pvt. Ltd.	245,919	5.99	—	—

NOTE '2' : RESERVES AND SURPLUS

Profit and Loss Account	24,688,268	25,388,666
Add : Profit/(Loss) during the Year	505,089	700,389
	24,183,179	24,688,268
Capital Fund:		
Profit in sale of Land	3,146,529	3,146,529
TOTAL	(21,036,650)	(21,541,739)

NOTE '3' : LONG TERM BORROWINGS

- Unsecured		
- From Co-operative Bank	209,636	209,636
TOTAL	209,636	209,636

CHARMS INDUSTRIES LIMITED

Particulars	As at 31/03/12		As at 31/03/11	
	Rupees	Rupees	Rupees	Rupees
NOTE '4' : TRADE PAYABLES				
Trade Payables				
For Expenses		1,428,652		3,031,892
TOTAL		<u>1,428,652</u>		<u>3,031,892</u>
NOTE '4A' : OTHER CURRENT LIABILITIES				
Provision of taxation		850,000		610,000
TOTAL		<u>850,000</u>		<u>610,000</u>

NOTE '5' : FIXED ASSETS

Sr. No.	Description Of assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Cost as on 01.04.2011	Addition during the year	Adj. during the year	Total cost as at 31.03.2012	Depreciation as at 01.04.2011	Addition during the year	Dep adj.	Total Depre. As at 31.3.2012	As at 31.03.2011	As at 31.03.2012
1	Air Conditioners	90,847	—	—	90,847	79,088	1,764	—	80,852	11,759	9,995
2	Building	999,076	—	—	999,076	497,533	50,154	—	547,687	501,543	451,389
3	Computers And Printers	2,459,436	—	—	2,459,436	2,320,746	20,803	—	2,341,549	138,690	117,887
4	Furniture and Fixtures	890,671	—	—	890,671	802,192	8,848	—	811,040	88,479	79,631
5	VEHICLES	1,920,791	—	—	1,920,791	1,614,202	7,186	—	1,621,388	306,589	299,403
6	Office Equipment	7,950	—	—	7,950	7,950	—	—	7,950	—	—
7	Office Partition	12,340	—	—	12,340	12,340	—	—	12,340	—	—
8	Physical Health record	7,000,000	—	—	7,000,000	105,000	103,425	—	208,425	6,895,000	6,791,575
TOTAL RS.		13,381,111	—	—	13,381,111	5,439,051	192,180	—	5,631,231	7,942,060	7,749,880
CWIP			—	—	—	—	—	—	—	—	—
PREVIOUS YEAR RS.		—	—	—	—	—	—	—	—	—	—

NOTE '6' : NON-CURRENT INVESTMENTS

(All Quoted unless otherwise Specified)

Investment (Long term) with Mutual Funds	3,247,753	3,430,000
In House Property	3,303,000	3,303,000
Total Non-Current Investment	<u>6,550,753</u>	<u>6,733,000</u>

NOTE '7' : INVENTORIES

Stock of Foreign Currency	79,033	332,532
TOTAL	<u>79,033</u>	<u>332,532</u>

NOTE '8' : TRADE RECEIVABLES

Over Six Months

Good —

Below Six Months

Good 2,074,413

TOTAL 2,074,413 2,492,529

Particulars	On 31/03/12		On 31/03/11	
	Rupees	Rupees	Rupees	Rupees
NOTE '9' : CASH AND BANK BALANCES				
- Cash and Cash Equivalents				
Cash on Hand		18,988		81,227
Balance with Nationalized Banks				
- In Current Accounts		1,539,461		1,644,119
- In Fixed Deposit Accounts		700,000		—
TOTAL		2,258,449		1,725,346
NOTE '10' : SHORT TERM LOANS AND ADVANCES				
Others				
Advances recoverable in cash all kind		832,910		382,465
Loans to Companies & others		2,692,789		3,488,446
Balance with Statutory Authorities (Stock Exchange)		274,411		274,411
TOTAL		3,800,110		4,145,322
NOTE '11' : REVENUE FROM OPERATION				
Revenue from operation		28,724,289		30,547,369
TOTAL		28,724,289		30,547,369
NOTE '12' : OTHER INCOME				
Interest/ Dividend/ Mis.Income		121,705		699,484
Software Job Charges		10,353,640		4,094,395
TOTAL		10,475,345		4,793,879
NOTE '13'				
Stock Decreased /(Increased) by				
Opening Stock		332,532		252,534
Less : Closing Stock		79,033		332,532
TOTAL		253,499		(79,998)

Particulars	On 31/03/12		On 31/03/11	
	Rupees	Rupees	Rupees	Rupees
NOTE '14' : EMPLOYEE BENEFITS EXPENSES				
Salaries, Wages, Bonus etc.		328,677		132,350
Managing Director		140,000		—
Workmen and Staff Welfare Expenses		40,640		—
TOTAL		509,317		132,350

NOTE '15' : OTHER EXPENSES

To Auditors				
- As Auditors	50,000		50,000	
- For other services	25,000		25,000	
Electricity Charges	25,959		31,047	
Repairs and Maintenance	17,000		225,455	
Rent,Rates and Taxes	32,053		24,895	
Insurance Premium	24,954		30,390	
Vehicles Expenses	223,917		231,665	
Advertisement Exp.	22,225		35,146	
Expenses of A.G.M	31,870		5,150	
Bank Charges	1,583		—	
Commission For Foreign Currency Bussiness	165,324		167,142	
Courier & Postage Exp.	7,650		5,050	
Legal fees and Expenses	99,963		86,963	
Office Exp.	170,207		222,538	
Sales Promotion	—		550,000	
Printing & Stationery Exp.	38,078		30,250	
Income Tax / 31-3-2011	—		75,000	
Income Tax / 31-3-2010	—		47,763	
Telephone Exp.	55,860		69,510	
Accounting Charges	12,000		—	
Conveyance	6,000		—	
Expenses Related To Softwer Job Charges	9,267,972		3,791,249	
TOTAL		10,277,615		5,704,213

NOTE 16 : Accounting Policies & Notes on Accounts

A: 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:

	<u>FOR THE YEAR ENDED</u>	
	<u>31-3-2012</u>	<u>31-3-2011</u>
	<u>Rs.</u>	<u>Rs.</u>
(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) LOANS & ADVANCES:-		

In earlier years, when a sum of Rs. 1,94,17,153/- was written off being treated as bad of recovery, the balance amount of Rs. 21,15,000/- was treated as good of recovery. Out of the said amount as on 31-3-2012, a sum of Rs. 16,66,674/- is outstanding. The management is hopeful for its recovery and necessary regular follow up has been done during the year and the management is in process to recover the same. Under the circumstances, all such sums have been treated as good for recovery. Further, during the year, the surplus funds of Rs. 3,50,000/- has been advanced to some other parties. The management is in process to recover the interest on the same as well as loan amount.

- (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.

In terms of our report of even date

For, **Praful N. Shah & Co.**

Chartered Accountants

(FRN : 108057W)

Praful N. Shah

Proprietor

Membership No. : 15591

Dated : 14/06/2012

Place : Ahmedabad

**FOR & ON BEHALF OF THE BOARD OF DIRECTORS
CHARMS INDUSTRIES LTD.**

Shivkumar R. Chauhan Chairman & Managing Director

Ketan N. Shah *Managing Director*

Dated : 14/06/2012

Place : Ahmedabad

CASHFLOW STATEMENT FOR THE YEAR ENDED ON 31/03/2012

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Net Profit Before Tax as per P & L A/c	505,089	700,398
Add : Non-Cash & Non operating Expenses		
Depreciation	192,180	242,458
Income Tax Provision	240,000	350,000
Profit before change in working capital(A)	<u>937,269</u>	<u>1,292,856</u>
OPERATING ACTIVITIES		
Decrease in Creditors for expense	(1,603,240)	2,427,696
Decrease in Stock	253,499	(79,998)
Decrease in Debtors	418,116	(2,492,529)
Increase in Loans & Advances	345,212	(1,453,768)
Cashflow from Operating Activies (B)	<u>(586,413)</u>	<u>(1,598,599)</u>
Cashflow from Investing activities		
Purchase of Fixed Assets	—	(7,000,000)
Sale of Fixed Assets	2,609,000	
Sale of investment	182,247	
Increase in Share Capital	Nil	Nil
Increase in Share Application money	Nil	Nil
Increase / Decrease in Secured loans	Nil	Nil
Increase / Decrease in Unsecured loans	—	—
Net Cashflow from Financing activities (C)	<u>182,247</u>	<u>(4,391,000)</u>
Increase / Decrease in Cashflow during the year (A+B+C)	<u>533,103</u>	<u>(4,696,743)</u>
Opening Balance of Cash & Cash Equivalents	1,725,346	6,422,089
Closing Balance of Cash & Cash Equivalents	2,258,449	1,725,346
	<u>(533,103)</u>	<u>4,696,743</u>

In terms of our report of even date

For, **Praful N. Shah & Co.****Chartered Accountants**

(FRN : 108057W)

Praful N. Shah*Proprietor*

Membership No. : 15591

Dated : 14/06/2012

Place : Ahmedabad

**FOR & ON BEHALF OF THE BOARD OF DIRECTORS
CHARMS INDUSTRIES LTD.****Shivkumar R. Chauhan** Chairman & Managing Director**Ketan N. Shah** *Managing Director*

Dated : 14/06/2012

Place : Ahmedabad

CHARMS INDUSTRIES LIMITED

Regd. Office : 108-B/109, Sampada Building, B/h. A. K. Patel House, Mithakali Six Roads, Navrangpura, Ahmedabad-09

PROXY FORM

DP Id* _____ Regd. Folio No. _____

Client Id* _____

I/We _____

of _____ in the district of _____ being a member/members of the above named Company, hereby appoint

Mr./Mrs. _____ of _____ in the

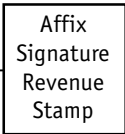
district of _____ or failing him/her Mr./Mrs. _____ of

_____ in the district of _____

as my/our Proxy to vote for me/our behalf at the Annual General Meeting of the Company to be held on Thursday, the 20th September, 2012 at 11.00 A.M. at Ground Floor, Sampada Building, B/h. A. K. Patel House, Mithakhali Six Road, Navrangpura, Ahmedabad-380009.

Signed the _____ day of _____ 2012

Signature _____



* Applicable for members holding shares in dematerialised form.

- 1. The Proxy Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of meeting.

CHARMS INDUSTRIES LIMITED

Regd. Office : 108-B/109, Sampada Building, B/h. A. K. Patel House, Mithakali Six Roads, Navrangpura, Ahmedabad-09

ATTENDANCE SLIP

Full name of the Member attending : _____

Name of Proxy : _____

I hereby record my presence at the Annual General Meeting being held on Thursday, the 20th September, 2012 at 11.00 A.M. at Ground Floor, Sampada Building, B/h. A. K. Patel House, Mithakhali Six Road, Navrangpura, Ahmedabad-380009.

Regd. Folio No. _____

DP Id* _____

Client Id* _____

No. of Share held _____

Member's/Proxy's Signature
(To be signed at the time of handing over the slip)

* Applicable for members holding shares in dematerialised form.

Note : Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.

BOOK-POST

If undelivered

Please return to :

CHARMS INDUSTRIES LIMITED

108-B/109, Sampada Building, B/h. A. K. Patel House,
Mithakali Six Roads, Navrangpura, Ahmedabad-09