



CHARMS INDUSTRIES LIMITED

FOREX ■ MONEY TRANSFER

108-B/109, Sampada Building, Opp. Cross Word, Mithakhali Six Roads,
Navrangpura, Ahmedabad-380 009. Phone : 079-2642 2081 Telefax : 2644 0404
E-mail : charmsltd@yahoo.com, charms@satyam.net.in

CIN: L72900GJ1992PLC017494

FORM B

COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES


1. Name of the Company: **Charms Industries Limited**
2. Annual financial statements for the **31st March, 2014**
year ended
3. Type of Audit qualification **Subject to our comment,
Head (Opinion) of Auditors'
Report**
4. Frequency of qualification **Qualification Under Head i.e.
Opinion of Auditors' Report
relating to Non Provision for
Doubtful Loans.
The said qualification for a
certain amount relates from
2002-03.**
5. Draw attention to relevant notes in the **As Per Annexure "1"**
annual financial statements and
management response to the
qualification in the directors report:
6. Additional comments from the **No**
Board/audit committee chair:

S. S. Chandra Chatur


7. To be signed by-
- CEO/Managing Director


(Shivkumar R. Chauhan)

- Auditor of the company


For, **Praful N. Shah & Co.-**
(Praful N. Shah)
Proprietor

- Audit Committee Chairman


(Mr. Harshad S. Gandhi)

Annexure – 1

Sr. No.	Auditors Remarks		Board Comments or reply on Auditors remarks in Board of Director's Report
	Comment	Particular	
1.	Loans & Advances and Security Deposit	<p>Qualification & Adverse Remarks In Auditors Report Under The Head (Opinion): Loans & Advances amounting Rs. 39,60,663 are cumulative amounts given as loan in last 5/6 years (except Rs. 6 lacs given during the year). All such amounts were advanced as Short Term Loans. However, the same are still remains outstanding as not received back as per stipulation. The management is taking all steps required including Legal Actions for their recovery. The management are hopeful for the recovery and hence they are treated as good of recovery. As principal loan amounts are not received in time, the interest thereon has not accounted in books of accounts. However, due to passing of long time of loan given, we are of the opinion that they appears to be doubtful loans for which no provision has been made and to that extent, this year profit & accumulated loss have been under stated.</p>	<p>Director's Comments On Auditors Qualification & Adverse Remarks In Auditors Report: The Auditors has made qualifications and marked adversely in their Report under the head (OPINION) The Directors comment on these qualifications and the specific remark of the Auditors under the head (OPINION) of the Auditors' Report for non-provision of doubtful loans and advances amounting Rs.39,60,663/- which are cumulative amounts given as loan in last 5/6 years (except Rs.6.00 lacs given during the year), the Board of your Company like to inform you that the management of the Company is taking all steps required including legal action for their recovery. The Management of your Company is hopeful for the recovery of the outstanding loans and advances given by the Company, out of its surplus funds and therefore they have been treated as good of recovery and has not provided</p>

S. Suman. Chak

22nd
ANNUAL REPORT
2013-14

CHARMS INDUSTRIES LIMITED

22nd ANNUAL REPORT 2013-14**BOARD OF DIRECTORS**

Shri Shivkumar R. Chauhan	<i>Managing Director</i> (DIN : 00841729)
Shri Ketan N. Shah	<i>Managing Director (upto 30/05/2014)</i> (DIN : 00913411)
Shri Harshad S. Gandhi	<i>Director</i> (DIN : 01056779)
Shri Dahyabhai B. Sachaniya	<i>Director</i> (DIN : 02468095)
Shri Nishit M. Rupapara,	<i>Director</i> (DIN : 02859031)
Dr. Nayan C. Shah	<i>Director (upto 30/05/2014)</i> (DIN : 00823070)
Shri Sandip R. Shah	<i>Director (upto 30/05/2014)</i> (DIN : 00912721)
Shri Ashokkumar R. Patel	<i>Director (upto 30/05/2014)</i> (DIN : 02993352)

AUDITORS

M/s. Praful N. Shah & Co.,
Chartered Accountants
Ahmedabad

BANKERS

Indian Overseas Bank
ICICI Bank
Development Credit 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

(CIN:L72900GJ1992PLC017494)

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held on Saturday, 27th September, 2014 at 1.00 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 as at 31st March, 2014 and Statement of Profit & Loss and Cash Flow Statement for the year ended on 31st March, 2014 and Report of Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Nishit M. Rupapara who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

Regd office :

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

Date : 11/08/2014

By Order of the Board

Shivkumar R Chauhan
Chairman
(DIN : 00841729)

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 Friday, 19th September, 2014 to, Saturday 27th September, 2014 (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.**

Brief resume of the Director seeking re-appointment at the 22nd Annual General Meeting

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 8 years of management ,finance and administration
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 : 11/08/2014

By Order of the Board

Shivkumar R Chauhan
Chairman
(DIN : 00841729)

DIRECTORS' REPORT

TO,
THE MEMBERS,

The Directors present the TWENTY SECOND ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2013-14 ended on 31st March, 2014.

Financial RESULTS:

	(Amount in Rs.)	
	<u>2013-14</u>	<u>2012-13</u>
Total income (Net)	2,97,87,895	3,58,25,212
Total Expenditure	2,90,88,161	3,49,07,486
Gross Profit / (Loss)	6,99,734	9,17,726
Less:		
Depreciation	1,91,614	1,70,310
Provision for taxation	1,70,000	2,40,000
Profits / (Loss) after Tax	<u>3,38,120</u>	<u>5,07,416</u>

OPERATIONS:

Despite keen competition in the field of Foreign Exchange business, the Company was able to maintain the sales of foreign currency of Rs 233.23 Lacs this year as against Rs. 294.63 Lacs for the previous year. The profit after tax for the year has increased to Rs.3,38 Lacs as against Rs.5.07 Lacs 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, 2014 being end of the financial year 2013-14 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.

DIRECTOR:

Shri Nishit M. Rupapara, Directors of the Company, is liable to retire by rotation and being eligible offers themselves for re-appointment.

The Board of your Company recommends their re-appointment as Director under the category of liable to retire by rotation. Mr. Ketan N. Shah, Dr. Nayan C. Shah, Mr. Sandip R. Shah and Mr. Ashokkumar R. Patel have resigned on 30/05/2014, the board has taken on record the valuable services and advices given by them during their tenure as Directors of the Company.

DIRECTOR'S COMMENTS ON AUDITORS QUALIFICATION & ADVERSE REMARKS IN AUDITORS REPORT:

The Auditors has made qualifications and marked adversely in their Report under the head (OPINION)

The Directors comment on these qualifications and the specific remark of the Auditors under the head (OPINION) of the Auditors' Report for non-provision of doubtful loans and advances amounting Rs.39,60,663/- which are cumulative amounts given as loan in last 5/6 years (except Rs.6.00 lacs given during the year), the Board of your Company like to inform you that the management of the Company is taking all steps required including legal action for their recovery. The Management of your Company is hopeful for the recovery of the outstanding loans and advances given by the Company, out of its surplus funds and therefore they have been treated as good of recovery and has not provided for doubtful loans and advances. The Management hereby assures that once all the efforts to recover the outstanding amount fails, necessary provisions for doubtful loans and advances will be done in the Books of the Company.

The notes and remarks of Auditors' are self-explanatory.

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 139 of the Companies Act, 2013. Board of Directors of your Company favour their re-appointment as Auditors of the Company and such re-appointment if done, shall be upto the conclusion of next Annual General Meeting of the Company.

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 2014-15 has been paid to Bombay Stock Exchange and 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

Shivkuamr R Chauhan
Chairman & Managing Director
(DIN : 00841729)

Place : Ahmedabad
Date : 11/08/2014

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, 2014**. 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. No forms and returns to Regional Director, Central Government, Company Law Board were being filed during the financial year
3. The Company being Limited Company *has* the minimum prescribed paid-up capital.
4. The Board of Directors duly met (4) Four times on **30/05/2013, 14/08/2013, 29/10/2013 and 13/02/2014** 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 Tuesday, 24th September, 2013 to Monday, 30th September, 2013 (both Days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on **31/03/2013** was held on Monday 30th September, 2013 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 has 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, however there were no allotment during the year;
 - ii) not declared any dividend during the year;
 - 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 any Managing Director 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 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 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.
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 provision of Articles of Associations during the year under scrutiny and has complied with the applicable provisions of the Act.
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 383A of the Act, the Company has already replied the said Notice and no information of further action is available. Apart from this there is a 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

Devesh Khandelwal
Proprietor

FCS 6897

COP No. : 4202

Place : Ahmedabad
Date : 11/08/2014

Annexure A**Registers as maintained by the Company:**

Sr No.	Section	Name of the Register
1.	150	Register of Members
2.	193(1)	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.	111A	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, 2014.

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 23AC & ACA XBRL (2012-13)	220	28/10/2013 Q18806687	Yes	No
2	Form 66 (2012-13)	383A	24/10/2013 Q16539884	Yes	No
3	Form 20B (2012-13)	159	25/11/2013 Q24839284	Yes	No

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

Devesh Khandelwal
Proprietor

FCS 6897

COP No. : 4202

Place : Ahmedabad
Date : 11/08/2014

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 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.

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, 2014 were Rs.48.56 lacs as compared to Rs 294.63 lacs in the previous year. The profit before depreciation, Tax & Non-recurring items was Rs. 507416 for the year under review as compared to Rs.505089 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

Shivkuamr R Chauhan
Chairman & Managing Director
(DIN : 00841729)

Place : Ahmedabad
Date : 11/08/2014

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 4 Directors, of which 3 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	None	Nil
Mr. Ketan N. Shah#	Managing Director	Promoter Executive	1. Asya Infosoft Limited	Nil
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. Dosti Realty Limited	Nil
Mr. Ashokkumar R. Patel#	Director	Independent, Non-Executive	1. Asya Infosoft Limited 2. Shree Benzophen Industries Limited	2

* Excludes alternate directorship and directorship in foreign companies, Private companies and companies governed by Section 25 of the Companies Act, 1956.

** Excludes Committees other than Audit Committees and Shareholders'/ Investors' Grievance Committees and Companies other than Public Limited Companies.

Upto 30th May, 2014

- 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 Four (4) Board Meetings held on **30/05/2013, 14/08/2013, 29/10/2013, and 13/02/2014**

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

#Upto 30th May, 2014

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 22nd Annual General Meeting

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 8 years of management ,finance and administration
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

*Pvt. Companies excluded

3. Audit Committee:

Term of reference:

The terms of reference of the Audit committee, as specified by the Board, includes the whole as specified in the clause 49 of the listing agreement, including a review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with regulatory guidelines. The committee members are all non-executive except One and majority being the independent directors, collectively having requisite knowledge of finance, accounts and company law. The committee recommends the appointment of external auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that financial statements are correct sufficient and credible. The report of the statutory auditors is reviewed along with managements' comments and action-taken reports.

During the financial year ended on 31st March 2014, The Audit Committee met four (4) times on **30/05/2013, 14/08/2013, 29/10/2013, and 13/02/2014.**

The Audit Committee of Company is reconstituted with effect from 30.05.2014

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

(Dr. Nayan C. Shah resigned from directorship of Company w.e.f. 30/05/2014)

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 Company is reconstituted with effect from 30.05.2014

Composition:

The remuneration committee of the company comprises of Shri Harshad S. Gandhi, Shri Nishit Rupapara (Chairman) and Shri Dahyabhai B. Sachaniya.

Meetings and attendance during the year:

Since there were no agenda requiring decision to fix remuneration of directors, no meetings were held during the year under review. None of the directors Except Mr. Shivkumar Chauhan, Managing Directors have been paid any remuneration for the financial year ended 31-03-2014.

5. Shareholders/Investors Grievance Committee:

The Shareholders'/Investors' Grievance Committee presently comprises Mr. Harshad S. Gandhi (Chairman), Shri Nishit Rupapara 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
21 st	2012-2013	Ground Floor, Sampada Building, B/h A.K.Patel House, Mithakhali six Roads, Navrangpura, Ahmedabad-9.	30.09.2013	12.30 P.M.
20 th	2011-2012		20.09.2012	11.00 AM
19 th	2010-2011		27.09.2011	3.00 PM

There were no special resolutions passed by the Company at the previous AGM of the company. Pursuant to the provisions of section 192A of the Companies Act, 1956, there was no matter during the year 2013-14, required to be dealt by the company to be passed through postal ballot.

7. Disclosures:

During the financial year ended 31st March, 2014 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 : Saturday
Date : 27th September, 2014
Time : 01.00 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 Result : 2nd week of August, 2014
Half-Yearly Results : 2nd week of November 2014
3rd Quarter Results : 2nd week of February 2015
Yearly results (audited) : end of may 2015
- d) Book Closure Date : From Friday the 19th September, 2014 To Saturday the 27th September, 2014 (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 for dematerialisation of securities are processed and confirmation is given to the depositories within 15 days.

- j) Stock Price Data: the shares of the Company have been traded at the Bombay Stock Exchange during 1st April, 2013 to 31st March, 2014. The information of Stock Price data are submitted here under:

Month	BSE		Shares Traded
	High(Rs.)	Low(Rs.)	(No.)
April, 2013	4.70	4.51	700
May, 2013	7.15	4.93	1,650
June, 2013	8.50	7.20	1,035
July, 2013	7.98	6.90	3,14,864
August, 2013	7.47	6.17	2,66,158
September,2013	9.30	7.84	5,302
October, 2013	10.65	8.38	207
November, 2013	9.62	7.46	32,211
December,2013	7.09	6.09	36,000
January, 2014	6.15	5.85	11
February, 2014	-	-	-
March, 2014	5.56	4.38	35

- k) Distribution of Shareholding as on 31th March, 2014:

No. of Equity Shares Held	No. of Shareholders	% of Share Holders	No. of Shares Held	% of Shareholding
Up to 500	2485	81.13	594163	14.47
501 to 1000	262	8.5537	226299	5.51
1001 to 2000	122	3.983	203135	4.95
2001 to 3000	51	1.665	133177	3.24
3001 to 4000	24	0.7835	89067	2.17
4001 to 5000	19	0.6203	88997	2.17
5001 to 10000	45	1.4691	343525	8.37
10001 and above	55	1.7956	2427737	59.12
TOTAL	3063	100.00	4106100	100.00

l) Category of Shareholders as on 31st March, 2014:

Category	No. Of Shares	%to Share Capital
Indian Promoters	717655	17.48
Mutual Funds	-	-
Bank, Financial Institute	-	-
Private Corporate Bodies	514057	12.52
NRIs/OBCs	70286	1.71
FIIIs	-	-
Indian Public	2804102	68.29
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 3183760 equity shares representing 77.54% were held on demat form and balance 922340 equity Shares representing 22.46% were in physical form as on 31st March, 2014. 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, 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

Shivkuamr R Chauhan
Chairman & Managing Director
(DIN : 00841729)

Place : Ahmedabad

Date : 11/08/2014

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, 2014.

For and on behalf of the Board

Shivkuamr R Chauhan
Chairman & Managing Director
(DIN : 00841729)

Place : Ahmedabad

Date : 11/08/2014

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, 2014 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

Shivkuamr R Chauhan

Chairman & Managing Director

(DIN : 00841729)

Place : Ahmedabad
Date : 11/08/2014

CORPORATE GOVERNANCE 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, 2014 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

Place : Ahmedabad
Date : 11/08/2014

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
Charms Industries Limited
Ahmedabad

Report on Financial Statement

We have audited the accompanying financial statements of **Charms Industries Ltd** ("the company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standard on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with accounting principles generally accepted in India subject to following remark :-

Loans & Advances amounting Rs. 39,60,663 are cumulative amounts given as loan in last 5/6 years (except Rs. 6 lacs given during the year). All such amounts were advanced as Short Term Loans. However, the same are still remains outstanding as not received back as per stipulation. The management is taking all steps required including Legal Actions for their recovery. The management are hopeful for the recovery and hence they are treated as good of recovery. As principal loan amounts are not received in time, the interest thereon has not accounted in books of accounts. However, due to passing of long time of loan given, we are of the opinion that they appears to be doubtful loans for which no provision has been made and to that extent, this year profit & accumulated loss have been under stated.

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

and

b) in the case of Profit and Loss Account, of the profit/loss for the year ended on that date;

Report on the Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by the law have been kept by the company so far as appears from our examination of those books
- c) the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act,1956.
- e) on the basis of written representation received from the directors as on March 31,2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of Companies Act,1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For, **Praful N. Shah & Co.**
Chartered Accountants
(F.R.N. – 108057W)

Place : Ahmedabad
Date : 30/05/2014

Praful N. Shah
Proprietor
Membership No. : 15591

ANNEXURE REFERRED TO IN PARAGRAPH (1) OF THE AUDITOR'S REPORT TO THE MEMBERS OF CHARMS INDUSTRIES LIMITED FOR THE YEAR ENDED MARCH 31, 2014**1. FIXED ASSETS:-**

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

2. NATURE OF BUSINESS:-

The Company is doing the business as Money Changer (Trading in Foreign Currency & Travellers' Cheques & 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
(F.R.N. – 108057W)

Praful N. Shah
Proprietor

Membership No. : 15591

Place : Ahmedabad
Date : 30/05/2014

BALANCE SHEET AS AT 31 MARCH, 2014

PARTICULARS	Note No.	As at 31/03/14		As at 31/03/13	
		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	(20,191,114)		(20,529,234)	
(c) Money received against share warrants		-		-	
			20,869,886		20,531,766
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	480055		401,000	
(c) Other current liabilities	4A	1260000		1,090,000	
(d) Short term provisions		-		-	
			1,740,055		1,491,000
TOTAL			22,819,577		22,232,402
II ASSETS					
1. Non-current assets					
(a) Fixed assets	5				
(i) Tangible assets		7387956		7579570	
(ii) Intangible assets		-		-	
(iii) Capital work-in-progress		-		-	
(iv) Intangible assets under development		-		-	
(b) Non-current investments	6	5,358,000		6,303,000	
(c) Deferred tax assets (net)		-		-	
(d) Long-term loans and advances		-		-	
(e) Other non-current assets		-		-	
			12,745,956		13,882,570
2. Current assets					
(a) Current investments		-		-	
(b) Inventories	7	308364		171,874	
(c) Trade receivables	8	2185810		2,185,810	
(d) Cash and Bank Balances	9	1974064		1,627,109	
(e) Short-term loans and advances	10	5,605,383		4,365,039	
(f) Other current assets		-	10,073,621	-	8,349,832
TOTAL			22,819,577		22,232,402

See accompanying notes forming part of the financial statements

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 : 30/05/2014

Place : Ahmedabad

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

Managing Director

(DIN:00841729)

Dated : 30/05/2014

Place : Ahmedabad

Harshad Gandhi

Director

(DIN:01056779)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31/03/14

PARTICULARS	Note No.	As at 31/03/14		As at 31/03/13	
		Rs.	Rs.	Rs.	Rs.
I Revenue from operations:	11				
Sale of Products		23,323,478		29,463,097	
Sale of Services		-		-	
Other Operating Revenues		-		-	
Less: Excise Duty		-		-	
			23,323,478		29,463,097
II Other Income	12		6,464,417		6,362,115
III Total Revenue (I + II)			<u>29,787,895</u>		<u>35,825,212</u>
IV Expenses					
Cost of Materials Consumed		-			
Purchases of Stock in Trade		23,221,115		28,759,203	
Changes in inventories of finished goods, work in progress and Stock-in- trade	13	(136,490)		(92,841)	
Employee benefits expense	14	409,085		552,187	
Finance Costs		-		-	
Depreciation and amortization expense	5	191,614		170,310	
Other expense	15	5,594,451		5,688,937	
Total Expense			<u>29,279,775</u>		<u>35,077,796</u>
V Profit before exceptional and extraordinary items and tax (III-IV)			508,120		747,416
VI Exceptional Items			-		-
VII Profit before extraordinary items and tax (V-VI)			508,120		747,416
VIII Extraordinary items			-		-
IX Profit before tax (VII-VIII)			508,120		747,416
X Tax expense:					
(1) Current tax		170,000		240,000	
(2) Deferred tax		-		-	
			<u>170,000</u>		<u>240,000</u>
XI Profit/(Loss) for the period from continuing operations (IX - X)			<u>338,120</u>		<u>507,416</u>
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)			<u>338,120</u>		<u>507,416</u>
XVI Earnings per equity share:					
(1) Basic			0.08		0.12
(2) Diluted			0.08		0.12

See accompanying notes forming part of the financial statements

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 : 30/05/2014

Place : Ahmedabad

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

Managing Director

(DIN:00841729)

Dated : 30/05/2014

Place : Ahmedabad

Harshad Gandhi

Director

(DIN:01056779)

CASHFLOW STATEMENT FOR THE YEAR ENDED ON 31/03/2014

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
A. Cashflow From Operating Activities		
Net Profit Before Tax	338,120	507,416
Adjustments for		
Depreciation	191,614	170,310
Income Tax Provision	170,000	240,000
Operating Profit before Working Capital Changes	699,734	917,726
OPERATING ACTIVITIES		
Trade Payables	79,055	(1,027,652)
Inventory	(136,490)	(92,841)
Trade Receivables	-	(111,397)
Loans & Advances	(1,240,344)	(564,929)
Other current liabilities		
Cash Generated From operations	(1,297,779)	(1,796,819)
B. Cashflow from Investing activities		
Investment	945,000	247,753
Net Cash from Investing Activities	945,000	247,753
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B)	346,955	(631,340)
Opening Balance of Cash & Cash Equivalents	1,627,109	2,258,449
Closing Balance of Cash & Cash Equivalents	1,974,064	1,627,109
	346,955	(631,340)

Note:

The Statement of Cash Flow has been Prepared under the indirect method as set out in Accounting Standard-3 issued under the Companies (Accounting Standard) Rules,2006.

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 : 30/05/2014

Place : Ahmedabad

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

Shivkumar R. Chauhan

Managing Director

(DIN:00841729)

Dated : 30/05/2014

Place : Ahmedabad

Harshad Gandhi

Director

(DIN:01056779)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31/03/14		As at 31/03/13	
	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
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- **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
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TOTAL

41,061,000	41,061,000
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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. Shivkumar R Chauhan	513,584	12.51	445,484	10.85
2. Amrapali Aadya Trading & Investment Pvt. Ltd.	378,349	9.21	-	-

NOTE '2' : RESERVES AND SURPLUS

Profit and Loss Account	(23,675,763)	(24,183,179)
Add: Profit of the year	338,120	507,416
	(23,337,643)	(23,675,763)
Capital Reserve	3,146,529	3,146,529
TOTAL	(20,191,114)	(20,529,234)

NOTE '3' : LONG TERM BORROWINGS

- **Unsecured**

- From Co-operative Bank (Subject to Confirmation/Bank Closed)	209,636	209,636
TOTAL	209,636	209,636

CHARMS INDUSTRIES LIMITED

Particulars	As at 31/03/14		As at 31/03/13	
	Rupees	Rupees	Rupees	Rupees
NOTE '4' : TRADE PAYABLES				
Trade Payables				
For Expenses		480055		401,000
TOTAL		<u>480055</u>		<u>401,000</u>
NOTE '4A' : OTHER CURRENT LIABILITIES				
Provision of taxation		1260000		1,090,000
TOTAL		<u>1260000</u>		<u>1,090,000</u>

NOTE '5' : FIXED ASSETS

Sr. No.	Description Of assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost as on 01.04.2013	Addition during the year	Adj. during the year	Total cost as at 31.03.2014	Depreciation as at 01.04.2013	Addition during the year	Dep adj. at 31.3.2014	Total Depre. As 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets:											
1	Air Conditioners	90,847			90,847	82,537	1,496	-	84,033	6,814	8,310
2	BUILDING	999,076	-	-	999,076	592,826	40,625	-	633,451	365,625	406,250
3	Computers And Printers	2,459,436	-	-	2,459,436	2,359,232	15,030	-	2,374,262	85,174	100,204
4	FURNITURE AND FIXTURES	890,671	-	-	890,671	819,003	7,167	-	826,170	64,501	71,668
5	VEHICLES	1,920,791	-	-	1,920,791	1,657,280	26,351	-	1,683,631	237,160	263,511
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	270,373	100,945	-	371,318	6,628,682	6,729,627
TOTAL RS.		13,381,111	-	-	13,381,111	5,801,541	191,614	-	5,993,155	7,387,956	7,579,570
PREVIOUS YEAR RS.		13,381,111	-	-	13,381,111	5,631,231	170,310	-	5,801,541	7,579,570	-

NOTE '6' : NON-CURRENT INVESTMENTS

(All Quoted unless otherwise Specified)

Investment (Long term) with Mutual Funds	2,055,000	3,000,000
In House Property	3,303,000	3,303,000
Total Non- Current Investment	<u>5,358,000</u>	<u>6,303,000</u>

NOTE '7' : INVENTORIES

Stock of Foreign Currency	308,364	171,874
TOTAL	<u>308,364</u>	<u>171,874</u>

NOTE '8' : TRADE RECEIVABLES

Over Six Months		
Good	2,185,810	0
Below Six Months		
Good	0	2,185,810
TOTAL	<u>2,185,810</u>	<u>2,185,810</u>

Particulars	As at 31/03/14		As at 31/03/13	
	Rupees	Rupees	Rupees	Rupees
NOTE '9' : CASH AND BANK BALANCES				
- Cash and Cash Equivalents				
Cash on Hand		463,755		262,695
Balance with Nationalized Banks				
- In Current Accounts		1,510,309		1,364,414
TOTAL		1,974,064		1,627,109
NOTE '10' : SHORT TERM LOANS AND ADVANCES				
Others				
Advances recoverable in cash or kind(TDS)		1,370,309		628,230
Loans to Companies & others		3,960,663		3,462,398
Balance with Statutory Authorities (Stock Exchange, Since the year of Public Issue)		274,411		274,411
TOTAL		5,605,383		4,365,039
NOTE '11' : REVENUE FROM OPERATION				
Sale of Products		23,323,478		29,463,097
TOTAL		23,323,478		29,463,097
NOTE '12' : OTHER INCOME				
Interest/ Dividend/ Mis.Income		244,447		101,765
Software Job Charges		6,219,970		6,260,350
TOTAL		6,464,417		6,362,115
NOTE '13'				
Changes in inventories of Finished Goods				
Opening Stock		171,874		79,033
Less : Closing Stock		308,364		171,874
TOTAL		(136,490)		(92,841)

CHARMS INDUSTRIES LIMITED

Particulars	As at 31/03/14		As at 31/03/13	
	Rupees	Rupees	Rupees	Rupees
NOTE '14' : EMPLOYEE BENEFITS EXPENSES				
Salaries, Wages, Bonus etc.		109,085		252,187
Managing Director		300,000		300,000
TOTAL		409,085		552,187
NOTE '15' : OTHER EXPENSES				
To Auditors				
- As Auditors	50,000		50,000	
- For other services	25,000		25,000	
Electricity Charges	33,284		29,864	
Repairs and Maintenance	34,500		43,653	
Rent,Rates and Taxes	39,457		33,426	
Insurance Premium	0		21,601	
Vehicles Expenses	135,774		129,097	
Advertisement Exp.	799		12,320	
Expenses of A.G.M	9,450		11,150	
Bank Charges	4,232		1,985	
Commission For Foreign Currency Bussiness	141,277		116,376	
Courier & Postage Exp.	15,710		2,760	
Legal fees and Expenses	114,905		106,550	
Office Exp.	367,217		79,995	
Printing & Stationery Exp.	10,652		9,200	
Income Tax / 31-3-2012	0		17,190	
Telephone Exp.	71,540		69,088	
Accounting Charges	0		12,000	
Conveyance	0		6,000	
Expenses Related To Softwer Job Charges	4,495,000		4,911,682	
Loss On Sale Of Investment	40,654		0	
Donation	5,000		0	
TOTAL		5,594,451		5,688,937

NOTE : 16 NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-3-2014 :

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>31-3-2014</u>	<u>31-3-2013</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 :-		

Loans to Companies and others amounting to Rs. 39,60,663/- includes:

- i. Rs. 16,66,674/- outstanding prior to 31/03/2012
- ii. Rs. 3,50,000/- has been advanced in the year 2011-12 and
- iii. Rs. 6,00,000/- is advanced during the year 2013-14.

In the opinion of Board of Directors, all these advances are good for recovery.

On such advances neither interest nor any amount is received till this date. Under such circumstances, in our opinion, all said amounts are appeared to be bad of recovery.

As Directors are in the opinion to recover the same, no provisions for such doubtful amounts have been made in the accounts

- (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 : 30/05/2014

Place : Ahmedabad

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

Shivkumar R. Chauhan

Managing Director

(DIN:00841729)

Dated : 30/05/2014

Place : Ahmedabad

Harshad Gandhi

Director

(DIN:01056779)

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

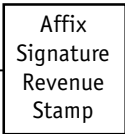
district of _____ or failing him/her Mr./Mrs. _____ of

_____ 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 Saturday, 27th September, 2014 at 1.00 p.m. at Ground Floor, Sampada Building, B/h. A. K. Patel House, Mithakhali Six Road, Navrangpura, Ahmedabad-380009

Signed the _____ day of _____ 2014

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 Saturday, 27th September, 2014 at 1.00 p.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.

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