

CIN:L72900GJ1992PLC017494

08/09/2016

**TO,
BSE LTD.
FLOOR 25, P. J. TOWERS
DALAL STREET,
MUMBAI - 400001**

SUB.: Submission of Annual Report of 24th Annual General Meeting

Dear Sir,

With reference to the above captioned subject, we hereby submitting a copy of the Annual Report of 24th Annual General Meeting of the Company held on Friday, 02nd September, 2016 at 11.30 A.M. at the registered office of the Company situated at 108-B/109, Sampada Building, Mithakhali Six Road, Opp-Hare Krishna Complex, B/H Kiran Motors, Ahmedabad-380009

Kindly take the above information on your record.

Thanking You,

Yours faithfully,
For, CHARMS INDUSTRIES LIMITED



**Shivkumar R. Chauhan
Managing Director
(DIN: 00841729)**



24th
ANNUAL REPORT
2015-16

CHARMS INDUSTRIES LIMITED

24th ANNUAL REPORT 2015-16**KEY MANAGERIAL PERSONNEL & BOARD OF DIRECTORS**

| | |
|------------------------------|--|
| Shri Harsad S. Gandhi | Chairman and Director (DIN: 01056779) |
| Shri Shivkumar R. Chauhan | Managing Director (DIN: 00841729) |
| Shri Nishit M. Rupapara, | Director (DIN: 02859031) |
| Mrs. Nehal Shivkumar Chauhan | Director (DIN: 02901331) (w.e.f. 06/04/2015) |
| Shri Dahyabhai B. Sachaniya | Director (DIN: 02468095) (upto 26/07/2016) |
| Shri Biren J. Thaker | Chief Financial Officer |

AUDITORS

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

BANKERS

Indian Overseas Bank
ICICI Bank

REGISTRAR & SHARE TRANSFER AGENT**Bigshare Services Private Limited**

A-802 Samudra Complex,
Near Klassic Gold Hotel
Off C G Road Navrangpura,
Ahmedabad- 380 009
Email: bssahd@bigshareonline.com

REGISTERED OFFICE

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

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NOTICE

NOTICE is hereby given that the **Twenty Fourth (24th)** Annual General Meeting of the Members of the Company will be held on **Friday 2nd September, 2016** at **11.30 A.M.** at 108-B/109, Sampada Building , Mithakhali Six Road, Opp-Hare Krishna Complex, B/H Kiran Motors Ahmedabad-380009 to transact the following business:

ORDINARY BUSINESS:

- i. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and Statement of Profits & Loss together with Cash Flow Statement and Notes forming part thereto ("Financial Statement") for the year ended on 31st March, 2016 and Report of the Board of Directors and Auditors thereon.
- ii. To appoint a Director in place of **Mrs. Nehal Shivkumar Chauhan (Din: 02901331)** who retires by rotation at this meeting and being eligible, offers herself for re-appointment.
- iii. To ratify the appointment of Auditors and fix their remuneration.

SPECIAL BUSINESS:

- iv. Re-appointment of **Mr. Shivkumar R. Chauhan (DIN: 00841729)** as Managing Director of the company

Consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of Board of Directors and subject to the provisions of Section 196, 197 and 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013 and the Articles of Association of the Company, the approval of the members of the Company be and is hereby accorded to the re-appointment of **Mr. Shivkumar R. Chauhan, (DIN: 00841729)** as Managing Director of the Company with effect from May 26, 2016, for a term of 5 (five) years as well as the payment of salary and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed in the explanatory statement attached herewith, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Shivkumar R. Chauhan.

RESOLVED FURTHER THAT the remuneration payable to Mr. Shivkumar R. Chauhan, (DIN: 00841729), shall not exceed the overall ceiling of the total managerial remuneration as provided under Schedule V and Section 197 of the Companies Act, 2013 or such other limits as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

- v. **Appointment of Mr. Parth S. Chauhan (DIN:07571829) as a Director of the Company**

Consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Parth S. Chauhan (DIN: 07571829) in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 proposing his candidature for the office of the Director who is eligible for appointment, be and is hereby appointed as a Director of the Company whose period of office shall be liable for retirement by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to sign the form DIR-12 and make arrangement to file the same with Registrar of Companies and intimate to Stock Exchange(s) and to take such other steps as may be necessary in this regard."

- vi. **Increase the Borrowing power Limit of the Board of Directors upto Rs.10 crores (Rupees Ten Crores)**

Consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013 and other enabling provisions, if any, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any one or more persons, firms, bodies corporate, bankers, financial institutions, or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether movable or immovable or stock-in process and debts, advances

notwithstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed shall not exceed Rs.10 crores (Rupees Ten Crores Only) at any point of time on account of the principal.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution."

Regd. office:

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

By Order of the Board of Directors
For, **Charms Industries Limited**

Date : 26/07/2016

Place : Ahmedabad

Harsad S. Gandhi
Chairman & Director
(DIN: 01056779)

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, In order to be effective must be received at the registered office of the company not less than 48 hours before the time of the meeting.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Carrying voting rights then such proxy shall not act as proxy for any other member.
4. Members/Proxies/Authorized representatives should bring the duly filled Attendance Slip enclosed herewith along with their copy of the Annual Report to attend the Meeting.
5. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
7. The Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), concerning the Special Business in the Notice is annexed hereto and forms part of this Notice.
8. Relevant documents referred to in the accompanying Notice and the Statement, are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. The Annual Report of the year 2015-16 of the Company circulated to the Members of the Company, will be made available on the Company's website at www.charmsindustries.in and also on the website of the respective Stock Exchanges at www.bseindia.com.
10. Profile of the Directors seeking appointment/re-appointment, as required in terms of Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Notice.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agent i.e. M/s. Bigshare Services Pvt. Ltd. A-802 Samudra Complex, Near Klassic Gold Hotel, Off C G Road Navrangpura, Ahmedabad-380 009.
12. Pursuant to the provisions of Section 91 of the Companies Act, 2013, The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, 26th August 2016** to **Friday 2nd September, 2016** (both days inclusive).

13. Members desirous of getting any information about the Accounts of the Company are requested to write to the Company atleast seven days in advance of the Meeting, so that the information can be kept ready at the Meeting.
14. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited ("remote e-voting"). The facility for voting through ballot paper will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.
15. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact Bigshare Services Private Limited, A-802 Samudra Complex, Near Klassic Gold Hotel Off C G Road Navrangpura, Ahmedabad- 380 009, Gujarat for assistance in this regard.
16. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
17. The Company has engaged the services of **Central Depository Services Limited (CDSL)** as the Agency to provide e-voting facility.
18. The Board of Directors of the Company has appointed M/s Khandelwal Devesh & Associates, Company Secretaries, (Membership No. FCS: 6897; CP No: 4202), as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
19. The Members whose names appear in the Register of Members/List of Beneficial Owners as on **26/08/2016 (cut-off date)** are entitled to vote on the resolutions set forth in this Notice.
20. A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the Cut-off date i.e. **26th August, 2016**, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or through the Poll Paper at the AGM by following the procedure mentioned in this part.
21. The remote e-voting will commence on 30th August, 2016 at 09.00 a.m. and ends on 1st September, 2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 26th August, 2016, may cast their vote electronically. The members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter. The e-voting module shall be disabled by CDSL for voting thereafter
22. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
23. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. 26th August, 2016.
24. The procedure and instructions for remote e-voting are, as follows:
 - Step 1** : Open your web browser during the voting period and log on to the e- voting website www.evotingindia.com
 - Step 2** : Click on- "Shareholders Login".
 - Step 3** : Now, Fill up the details (Login ID and password) on appropriate boxes i.e.

| | | |
|---------|------------------------------------|--|
| User-ID | For CDSL | : 16 digits beneficiary ID |
| | For NSDL | : 8 Character DP ID followed by 8 Digits Client ID |
| | For physical shares holders | : Folio number registered with the company. |
 - Step 4** : Next, enter the Image Verification as displayed and Click on Login. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any

company, then your existing password is to be used but if you are a first time user then follow the steps given below:

| | |
|-------------------------------|---|
| | For members holding shares in demat form and physical form: |
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. Members who have not updated their PAN with the Company/DepositoryParticipant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB# | Enter the Date of Birth as recorded in dd/mm/yyyy format. |
| Dividend Bank Details* | Enter the Dividend Bank Details as recorded in your demat account or the Company records for the said folio.If the details are not recorded with the Depository or Company, please enter the number of Shares held by you in the bank account column. |

Please enter the #DOB or *dividend bank details in order to login.

Step 6 : After entering these details appropriately, click on "SUBMIT" tab.

Step 7 : Members holding shares in physical form will then directly reach the Company selection screen. However, first time user holding shares in demat form will now reach 'Password Creation' menu where in they are required to mandatorily enter their login password in the new password field. Kindly note that this password can also be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that the Company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(If Demat account holder has forgotten the changed password then enter the user ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.)

Step 8 : For members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

Step 9 : Click on the EVSN for the relevant <Company Name> on which you choose to vote.

Step 10 : On the voting page, you will see Resolution Description and against the same, the option "YES/NO" for voting. Select the relevant option as desired YES or NO and click to submit.

Step 11 : Click on the resolution file link if you wish to view the entire Notice.

Step 12 : After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

Step 13 : You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

Step 14 : Note for Non – Individual Members and Custodians:

- Non-Individual Members (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote.
- A scan copy of the Board Resolution and Power of Attorney ("POA") which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the brief profile of Directors eligible for appointment/re-appointment at 24th Annual general Meeting vide item no. 2, 4 and 5 are as follows:

| Particulars | Details | | |
|--|--|--|---|
| | Mr. Shivkumar Chauhan | Mrs. Nehal Shivkumar R. Chauhan | Mr. Parth Shivkumar Chauhan |
| Name | Mr. Shivkumar Chauhan | Mrs. Nehal Shivkumar R. Chauhan | Mr. Parth Shivkumar Chauhan |
| DIN | 00841729 | 02901331 | 07571829 |
| Designation | Managing Director | Director | Director |
| Date of Birth | 01/07/1958 | 09/05/1970 | 25/10/1990 |
| Date of Appointment | 18/09/1993 | 06/04/2015 | - |
| Qualifications experience in specific functional area | Graduated in Arts (BA) and having more than 25 years of experience of management and administration. | H.S.C. | Undergraduate |
| Directorship held in other companies* | NIL | NIL | NIL |
| Membership / Chairmanships of Committee in other Public Companies | NIL | NIL | NIL |
| Relationships between directors <i>inter se</i> | Relative (spouse) of Mrs. Nehal S. Chauhan Relative (Father) of Mr. Parth S. Chauhan | Relative (spouse) of Mr. Shivkumar R. Chauhan Relative (Mother) of Mr. Parth S. Chauhan | Relative (Son) of Mrs. Nehal S. Chauhan Relative (Son) of Mr. Shivkumar R. Chauhan |
| Number of shares held in the Company | 868540 | 33140 | NIL |

*Pvt. Companies excluded

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)**

The following statement sets out all material facts relating to Special Business mentioned in the accompanying Notice:

Item No. 4

Mr. Shivkumar R Chauhan, who was appointed as Managing Director by the members to hold office for the five years i.e. upto 11th August 2016 and hence continuation of his employment as Managing Director requires the approval of members by way of a ordinary resolution.

Keeping in view that Mr. Shivkumar R. Chauhan has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mr. Shivkumar R. Chauhan as Managing Director of the Company.

Mr. Shivkumar R. Chauhan, aged 58 years, is Arts Graduate and having more than 25 years experience of management and administration.

The Board of Directors in their meeting held on 26th May 2016 and also on the basis of recommendation of Nomination and Remuneration Committee of the Company in their meeting decided to re-appoint Mr. Shivkumar R. Chauhan, (DIN:00841729) as Managing Director of the company for a further period of five years. This is subject to the approval of the shareholders at this Annual General Meeting.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable and major terms and conditions of the re- appointment are given below:

I. Period:

For a period of **5 years** from **26th May, 2016**.

II. Salary:

Upto Rs.1,50,000/- per month which is eligible for revision on a date to be determined by the Nomination and Remuneration Committee.

III. Perquisites:

The Managing Director shall be entitled to all the perquisites listed herein below in addition to the salary mentioned above;

- i. Medical Re-imburement:** Reimbursement of medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalisation, surgical charges, nursing charges and domiciliary charges for self and for family.
- ii. Leave Travel Concession:** For self and family every year incurred in accordance with the rules of the Company.
- iii. Club Fees:** Fees of clubs, subject to a maximum of three clubs.
- iv. Personal Accident Insurance/Group Life Insurance:** Premium not to exceed Rs.7200/- per annum.
- v. Provident Fund/Pension:** Contribution to Provident Fund and Pension Fund to the extent such contributions, either singly or put together are exempt under the Income Tax Act, 1961. Contribution to Pension Fund will be paid on basic salary and commission.
- vi. Gratuity:** Gratuity payable shall be in accordance with the provisions of the Payment of Gratuity Act and to the extent not taxable under the Income Tax law.
- vii. Use of Car with Driver:** The Company shall provide a car with driver for business and personal use. In addition, the Company shall also reimburse running and maintenance expenses of another car owned by, or leased/ rented to, the Managing Director for business and personal use.

viii. Telephone facility at residence: Telephone facility shall be provided at the residence. All personal long distance calls shall be billed by the Company to the Managing Director.

IV. Duties:

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

V. Termination:

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

VI. Compensation:

In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, Managing Director of the Company shall be entitled to receive compensation from the Company for loss of office to extent and subject to limitation as provided under Section 202 of the Companies Act, 2013.

VII. Other terms and conditions:

- a) In the event of absence or inadequacy of profits in any financial year during the tenure of the Managing Director, salary and perquisites subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013, are payable.
- b) "Family" means the spouse and dependent children of Mr. Shivkumar R. Chauhan.
- c) Leave with full pay and allowances shall be allowed as per the Company's rules.
- d) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.
- e) No sitting fees shall be paid to the Managing Director for attending the meetings of the Board of Directors or Committees thereof.
- f) The perquisites as listed in para (III) above shall be valued as per the Income Tax Rules, 1962, as may be applicable.

The Board of Directors recommends the resolution in relation to the re-appointment of Managing Director, for the approval of the shareholders of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives except Mrs. Nehal S. Chauhan and Mr. Shivkumar R. Chauhan to whom the resolution relates are concerned or interested in this resolution set out at item no. 4

Item No. 5

Mr. Parth S. Chauhan (DIN:07571829) is to be appointed as Director in terms of Section 149, 152 and 160 of the Companies Act, 2013.

Pursuant to the provisions of Section 149, 152, 161 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Parth S. Chauhan is to be appointed in the ensuing Annual General Meeting of the Company. The Company has received notices in writing under the provisions of Section 160 of the Companies Act, 2013, along with a deposit of Rs. 1,00,000/- for the office of Director, to be appointed as such under the provisions of Section 160 and other applicable provision of the Companies Act, 2013. Mr. Parth S. Chauhan is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

No director, key managerial personnel or their relatives, except Mr. Shivkumar R. Chauhan, Mrs. Nehal S. Chauhan and Mr. Parth S. Chauhan to whom the resolution relates, is interested or concerned in the resolution set out in item No. 5

The Board recommends the resolution set forth in Item no. 5 for the approval of the members.

Brief particulars of Mr. Parth S. Chauhan are forming part of this notice. Mr. Parth S. Chauhan is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013

Item No. 6

As per the provisions of Section 180(1)(c) of the Companies Act, 2013, and all other applicable provisions, if any, the Board of Directors of a Company cannot borrow money (apart from temporary loans obtained from the company's bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves without the consent of the shareholders by a special resolution.

To enable the Board to borrow money in excess of the Company's capital and free reserves the sanction of the shareholder is required pursuant to provisions of section section 180(1)(c) of the Act. Your Board of Directors considering to expand the business activities of the Company and consider that they may require to borrow more than the limit prescribed by the Act and therefore the Board of your Company proposes this Resolution under the provisions of section 180(1)(c) of the Act for your approval.

The Resolution set out at item No.5 of the notice is put forth for consideration of the members as a Special resolution pursuant to section 180 (1) (c) of the Companies Act, 2013, authorizing the Board of Directors to borrow upto a sum of Rs. 10 Crores(Ten Crores) at any point of time on account of the principal.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are in, any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Special Resolution set out at Item No.6 of the Notice for approval by the shareholders.

Regd. office:

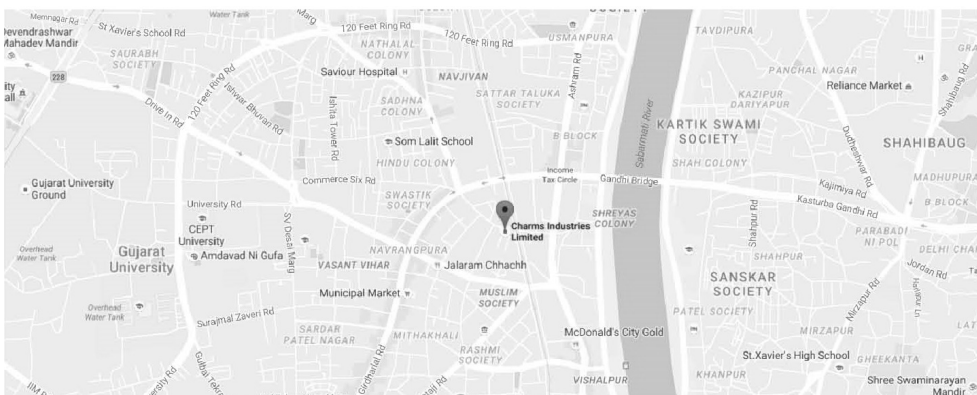
108-B/109, Sampada Building,
B/h. A. K. Patel House, Mithakali Six Roads,
Navrangpura, Ahmedabad-380009.

By Order of the Board of Directors
For, **Charms Industries Limited**

Harsad S. Gandhi
Chairman & Director
(DIN: 01056779)

Date : 26/07/2016

Place : Ahmedabad

ROUTE MAP OF AGM VENUE

CHARMS INDUSTRIES LIMITED

108-B/109, Sampada Building , Mithakhali Six Road,
Opp-Hare Krishna Complex, B/H Kiran Motors Ahmedabad-380009

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the **24th Annual Report** of your Company together with the Audited Statements of Accounts for the financial year ended 31st March, 2016.

I. FINANCIAL RESULTS:

The financial performance of the Company for the year ended 31st March, 2016 is summarized below:

| Particulars | (In Rupees) | |
|---|--|--|
| | Year ending on 31 st March, 2016 | Year ending on 31 st March, 2015 |
| Sales | 2,26,37,084 | 1,56,20,384 |
| Other Income | 40,640 | 7,14,019 |
| Total Income | 2,26,77,724 | 1,63,34,403 |
| Less: Expenditure | 2,35,69,791 | 1,59,00,884 |
| Profit/Loss before interest, depreciation and tax | (8,92,067) | 4,33,519 |
| Less: Interest | - | - |
| Less: Depreciation & Amortization cost | 1,80,464 | 1,73,533 |
| Profit/ (Loss) before Tax | (36,76,306) | 2,59,986 |
| Less: Tax Expense | - | - |
| Profit/ (Loss) after Tax | (36,76,306) | 2,59,986 |

II. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE:

Due to high fluctuations in exchange rates, the year 2015-16 was very challenging year. The sales for the year 2015-16 increased comparing to 2014-15, but due to fluctuations in exchanges rates, the Company could not manage to earn net profit but your Directors look forward to improve the financial position of the Company.

III. DIVIDEND:

Since the Company has occurred loss in the Financial Year 2015-16, hence no dividend is declared by the Company.

IV. CHANGE IN THE NATURE OF THE BUSINESS:

During the year, there is no change in the nature of the business of the Company.

V. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of Section 125 of the Companies Act, 2013 do not apply.

VI. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Subsidiary, Joint venture or Associate Company.

VII. PUBLIC DEPOSITS:

During the year under review, the Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force). Hence, the requirement for furnishing the details of deposits which are not in compliance with Chapter V of the Act is not applicable.

VIII. MATERIAL CHANGES AND COMMITMENT:

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which this financial statement relate on the date of this report.

IX. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the period under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls

X. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

XI. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given any loans or guarantees or made any investments covered under the provisions of section 186 of the Companies Act, 2013 during the financial period under review.

XII. STATE OF COMPANY'S AFFAIR :

During the year under review, your company has not made any default in repayment of any of its term loans, have met generally all its obligation in time including its tax liabilities.

XIII. RELATED PARTY TRANSACTIONS:

During the year no contracts or arrangements were made with related parties falling under the purview of Section 188 of the Companies Act, 2013.

There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

XIV. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**[A] Consumption Of Energy & Technology Absorption:**

The details as required under Section 134 (3) (m) of the Companies Act, 2013, in respect of Conservation of Energy, Technology Absorption are not applicable.

[B] Foreign Exchange Earning & Outgo :

Foreign Exchange Earning : NIL

Foreign Exchange Outgo : NIL

XV. APPOINTMENT OF M/S BIGSHARE SERVICES PRIVATE LIMITED AS THE REGISTRAR AND SHARE TRANSFER AGENT OF THE COMPANY:

The SEBI vide its order No.WTM/RKA/MIRSD2/41/2016 dated 22nd March, 2016 has advised all the clients of the Sharepro Services (India) Private Limited (hereinafter referred to as "Sharepro") to carry out/switch over the activities related to Registrar and Share Transfer Agent due to certain irregularities and hence the Company has terminated its services with Sharepro.

The Board of Directors of the company at their meeting held on 26th May 2016 approved the appointment of M/ S Bigshare Services Private Limited in place of M/s Sharepro (India) Private Limited. The Bigshare Services Private Limited will act as Common Share Registry of the Company.

XVI. DIRECTORS AND KEY MANAGERIAL PERSONNEL**[A] Retirement by rotation and subsequent re-appointment:**

Mrs. Nehal Shivkumar Chauhan (DIN: 02901331) is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of Company and being eligible have offered herself for re-appointment. Appropriate resolutions for the re-appointment are being placed for your approval at the ensuing AGM. The brief resume of the Directors and other related information has been detailed in the Notice convening the 24th AGM of your Company.

[B] Re-appointment of Managing Director:

Pursuant to the recommendation of the Nomination and Remuneration Committee, **Mr. Shivkumar R. Chauhan (DIN: 00841729)** was re-appointed by the Board of Directors, subject to the approval of the shareholders, as the Managing Director of the Company for a further period of five years with effect from May 26, 2016 to May 25, 2021

[C] Cessation:

The Board of Directors of the Company in their meeting held on 26th July 2016 accepted the resignation of Mr. Dahyabhai B. Sachaniya (DIN: 02468095) from the directorship of the Company.

The Board places on record its appreciation for the assistance and guidance provided by Mr. Dahyabhai Bhavanjibhai Sachania during his tenure as Director of the Company.

[D] Declaration of Independence:

Mr. Harsad S. Gandhi (DIN: 01056779) and Mr. Nishit M. Rupapara (DIN: 02859031) are the existing Independent Directors the Company and the Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as Regulation 16(1)(b) of Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force).

[E] Evaluation of Board's Performance:

Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force), the process for evaluation of the annual performance of the Directors/ Board/ Committees was carried out.

XVII. NUMBER OF MEETINGS OF THE BOARD

The Company had conduct 5 (Five) Board meetings during the financial year 2015-16 under review on:

- 06th April 2015, 28th May, 2015, 14th August 2015, 09th November 2015 and 12th February, 2016.

XVIII. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the Directors of our Company confirm that:

- a) In the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable Accounting Standards and Schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed and there are no material departures from the same;
- b) 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 your Company as at 31st March, 2016 and of the profit and loss of the Company for the financial year ended 31st March, 2016;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force) for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis;
- e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

XIX. DISCLOSURE OF VARIOUS COMMITTEES OF BOARD OF DIRECTORS:**[A] AUDIT COMMITTEE:**

The Audit Committee of Directors was constituted pursuant to the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section.

➤ **Composition:**

The details of composition of Audit Committee are as follows:

| NAME OF THE DIRECTORS | CATEGORY OF DIRECTORSHIP | REMARKS | NUMBER OF MEETINGS | |
|--------------------------|---------------------------|----------|--------------------|----------|
| | | | HELD | ATTENDED |
| Mr. Harsad S. Gandhi | Independent Non Executive | Chairman | 4 | 4 |
| Mr. Nishit M. Rupapara | Independent Non Executive | Member | 4 | 4 |
| Mr. Shivkumar R. Chauhan | Non-Independent Executive | Member | 4 | 4 |

➤ **Terms of reference:**

The broad terms of reference of the Audit Committee are as under:

- Reviewing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment, remuneration and terms of appointment of external Auditor.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the company with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Monitoring the end use of funds raised through public offers and related matters.
- Reviewing with management the Annual financial statements and half yearly and Quarterly financial results before submission to the Board.
- Reviewing periodically the adequacy of the internal control system.
- Discussions with Internal Auditor on any significant findings and follow up there on.

➤ **Meetings**

During the Year, **4 (four)** meetings of the Committee were held on 28/05/2015, 14/08/2015, 09/11/2015 and 12/02/2016. The necessary quorum was present at the Meetings

[B] NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee of Directors was constituted pursuant to the provisions of Section 178 of the Companies Act, 2013. The composition of the Committee is in conformity with the provisions of the said section.

The Nomination and Remuneration Committee was reconstituted with effect from 06th April, 2015 and comprises as below:

➤ **Composition**

The details of composition of Nomination and Remuneration Committee are as follows:

| NAME OF THE DIRECTORS | CATEGORY OF DIRECTORSHIP | REMARKS |
|------------------------|-------------------------------|----------|
| Mr. Harsad S. Gandhi | Independent Non Executive | Chairman |
| Mr. Nishit M. Rupapara | Independent Non Executive | Member |
| Mrs. Nehal S. Chauhan | Non-Independent Non Executive | Member |

➤ **Terms of reference:**

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- Formulation of the criteria for determining the qualifications, positive attributes and independence of Director;

- Devising a policy on Board diversity;
- Formulation of Remuneration policy;
- Review the structure, size and composition of the Board;
- Identifying and selection of candidates for appointment as Directors;
- Identifying potential individuals for appointment as Key Managerial Personnel and Senior Management;
- Formulation of criteria for evaluation of Independent Directors and the Board.

➤ **Meetings:**

During the Year, **1 (one)** meeting of the committee was held on 06/04/2015.

The Board has on the recommendation of Nomination and Remuneration Committee framed a policy on director's appointment and remuneration of Directors including criteria for determining qualification, positive attributes, independence of directors and remuneration for directors, Key Managerial Personnel and other employees. The policy is annexed to this report as "**Annexure-A**"

[C] STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee of Directors was constituted pursuant to the provisions of Section 178(5) of the Companies Act, 2013. The composition of the Committee is in conformity with the provisions of the said section

➤ **Composition:**

The details of composition of Nomination and Remuneration Committee are as follows:

| NAME OF THE DIRECTORS | CATEGORY OF DIRECTORSHIP | REMARKS |
|--------------------------|---------------------------|----------|
| Mr. Harsad S. Gandhi | Independent Non Executive | Chairman |
| Mr. Shivkumar R. Chauhan | Non-Independent Executive | Member |
| Mr. Nishit M. Rupapara | Independent Non Executive | Member |

➤ **Details of Investor's grievances/ Complaints:**

The Company has not received any complaints during the year. The pending complaints of the Shareholders/Investors registered with SEBI at the end of the current financial year ended on 31st March, 2016 are NIL.

➤ **Compliance Officer :**

Mr. Shivkumar R. Chauhan is the Compliance Officer of the Company for the above purpose.

XX. AUDITORS:

[A] Ratification of Statutory Auditors:

The present Auditors of the Company M/s. Praful N. Shah & Co., Chartered Accountants, Ahmedabad were appointed as Auditors at the 23rd Annual General Meeting held on 30th September 2015 to hold office till the conclusion of 25th Annual General Meeting to be held in 2017.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Company shall place the matter relating to such appointment for ratification by members at every annual general meeting and therefore it is proposed to ratify the appointment of M/s. Praful N. Shah Chartered Accountants, as the Statutory Auditors of the Company.

The consent of M/s. Praful N. Shah Chartered Accountants along with certificate under Section 139 of the Act has been obtained to the effect that their appointment, if made, shall be in accordance with the prescribed conditions and that they are eligible to hold the office of Auditors of the Company.

[B] Cost Auditor:

As the cost audit is not applicable to the Company, therefore the Company has not appointed the Cost Auditor pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014.

[C] Internal Auditor

The Board of Directors has on the recommendation of Audit Committee, and pursuant to the provision of Section 138 of the Companies Act 2013, in their meeting held on 9th November, 2015 has appointed Mr. Gaurang Shah, Practising Company Secretary as the Internal Auditor of the Company for the financial year 2015-16.

[D] Secretarial Auditor:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from Practising Company Secretary. M/s Khandelwal Devesh & Associates, Company Secretaries had been appointed to issue Secretarial Audit Report for the period ended on 31st March 2016.

Secretarial Audit Report issued by M/s Khandelwal Devesh & Associates, Company Secretaries in **Form MR-3**, attached and marked as **Annexure "B"**, for the period under review, forms part of this report. The said report contains observation or qualification which reveal that the Company failed to appoint Company Secretary. Further the Company has not filed e-form MGT-14 relating to appointment of Internal Auditor during the Audit Period.

- Non-appointment of Company Secretary

The Board of Directors of your Company would like to explain on the said observation relating to appointment of Company Secretary that your Company took all reasonable steps to do such appointment, but as your Company is not doing well in its present line of business activity, it failed to attract right candidates for such post. The Board of your Company continues its efforts to search right candidate for the post of Company Secretary and will appoint the Company Secretary as soon as possible.

- Qualification pertaining to non-filing of Form MGT-14 for appointment of Internal Auditor

The Board of the Directors of the Company in their meeting held on 09th November, 2015 appointed Mr. Gaurang R. Shah, Practising Company Secretary as an Internal Auditor for the F.Y. 2015-16. however, the Company missed to file MGT-14 relating to the appointment of Internal Auditor with the MCA within the stipulated time period and such non-filing was not intentional. Further, the Company is in process to file the necessary form on MCA portal.

XXI. EXTRACT OF ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure "C"** and is attached to this Report

XXII. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has established vigil mechanism and framed whistle blower policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy. Whistle Blower Policy is disclosed on the website of the Company at www.charmsindustries.in

XXIII. RISK MANAGEMENT:

The Company does not have any Risk Management Policy or any statement concerning development and implementation of risk management policy of the company as the elements of risk threatening the Company's existence are very minimal.

XXIV. COMPANY'S POLICY RELATING TO PAYMENT OF REMUNERATION TO DIRECTORS:

The Board determines the remuneration payable to the Executive Directors taking into account their qualification, expertise and contribution and based on recommendations of the Nomination and Remuneration Committee. Non-Executive Directors are eligible to receive sitting fees for attending Board / Committee Meetings as decided by the Board within the limits prescribed under the Companies Act, 2013

The Remuneration policy of the Company is as under:

i. Remuneration to Non-Executive Directors:

- A Non-Executive Director is eligible to receive sitting fees for each meeting of the Board or Committee of the Board attended by him/her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014.

ii. Remuneration to Executive Directors:

- The Board in consultation with the Nomination & Remuneration Committee decides the remuneration structure for Executive Directors. On the recommendation of the Nomination & Remuneration Committee the Remuneration paid/payable is approved by the Board of Directors and by the members in the General Meeting in terms of provisions applicable from time to time.

XXV. CORPORATE GOVERNANCE:

As per Regulation 15(2) of SEBI (Listing Obligation and Disclosures requirement) Regulation, 2015, Report on Corporate Governance is not applicable on the Company as the Company is not having the paid up share capital exceeding Rs. 10 crores and Net worth is exceeding Rs. 25 crores.

Further, Company has obtained a Certificate from a Practicing Company Secretaries certifying the same.

XXVI. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The provision of section 135(1) of Companies Act 2013 i.e. Corporate Social Responsibility is not applicable on the company. Therefore the company has not constituted CSR committee.

XXVII. MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:

The Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the Listing Regulations is given as an annexure to this report

XXVIII. LISTING:

The Equity Shares of the Company are listed on Bombay Stock Exchange. The company yet to pay annual listing fees to the Stock Exchange for the year 2016-17, further the Company is regular in compliances of various clauses and regulations of the Listing Agreement and/or LODR

XXIX. PARTICULARS REGARDING EMPLOYEES:

During the year under report, none of the employees was in receipt of remuneration exceeding the limit prescribed under Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

XXX. GENERAL:

- a. Your Company has not issued any equity shares with differential rights as to dividend, voting or otherwise; and
- b. Your Company does not have any ESOP scheme for its employees/Directors.

XXXI. APPRECIATION:

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and on behalf of the Board

Date : 26/07/2016
Place : Ahmedabad

Harsad S. Gandhi
Chairman & Director
(DIN: 01056779)

MANAGEMENT DISCUSSION & ANALYSIS REPORT**i) Industry Structure and Development**

Our Company is RBI Registered Full Fledged Money Changer (FFMC) and holds valid license. 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 ensures 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 Financial performance of the Company for the year **2015-16** is described in the Directors' Report under the head overview of Company's financial performance.

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

Date : 26/07/2016
Place : Ahmedabad

Harsad S. Gandhi
Chairman & Director
(DIN: 01056779)

NOMINATION AND REMUNERATION POLICY**INTRODUCTION:**

In pursuance to the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013, this policy on Nomination and Remuneration of directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

CONSTITUTION OF COMMITTEE

The Board of Directors of Charms Industries Limited ("the Company") constituted the "Nomination and Remuneration Committee" consisting of three (3) Non-Executive Directors of which majority are Independent Directors in accordance with the provisions of Section 178 of the Companies Act, 2013. The Chairman of the Committee is an Independent Director.

OBJECTIVE:

The Nomination and Remuneration Committee of Directors was constituted pursuant to the provisions of Section 178 of the Companies Act, 2013. The composition of the Committee is in conformity with the provisions of the said section.

The key objectives of the Committee would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) Formulate the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees
- c) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- d) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management
- e) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- f) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage
- g) To develop a succession plan for the Board and to regularly review the plan.

DEFINITIONS:

"Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

"Board" means Board of Directors of the Company.

"Directors" mean Directors of the Company.

"Key Managerial Personnel" means

- i. Chief Executive Officer or the Managing Director or the Manager;
- ii. Whole-time director;
- iii. Chief Financial Officer;
- iv. Company Secretary; and
- v. such other officer as may be prescribed.

"Senior Management" means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

Policy for appointment and removal of Director, KMP and Senior Management**A. Appointment criteria and qualifications**

- I. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- II. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- III. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

B. Term / Tenure**➤ Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

➤ Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

C. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

D. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

E. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

While determining the remuneration of Executive Directors and Key Managerial Personnel, the Committee shall consider following factors:

- i) Industry standards, if the data in this regard is available.
- ii) The job description.
- iii) Qualification and experience level of the candidate.

The remuneration payable to the Executive Directors, including the value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Companies Act, 2013. They shall not be eligible for any sitting fees for attending any meetings.

The Non-Executive Directors shall not be eligible to receive any remuneration/ salary from the Company. However, the Non-Executive Directors shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board/ Shareholders from time to time, presently the Company is not paying any sitting fee. They shall also be eligible for reimbursement of out of pocket expenses for attending Board/ Committee Meetings.

DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- a) Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- b) Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- c) Determining the appropriate size, diversity and composition of the Board;
- d) Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- e) Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- f) Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- g) Recommend any necessary changes to the Board; and

DUTIES IN RELATION TO REMUNERATION MATTERS:

The duties of the Committee in relation to remuneration matters include:

- To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

REVIEW AND AMENDMENTS:

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board and as when required and also by the Compliance Officer where there is any statutory change necessitating the change in the policy.

"Annexure-B"**SECRETARIAL AUDIT REPORT****Form No. MR-3**

For the financial year ended on 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and
rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
CHARMS INDUSTRIES LIMITED,
(CIN:- L72900GJ1992PLC017494)
108-B/109, Sampada Building,
B/h. A. K. Patel House, Mithakali Six Roads,
Navrangpura, Ahmedabad-380009

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CHARMS INDUSTRIES LIMITED** (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March, 2016** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under and Companies Act, 1956 and Rules made there under to the extent applicable,
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**not applicable to the company during the audit period**) ;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**not applicable to the company during the audit period**) ;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**not applicable to the company during the audit period**);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client ;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**not applicable to the company during the audit period**);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**not applicable to the company during the audit period**);

(vi) Reserve Bank of India Act, 1934.

(The company is engaged in business of Full Fledge Money Changer and holds a valid License issued by the RBI, Ahmedabad vide Licence No. FE. AH. AM. 02/99, therefore the Company has to follow the RBI Act and rules and regulations thereunder as applicable to those holding License to carry on the business of FFMC.)

(vii) I have relied on the representations made by the Company and its officers for systems and mechanism formed by the Company for compliances of other specific applicable Acts, Laws and Regulations to the Company as mentioned hereunder;

a) Income-Tax Act, 1961 and Indirect Tax Laws;

I have also examined compliance with the applicable Clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii. The Listing Agreements entered into by the Company with Stock Exchanges;
- iii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December 2015)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and subject to the following observations;

- (a) ***As per Section 203 of Companies Act, 2013 read with rule 8 of the Companies (Appointment and Remuneration of Managerial Personal) Rules, 2014 , the Company has not appointed Company Secretary during the audit period.***
- (b) ***As per Section-117 read with Section 179 of the Companies Act, 2013 the Company is required to file e- form MGT-14 with office of Registrar of Companies, Gujarat for appointment of Internal Auditor, however the Company has not filed form MGT-14 for their appointment.***

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board take decision by majority of directors while the dissenting directors' views are captured and recorded as part of the minutes.

I further report that:

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and guidelines.

I further report that:

During the audit period, there were no instances of:

- (i) Public/Rights/Preferential issue of Shares/debentures/sweat equity.
- (ii) Redemption/buy-back of securities.
- (iii) Merger/ amalgamation/ reconstruction etc.
- (iv) Foreign technical collaborations.

For, **Khandelwal Devesh and Associates**,
Company secretaries,

CS Devesh Khandelwal
Proprietor
FCS: 6897
COP No.:4202

Place: Ahmedabad
Date: 26/07/2016

Note: This report is to be read with our letter of even date which is annexed as Annexure herewith and forms and integral part of this report.

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Members,
CHARMS INDUSTRIES LIMITED,
(CIN:- L72900GJ1992PLC017494)
108-B/109, Sampada Building,
B/h. A. K. Patel House, Mithakali Six Roads,
Navrangpura, Ahmedabad-380009

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representations about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **Khandelwal Devesh and Associates,**
Company secretaries,

CS Devesh Khandelwal
Proprietor
FCS: 6897
COP No.:4202

Place: Ahmedabad
Date: 26/07/2016

"Annexure-C"

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|----|---|---|
| 1. | CIN: | L72900GJ1992PLC017494 |
| 2. | Registration Date | 24/04/1992 |
| 3. | Name Of The Company | CHARMS INDUSTRIES LIMITED |
| 4. | Category / Sub-Category Of The Company | Public limited/ Limited by shares |
| 5. | Address Of The Registered Office And Contact Details | 108-B/109 Sampada Buildingmithakhali Six Roads, Opp-Hare Krishna Complex, B/H Kiran Motors, Ahmedabad-380009, Gujarat |
| 6. | Whether Listed Company | Yes |
| 7. | Name, Address And Contact Details Of Registrar And TransferAgent, If Any | SHAREPRO SERVICES (INDIA) PVT LTD. 416-420, 4 th Floor, Devnandan Mall,Opp. Sanyash Ashram, Ellisbridge, Ahmedabad-380006 sharepro.ahmedabad@shareproservices.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities Contributing 10 % or more of the total turnover of the company shall be stated)

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1. | Full Fledge Money Changer | 64990 | 99.82% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. NO | Name and Address of the Company | CIN/GLN | Holding/Subsidiary /Associate | % of shares held | Applicable Section |
|-------|---------------------------------|---------|-------------------------------|------------------|--------------------|
| Nil | | | | | |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| | Category of Shareholders | No. of Shares held at the beginning of the year (01/04/2015) | | | | No. of Shares held at the end of the year (31/03/2016) | | | | % Change during the year |
|-----------|---|--|--------------|---------------|-------------------|--|-------------|---------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | |
| | (1) Indian | | | | | | | | | |
| | a) Individual/ HUF | 856840 | 4840 | 861680 | 20.99 | 856840 | 4840 | 861680 | 20.99 | - |
| | b) Central Govt | | | | | | | | | |
| | c) State Govt(s) | | | | | | | | | |
| | d) Bodies Corp. | - | 10000 | 10000 | 0.24 | - | - | - | - | (0.24) |
| | e) Banks / FI | | | | | | | | | |
| | f) Any other... | | | | | | | | | |
| | Sub-total(A) (1):- | 856840 | 14840 | 871680 | 21.23 | 856840 | 4840 | 861680 | 20.99 | (0.24) |
| | (2) Foreign | | | | | | | | | |
| | a) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| | b) Other-Individuals | - | - | - | - | - | - | - | - | - |
| | c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| | d) Banks/ FI | - | - | - | - | - | - | - | - | - |
| | e) Any Other.... | - | - | - | - | - | - | - | - | - |
| | Sub-total(A) (2):- | - | - | - | - | - | - | - | - | - |
| | Total shareholding of Promoter (A)=(A)(1)+(A)(2) | 856840 | 14840 | 871680 | 21.23 | 856840 | 4840 | 861680 | 20.99 | (0.24) |
| B. | Public Shareholding | | | | | | | | | |
| | 1. Institutions | | | | | | | | | |
| | a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| | b) Banks/FI | - | - | - | - | - | - | - | - | - |
| | c) Central Govt. | - | - | - | - | - | - | - | - | - |
| | d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| | e) Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| | f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| | g) FIIS | - | - | - | - | - | - | - | - | - |
| | h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| | i) Others (specify) | - | - | - | - | - | - | - | - | - |
| | Sub-total (B)(1):- | - | - | - | - | - | - | - | - | - |

CHARMS INDUSTRIES LIMITED

| Category of Shareholders | No. of Shares held at the beginning of the year (01/04/2015) | | | | No. of Shares held at the end of the year (31/03/2016) | | | | % Change during the year |
|--|--|---------------|----------------|-------------------|--|---------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | - | - | - | | | | | | |
| i) Indian | 250718 | 5900 | 256618 | 6.25 | 232523 | 15900 | 248423 | 6.05 | (0.20) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1073828 | 622900 | 1696728 | 41.32 | 1054714 | 620300 | 1675014 | 40.79 | (0.53) |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1006688 | 204100 | 1210788 | 29.49 | 1044688 | 204100 | 1248788 | 30.41 | 0.92 |
| c) Others (specify) | | | | | | | | | |
| i) Non Resident Repatriates | 63 | 70000 | 70063 | 1.71 | 63 | 70000 | 70063 | 1.71 | - |
| ii) Non Resident Non Repatriates | 223 | - | 223 | 0.01 | 223 | - | 223 | 0.01 | - |
| iii) Clearing Members | - | - | - | - | 1909 | - | 1909 | 0.05 | 0.05 |
| Sub-total (B) (2):- | 2331520 | 902900 | 3234420 | 78.77 | 2334120 | 910300 | 3244420 | 79.01 | 0.24 |
| Total Public Shareholding (B)=(B) (1)+ (B) (2) | 2331520 | 902900 | 3234420 | 78.77 | 2334120 | 910300 | 3244420 | 79.01 | 0.24 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 3188360 | 917740 | 4106100 | 100 | 3190960 | 915140 | 4106100 | 100 | - |

(ii) Shareholding of Promoters

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|----|---|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Shivkumar R. Chauhan | 828540 | 20.18 | - | 828540 | 20.18 | - | - |
| 2 | Nehal S. Chauhan | 33140 | 0.81 | - | 33140 | 0.81 | - | - |
| 3 | Panth Developers And Finance Private Limited* | 10000 | 0.24 | - | - | - | - | (0.24) |
| | Total | 871680 | 21.23 | - | 861680 | 20.99 | - | (0.24) |

* Categorized in Public and shifted from promoter to public.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sr.No. | For Each of the Promoters | Shareholding at the beginning of the year | | Increase/ Decrease in share holding | Reason | Cumulative Shareholding during the year | |
|--------|---|---|----------------------------------|-------------------------------------|--------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | | | No. of Shares | % of total shares of the Company |
| 1. | Shivkumar R. Chauhan | | | | | | |
| | At the beginning of the year | 828540 | 20.18 | No changes during the year | | 828540 | 20.18 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 828540 | 20.18 | | | 828540 | 20.18 |
| 2. | Nehal S. Chauhan | | | | | | |
| | At the beginning of the year | 33140 | 0.81 | No changes during the year | | 33140 | 0.81 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 33140 | 0.81 | | | 33140 | 0.81 |
| 3. | Panth Developers And Finance Private Limited | | | | | | |
| | At the beginning of the year | 10000 | 0.24 | Categorized in Public | | 10000 | 0.24 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 10000 | 0.24 | | | 10000 | 0.24 |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr.No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Increase/Decrease in share holding | Reason | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|------------------------------------|----------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | | | No. of Shares | % of total shares of the Company |
| 1. | Amrapali aadya trading & investment pvt. Ltd. | | | | | | |
| | At the beginning of the year | 131513 | 3.20 | | | 131513 | |
| | Decrease as on 09/10/2015 | | | -2401 | Transfer | 129112 | |
| | At the end of the Year | 129112 | 3.14 | | | 129112 | 3.14 |
| 2. | Babulal Jain | | | | | | |
| | At the beginning of the year | 108295 | 2.64 | No Changes During the year | | 108295 | 2.64 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 108295 | 2.64 | | 108295 | 2.64 | |
| 3. | Rajendra Dhirajlal Gandhi | | | | | | |
| | At the beginning of the year | 100000 | 2.44 | No Changes During the year | | 100000 | 2.44 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 100000 | 2.44 | | 100000 | 2.44 | |
| 4. | Reema Bhavin Shah | | | | | | |
| | At the beginning of the year | 97265 | 2.37 | No Changes During the year | | 97265 | 2.37 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 97265 | 2.37 | | 97265 | 2.37 | |
| 5. | Bina Shah Fleck | | | | | | |
| | At the beginning of the year | 50000 | 1.22 | No Changes During the year | | 50000 | 1.22 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 50000 | 1.22 | | 50000 | 1.22 | |
| 6. | Pratik Rajendra Gandhi | | | | | | |
| | At the beginning of the year | 50000 | 1.22 | No Changes During the year | | 50000 | 1.22 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 50000 | 1.22 | | 50000 | 1.22 | |

CHARMS INDUSTRIES LIMITED

| Sr.No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Increase/Decrease in share holding | Reason | Cumulative Shareholding during the year | |
|------------|-------------------------------------|---|----------------------------------|------------------------------------|----------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | | | No. of Shares | % of total shares of the Company |
| 7. | Laxmipath Dudheria | | | | | | |
| | At the beginning of the year | 48307 | 1.18 | No Changes During the year | | 48307 | 1.18 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 48307 | 1.18 | | | 48307 | 1.18 |
| 8. | Vipul Rajendrabhai Gandhi | | | | | | |
| | At the beginning of the year | 45000 | 1.10 | | | 45000 | 1.10 |
| | Increase as on 22/01/2016 | | | 5000 | Transfer | 50000 | 1.22 |
| | At the end of the Year | 50000 | 1.22 | | | 50000 | 1.22 |
| 9. | Bharat Bhudarji Thakkar | | | | | | |
| | At the beginning of the year | 39700 | 0.97 | No Changes During the year | | 39700 | 0.97 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 39700 | 0.97 | | | 39700 | 0.97 |
| 10. | Mahesh Shankarlal Shah | | | | | | |
| | At the beginning of the year | 36652 | 0.89 | No Changes During the year | | 36652 | 0.89 |
| | No changes during the year | | | | | | |
| | At the end of the Year | 36652 | 0.89 | | | 36652 | 0.89 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr.No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Increase/Decrease in share holding | Reason | Cumulative Shareholding during the year | |
|-----------|-----------------------------------|---|----------------------------------|------------------------------------|--------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | | | No. of Shares | % of total shares of the Company |
| 1. | Shivkumar R. Chauhan | | | | | | |
| | At the beginning of the year | 828540 | 20.18 | | | 828540 | 20.18 |
| | No Changes during the year | | | | | | |
| | At the end of the Year | 828540 | 20.18 | | | 828540 | 20.18 |
| 2. | Nehal S. Chauhan | | | | | | |
| | At the beginning of the year | 33140 | 0.08 | | | 33140 | 0.08 |
| | No Changes during the year | | | | | | |
| | At the end of the Year | 33140 | 0.08 | | | 33140 | 0.08 |
| 3. | Harsad Shantilal Gandhi | | | | | | |
| | At the beginning of the year | 0 | 0 | | | 0 | 0 |
| | No Changes during the year | 0 | 0 | | | 0 | 0 |
| | At the end of the Year | 0 | 0 | | | 0 | 0 |
| 4. | Nishit M. Rupapara | | | | | | |
| | At the beginning of the year | 0 | 0 | | | 0 | 0 |
| | No Changes during the year | 0 | 0 | | | 0 | 0 |
| | At the end of the Year | 0 | 0 | | | 0 | 0 |
| 5. | Dahyabhai B. Sachania | | | | | | |
| | At the beginning of the year | 0 | 0 | | | 0 | 0 |
| | No Changes during the year | 0 | 0 | | | 0 | 0 |
| | At the end of the Year | 0 | 0 | | | 0 | 0 |
| 6. | Biren J. Thakor | | | | | | |
| | At the beginning of the year | 0 | 0 | | | 0 | 0 |
| | No Changes during the year | 0 | 0 | | | 0 | 0 |
| | At the end of the Year | 0 | 0 | | | 0 | 0 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 209636 | - | 209636 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 209636 | - | 209636 |
| Change in Indebtedness during the financial year | - | - | - | - |
| * Addition | - | - | - | - |
| * Reduction | - | 209636 | - | 209636 |
| Net Change | - | 209636 | - | 209636 |
| Indebtedness at the end of the financial year | - | - | - | - |
| i) Principal Amount | - | Nil | - | Nil |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | Nil | - | Nil |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|-----|---|-------------------------|-----------------|
| | | Shivkumar R. Chauhan | (Rs.) |
| 1 | Gross salary | 300000 | 300000 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | | Nil |
| 2 | Stock Option | | Nil |
| 3 | Sweat Equity | | Nil |
| 4 | Commission | | Nil |
| | - as % of profit | | |
| | - others, specify... | | |
| 5 | Others, please specify | | Nil |
| | Total (A) | 300000 | 300000 |
| | Ceiling as per the Act | 3000000 | 3000000 |

B. Remuneration to other directors:

| SN. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|-----|--|----------------------|---------------------------|------------------------|-----------------------|--------------|
| | | Mr. Harsad S. Gandhi | Mr. Dahyabhai B. Sachania | Mr. Nishit M. Rupapara | Mrs. Nehal S. Chauhan | |
| 1 | Independent Directors | ✓ | | ✓ | | |
| | Fee for attending board committee meetings | - | - | - | | - |
| | Commission | - | - | - | | - |
| | Others, please specify | - | - | - | | - |
| | Total (1) | - | - | - | | - |
| 2 | Other Non-Executive Directors | | ✓ | | ✓ | |
| | Fee for attending board committee meetings | | - | - | - | - |
| | Commission | | - | - | - | - |
| | Others, please specify | | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B)=(1+2) | | - | - | - | - |
| | Total Managerial Remuneration | | - | - | - | - |
| | Overall Ceiling as per the Act | | | | | |

C. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD:

| SN. | Particulars of Remuneration | Key Managerial Personnel | |
|-----|---|--------------------------|-------|
| | | CFO | Total |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | - as % of profit | - | - |
| | others, specify... | - | - |
| 5 | Others, please specify | - | - |
| | Total | - | - |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made,if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|-----------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | N.A. | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | N.A. | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | N.A. | | |
| Punishment | | | | | |
| Compounding | | | | | |

INDEPENDENT AUDITOR'S REPORT**To the Members of Charms Industries Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **Charms Industries Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements given below give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its losses and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "**Annexure A**", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a) we have sought and 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 it appears from our examination of those books;

- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**;
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For, Praful N. Shah & Co.,
Chartered Accountants
(FRN: 108057W)**

**Praful N. Shah
Proprietor
M.No.15591**

**Place : Ahmedabad
Date : 26/05/2016**

**ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in Paragraph 1 of our Report of even date)**

- i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) As explained to us, the fixed assets have been physically verified by the management in accordance with the programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. As informed to us no material discrepancies have been noticed on such verification.
- ii. (a) The inventory has been physically verified during the year by the management at reasonable intervals
- (b) The procedures of the physical verification of the inventories followed by management are reasonable and adequate in relation to size of the company and nature of the business.
- (c) The company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanation given to us and the records produced to us for our verification, the company has not granted any loans to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly the provisions of paragraph 3 (iii) of the Order are not applicable.
- iv. According to the information and explanations given to us and representations made by the Management, the Company has not done any transactions covered under section 185 and 186 in respect of loans, investments, guarantees and security. Accordingly the provisions of paragraph 3 (iv) of the Order are not applicable.

- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. The Central Government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the products manufactured by the Company.
- vii. (a) According to information and explanation given to us and on the basis of examination of the records of the company, amount deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other cess and any other statutory dues have been generally regularly deposited with the appropriated authorities wherever applicable, there is no outstanding as at 31 March, 2016 for a period of more than six months from the date they become payable.
- (b) According to the records of the Company and representations made by the Management, there are no statutory dues as mentioned in paragraph 3(vii)(a) which have not been deposited on account of any dispute.
- viii. The Company has not taken any loan either from banks, financial institutions or from the government and has not issued any debentures. Accordingly the provisions of paragraph 3 (viii) of the Order are not applicable.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable.
- x. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanation given to us, we have neither come across any instance of material fraud by the company or on the company by its officers or employees, noticed or reported during the period, nor have we been informed of any such case by the management.
- xi. In our opinion, managerial remuneration for the year ended 31st March, 2016 has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 of the Act, read with Schedule V to the Act.
- xii. In our opinion, the Company is not a nidhi Company. Accordingly the provisions of Clauses 3 (xii) of the Order are not applicable.
- xiii. As per information and explanation given to us and on the basis of our examination of the records of the Company, there are no transactions with related parties within section 177 and 188 of Companies Act 2013 and all the details have been disclosed in financial statements as required by the applicable Accounting Standards.
- xiv. According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement or not issued any debenture during the year under review. Accordingly the provisions of paragraph 3(xiv) of the Order are not applicable.
- xv. According to the information and explanations given to us and on the basis of our examination of the records, Company has not entered into any non-cash transactions with any director or any person connected with him. Accordingly the provisions of Clauses 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable.

**For, Praful N. Shah & Co.,
Chartered Accountants
(FRN: 108057W)**

**Praful N. Shah
Proprietor
M.No.15591**

**Place : Ahmedabad
Date : 26/05/2016**

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**Report on the Internal Financial Controls under Clause i of sub-section 3 of section 143 of the Companies Act 2013 (the act).**

We have audited the internal financial controls over financial reporting of the Company as of 31st March, 2016 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibilities for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company is not having any defined SOP to manage its operations. Accordingly there are some limitations in the control aspects of financial reporting. In our opinion, except for the possible effects of the this material weakness, the company has maintained in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2016 based on the internal financial controls over financial reporting criteria established by the company considering the essential components of internal financial controls stated in the Guidance Note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

**For, Praful N. Shah & Co.,
Chartered Accountants
(FRN: 108057W)
Praful N. Shah
Proprietor
M.No.15591**

**Place : Ahmedabad
Date : 26/05/2016**

BALANCE SHEET AS AT 31 MARCH, 2016

| PARTICULARS | Note No. | As at 31/03/16 | | As at 31/03/15 | |
|---|----------|-------------------|------------|-------------------|------------|
| | | 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 | -23,607,434 | | -19,931,128 | |
| (c) Money received against share warrants | | | | | |
| | | | 17,453,566 | | 21,129,872 |
| 2. Share application money pending allotment (To the extent not refundable) | | | - | | - |
| 3. Non-current liabilities | | | | | |
| (a) Long-term borrowings | 3 | 0 | | 209,636 | |
| (b) Deferred Tax liabilities (Net) | | - | | - | |
| (c) Other Long term liabilities | | - | | - | |
| (d) Long-term Provisions | | - | | - | |
| | | | 0 | | 209,636 |
| 4. Current Liabilities | | | | | |
| (a) Short term borrowings | | - | | - | |
| (b) Trade payables | 4 | 535,049 | | 423,850 | |
| (c) Other current liabilities | 4A | 0 | | - | |
| (d) Short term provisions | | - | | - | |
| | | | 535,049 | | 423,850 |
| TOTAL | | 17,988,615 | | 21,763,358 | |
| II ASSETS | | | | | |
| 1. Non-current assets | | | | | |
| (a) Fixed assets | 5 | | | | |
| (i) Tangible assets | | 7082929 | | 7214423 | |
| (ii) Intangible assets | | - | | - | |
| (iii) Capital work-in-progress | | - | | - | |
| (iv) Intangible assets under development | | - | | - | |
| (b) Non-current investments | 6 | 4,643,000 | | 4,718,000 | |
| (c) Deferred tax assets (net) | | - | | - | |
| (d) Long-term loans and advances | | - | | - | |
| (e) Other non-current assets | | - | | - | |
| | | | 11,725,929 | | 11,932,423 |
| 2. Current assets | | | | | |
| (a) Current investments | | - | | - | |
| (b) Inventories | 7 | 342,424 | | 574,985 | |
| (c) Trade receivables | 8 | 147,029 | | 685,810 | |
| (d) Cash and Bank Balances | 9 | 5523384 | | 4056670 | |
| (e) Short-term loans and advances | 10 | 249,849 | | 4,513,470 | |
| (f) Other current assets | | - | 6,262,686 | - | 9,830,935 |
| TOTAL | | 17,988,615 | | 21,763,358 | |

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)

P. N. Shah*Proprietor*

Membership No. : 15591

Dated : 26/05/2016

Place : Ahmedabad

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

Managing Director

(DIN:00841729)

Harsad Gandhi

Chairman & Director

(DIN:01056779)

Biren J. Thaker

Chief Financial Officer

Dated : 26/05/2016

Place : Ahmedabad

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED ON 31ST MARCH, 2016

| PARTICULARS | Note No. | As at 31/03/16 | | As at 31/03/15 | |
|--|----------|----------------|--------------------|----------------|-------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| I Revenue from operations: | 11 | | | | |
| Sale of Products | | 22,637,084 | - | 15,620,384 | |
| Sale of Services | | | - | | |
| Other Operating Revenues | | - | | | |
| Less: Excise Duty | | - | | | |
| | | | 22,637,084 | | 15,620,384 |
| Increase in Inventory | | | - | | - |
| II Other Income | 12 | | 40,640 | | 714,019 |
| III Total Revenue (I + II) | | | <u>22,677,724</u> | | <u>16,334,403</u> |
| IV Expenses | | | | | |
| Cost of Materials Consumed | | | - | | |
| Purchases of Stock in Trade | | 22,265,275 | | 14,855,339 | |
| Changes in inventories of finished goods, work in progress and Stock-in- trade | 13 | 232,561 | | (266,621) | |
| Employee benefits expense | 14 | 346,400 | | 367,505 | |
| Finance Costs | | - | | | |
| Depreciation and amortization expense | 5 | 180,464 | | 173,533 | |
| Other expense | 15 | 725,555 | | 944,661 | |
| Total Expense | | | <u>23,750,255</u> | | <u>16,074,417</u> |
| V Profit before exceptional and extraordinary items and tax (III-IV) | | | <u>(1,072,531)</u> | | <u>259,986</u> |
| VI Exceptional Items (badloans/advances/ credit w/off) | | | 2,603,775 | | |
| VII Profit before extraordinary items and tax (V-VI) | | | <u>(3,676,306)</u> | | <u>259,986</u> |
| VIII Extraordinary items | | | - | | |
| IX Profit before tax (VII-VIII) | | | <u>(3,676,306)</u> | | <u>259,986</u> |
| X Tax expense: | | | | | |
| (1) Current tax | | | - | | - |
| (2) Deferred tax | | | - | | - |
| | | | | | |
| XI Profit/(Loss) for the period from continuing operations (IX - X) | | | <u>(3,676,306)</u> | | <u>259,986</u> |
| XII Profit/(Loss) for the period from discontinuing operations | | | - | | - |
| XIII Tax expense of discontinuing operations (after tax) (XII-XIII) | | | - | | - |
| XIV Profit/(Loss) from discontinuing operations | | | - | | - |
| XV Profit/(Loss) for the period (XI + XIV) | | | <u>(3,676,306)</u> | | <u>259,986</u> |
| XVI Earnings per equity share: | | | | | |
| (1) Basic | | | -0.90 | | 0.06 |
| (2) Diluted | | | -0.90 | | 0.06 |

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)

P. N. Shah*Proprietor*

Membership No. : 15591

Dated : 26/05/2016

Place : Ahmedabad

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

Managing Director

(DIN:00841729)

Harsad Gandhi

Chairman & Director

(DIN:01056779)

Biren J. Thaker

Chief Financial Officer

Dated : 26/05/2016

Place : Ahmedabad

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

| Particulars | For the year ended 31ST MARCH, 2016 | For the year ended 31ST MARCH, 2015 |
|---|---|---|
| A. Cashflow From Operating Activities | | |
| Net Profit Before Tax | (3,676,306) | 259,986 |
| Adjustments for | | |
| Depreciation | 180,464 | 173,533 |
| Bad Loans/Advances W/off | 2,603,775 | - |
| Operating Profit before Working Capital Changes | (892,067) | 433,519 |
| OPERATING ACTIVITIES | | |
| Trade Payables | 111,199 | (56,205) |
| Inventory | 232,561 | (266,621) |
| Trade Receivables | 538,781 | 1,500,000 |
| Loans & Advances | 1,450,211 | 1,091,913 |
| Income Tax Provision of earlier years | - | (1,260,000) |
| Other current liabilities | | |
| Cash Generated From operations | 2,332,752 | 1,009,087 |
| B. Cashflow from Investing activities | | |
| Purchase of Fixed Assets | (48,970) | - |
| Investment | 75,000 | 640,000 |
| Net Cash from Investing Activities | 26,030 | 640,000 |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B) | 1,466,715 | 2,082,606 |
| Opening Balance of Cash & Cash Equivalents | 4,056,670 | 1,974,064 |
| Closing Balance of Cash & Cash Equivalents | 5,523,385 | 4,056,670 |
| | 1,466,715 | 2,082,606 |

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)

P. N. Shah

Proprietor

Membership No. : 15591

Dated : 26/05/2016

Place : Ahmedabad

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Shivkumar R. Chauhan

Managing Director

(DIN:00841729)

Harsad Gandhi

Chairman & Director

(DIN:01056779)

Biren J. Thaker

Chief Financial Officer

Dated : 26/05/2016

Place : Ahmedabad

NOTES FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2016

| Particulars | As at 31/03/16 | | As at 31/03/15 | |
|-------------|----------------|--------|----------------|--------|
| | 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. Shivkumar R Chauhan | 828,540 | 20.18 | 828,540 | 20.18 |

| Particulars | As at 31/03/16 | | As at 31/03/15 | |
|-------------|----------------|--------|----------------|--------|
| | Rupees | Rupees | Rupees | Rupees |

NOTE '2' : RESERVES AND SURPLUS

| | | | | |
|-------------------------|--------------|---------------------|--------------|---------------------|
| Profit and Loss Account | (23,077,657) | | (23,337,643) | |
| Add: loss of the year | (3,676,306) | | 259,986 | |
| | | (26,753,963) | | (23,077,657) |
| Capial Reserve | | 3,146,529 | | 3,146,529 |
| TOTAL | | (23,607,434) | | (19,931,128) |

NOTE '3' : LONG TERM BORROWINGS

| | | | | |
|---------------------------------|--|----------|--|---------------|
| - Unsecured | | | | |
| - From Co-operative Bank | | 0 | | 209636 |
| TOTAL | | 0 | | 209636 |

CHARMS INDUSTRIES LIMITED

| Particulars | As at 31/03/16 | | As at 31/03/15 | |
|--|----------------|---------------|----------------|---------------|
| | Rupees | Rupees | Rupees | Rupees |
| NOTE '4' : TRADE PAYABLES | | | | |
| Trade Payables | | | | |
| For Expenses | | 535049 | | 423850 |
| TOTAL | | 535049 | | 423850 |
| NOTE '4A' : OTHER CURRENT LIABILITIES | | | | |
| Provision of taxation | | 0 | | - |
| TOTAL | | 0 | | - |

NOTE '5' : FIXED ASSETS

| Sr. No. | Description of assets | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | |
|-------------------------|------------------------|-----------------------|--------------------------|----------------------|-----------------------------|-------------------------------|--------------------------|------------------------|----------------------------|------------------|------------------|
| | | Cost as on 01.04.2015 | Addition during the year | Adj. during the year | Total cost as at 31.03.2016 | Depreciation as at 01.04.2015 | Addition during the year | Dep. adj. at 31.3.2016 | Total Depre. As 31.03.2016 | As at 31.03.2016 | As at 31.03.2015 |
| Tangible Assets: | | | | | | | | | | | |
| 1 | Air Conditioners | 90,847 | - | - | 90,847 | 85,260 | 838 | - | 86,098 | 4,749 | 4,749 |
| 2 | Building | 999,076 | - | - | 999,076 | 670,013 | 32,906 | - | 702,919 | 296,157 | 296,157 |
| 3 | Computers And Printers | 2,459,436 | - | - | 2,459,436 | 2,387,038 | 10,860 | - | 2,397,898 | 61,538 | 61,538 |
| 4 | Furniture and Fixtures | 890,671 | 48,970 | - | 939,641 | 832,620 | 5,805 | - | 838,425 | 101,216 | 101,216 |
| 5 | Vehicles | 1,920,791 | - | - | 1,920,791 | 1,707,347 | 32,017 | - | 1,739,364 | 181,427 | 181,427 |
| 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 | 464,120 | 98,038 | - | 562,158 | 6,437,842 | 6,437,842 |
| TOTAL RS. | | 13,381,111 | 48,970 | - | 13,430,081 | 6,166,688 | 180,464 | - | 6,347,152 | 7,082,929 | 7,082,929 |
| Previous Year Rs. | | 13,381,111 | - | - | 13,381,111 | 5,439,051 | 192,180 | - | 5,631,231 | 7,942,062 | - |

| Particulars | As at 31/03/16 | | As at 31/03/15 | |
|-------------|----------------|--------|----------------|--------|
| | Rupees | Rupees | Rupees | Rupees |

NOTE '6' : NON-CURRENT INVESTMENTS

(All Quoted unless otherwise Specified)

| | | |
|---|------------------|------------------|
| Investment (Long term) with Mutual Funds | 1340000 | 1415000 |
| In House Property | 3,303,000 | 3,303,000 |
| Total Non- Current Investment | 4,643,000 | 4,718,000 |

NOTE '7' : INVENTORIES

| | | |
|---------------------------|---------------|----------------|
| Stock of Foreign Currency | 342424 | 574985 |
| TOTAL | 342424 | 574,985 |

| Particulars | As at 31/03/16 | | As at 31/03/15 | |
|--|----------------|-------------------|----------------|-------------------|
| | Rupees | Rupees | Rupees | Rupees |
| NOTE '8' : TRADE RECEIVABLES | | | | |
| Over Six Months | | | | |
| Good | | 147029 | | 685810 |
| Below Six Months | | | | |
| Good | | 0 | | 0 |
| TOTAL | | 147029 | | 685,810 |
| NOTE '9' : CASH AND BANK BALANCES | | | | |
| - Cash and Cash Equivalents | | | | |
| Cash on Hand | | 252,950 | | 448,850 |
| Balance with Nationalized Banks | | | | |
| - In Current Accounts | | 5,270,434 | | 3,607,820 |
| TOTAL | | 5,523,384 | | 4,056,670 |
| NOTE '10' : SHORT TERM LOANS AND ADVANCES | | | | |
| Others | | | | |
| Advances recoverable in cash or kind(TDS) | | - | | - |
| Loans to Companies & others | | 249,849.00 | | 4,239,059.00 |
| Balance with Statutory Authorities (Stock Exchange) | | - | | 274,411.00 |
| TOTAL | | 249,849 | | 4,513,470 |
| NOTE '11' : REVENUE FROM OPERATION | | | | |
| Sale of Products | | 22,637,084 | | 15,620,384 |
| TOTAL | | 22,637,084 | | 15,620,384 |
| NOTE '12' : OTHER INCOME | | | | |
| Interest/ Dividend/ Mis.Income | | 40,640 | | 254,322 |
| Excess Provision of Income Tax of earlier years | | - | | 459,697 |
| TOTAL | | 40,640 | | 714,019 |

CHARMS INDUSTRIES LIMITED

| Particulars | As at 31/03/16 | | As at 31/03/15 | |
|---|----------------|----------------|----------------|------------------|
| | Rupees | Rupees | Rupees | Rupees |
| NOTE '13' | | | | |
| Changes in inventories of Stock in trade | | | | |
| Opening Stock | | 574985 | | 308364 |
| Less : Closing Stock | | 342424 | | 574985 |
| TOTAL | | 232,561 | | (266,621) |
| NOTE '14' : EMPLOYEE BENEFITS EXPENSES | | | | |
| Salaries, Wages, Bonus etc. | | 46400 | | 67505 |
| Managing Director | | 300000 | | 300000 |
| TOTAL | | 346,400 | | 367,505 |
| NOTE '15' : OTHER EXPENSES | | | | |
| To Auditors | | | | |
| - As Auditors | 50000 | | 50000 | |
| - For other services and Accounting Services | 30000 | | 30000 | |
| Electricity Charges | 46540 | | 41283 | |
| Repairs and Maintenance(vehicals) | 32300 | | 21700 | |
| Rent,Rates and Taxes | 0 | | 27681 | |
| Insurance Premium | 0 | | 24635 | |
| Vehicles Expenses | 104443 | | 166508 | |
| Advertisement Exp. | 10720 | | 25350 | |
| Expenses of A.G.M | 14950 | | 10000 | |
| Bank Charges | 1456 | | 10288 | |
| Commission For Foreign Currency Bussiness | 0 | | 65883 | |
| Legal fees and Expenses | 104763 | | 188721 | |
| Administartive Exp. | 57264 | | 95475 | |
| Printing & Stationery Exp. | 17105 | | 13829 | |
| Telephone Exp. | 48014 | | 42710 | |
| Conveyance | 0 | | 3600 | |
| Listing Fee to BSE | 208000 | | 112360 | |
| Travelling Expenses of M. D | 0 | | 14,638 | |
| TOTAL | | 725,555 | | 944,661 |

Note No. : 16 ACCOUNTING POLICIES & NOTES ON ACCOUNTS**A. Accounting Policies**

1. General :-

Accounting Policies not specifically referred to otherwise be consistent and in consonance with generally accepted accounting principles.

2. Revenue Recognition :-

Expenses and Income considered payable and receivable respectively are accounting for on accrual basis.

3. Fixed Assets :-

Fixed assets are stated at their original cost of acquisition.

4. Depreciation :-

Depreciation on Fixed Assets has been provided on WDV method, on the cost of Fixed Assets as per the rates, provided in the Companies Act, 2013.

5. Inventories :-

Inventories are valued at cost.

6. Taxes on Income:-

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. However due to loss no provision of Income tax has been made for current year. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

(B) Notes on Accounts

1. Sundry Creditors, Sundry Debtors, Loans & Advances and Unsecured Loans have been taken at their book value subject to confirmation and reconciliation.

2. During the year ended 31st March 2016, the Schedule III of the Companies Act, 2013 has become applicable to the company, for preparation and presentation of its financial statements. The adoption of Schedule III does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

3. Payments to Auditors:-

| Auditors Remuneration | 2015-16 | 2014-15 |
|--------------------------------|----------------|----------------|
| Audit Fees | 30,000 | 30,000 |
| Tax Audit Fees | 20,000 | 20,000 |
| Certification & other services | 30,000 | 30,000 |
| Total | 80,000 | 80,000 |

4. With regard to Loans & Advances, the management noticed that a sum of Rs. 28,13,411/- has been found doubtful of recovery as the same are not received by the company inspite of continues follow up and legal actions. Hence the said amount has been written off this year by debiting the same to Profit & Loss account.

Similarly there was un-secured loan/ liability of Rs. 2,09,636/- payable to one Co. Op. Bank Ltd. As the said liability was outstanding for more then 10 years and the said bank gone in to liquidation before more then 7 years, the management is now of the opinion that the said amount is not payable and hence it has been adjusted against above written amount and thus the net amount of Rs. 26,03,775/- has been debited in Profit & Loss account.

5. Related Party disclosure

Transactions with Related parties : Nil

6. Value of Imports

| | | |
|----------------|-----|-----|
| Raw Material | Nil | Nil |
| Finished Goods | Nil | Nil |

7. Expenditure in Foreign Currency

Nil Nil

8. Earning in Foreign Exchange

Nil Nil

9. Previous year's figures have been re-arranged / re-grouped where ever necessary to make them comparable with the figures of current year.

In terms of our report of even date

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

Chartered Accountants

(FRN : 108057W)

P. N. Shah

Proprietor

Membership No. : 15591

Dated : 26/05/2016

Place : Ahmedabad

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Shivkumar R. Chauhan

Managing Director

(DIN:00841729)

Harsad Gandhi

Chairman & Director

(DIN:01056779)

Biren J. Thaker

Chief Financial Officer

Dated : 26/05/2016

Place : Ahmedabad

CHARMS INDUSTRIES LIMITED

CIN : L72900GJ1992PLC017494

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

Form-MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

24th Annual General Meeting – 02nd day of September, 2016 at 11.30 a.m.

CIN : L72900GJ1992PLC017494
Name of the company : CHARMS INDUSTRIES LIMITED
Registered office : 108-B/109 SAMPADA BUILDING, MITHAKHALI SIX ROADS, OPP-HARE KRISHNA COMPLEX, B/H KIRAN MOTORS, AHMEDABAD-380009

Name of the Member(s) : _____
Registered Address : _____
Email : _____
DP ID : _____
Folio No. / Client ID No. : _____

I/We, being the member(s) of _____ shares of the above named Company, hereby appoint:

- 1) Name : _____ Address : _____
 _____ E-mail Id : _____
 Signature: _____ Or falling him/her
- 2) Name : _____ Address : _____
 _____ E-mail Id : _____
 Signature: _____ Or falling him/her
- 3) Name : _____ Address : _____
 _____ E-mail Id : _____
 Signature: _____

[PTO]



TEAR HERE



CHARMS INDUSTRIES LIMITED

CIN : L72900GJ1992PLC017494

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 **Friday 02nd September 2016 at 11.30 a.m.** At 108-B/109 Sampada Building, Mithakhali Six Roads, Opp-Hare Krishna Complex, B/H Kiran Motors, 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.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual general meeting of the company, to be held on the 02nd day of September, 2016 at 11.30 a.m. at the registered office of the Company situated At 108-B/109 Sampada Building, Mithakhali Six Roads, Opp-Hare Krishna Complex, B/H Kiran Motors, Ahmedabad-380009 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. Particulars

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 Statement of Profits & Loss and together with Cash Flow Statement and Notes forming part thereto ("Financial Statement") for the year ended on 31st March, 2016 and Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Nehal S. Chauhan (Din: 02901331) who retires by rotation and being eligible, offers herself for re-appointment.
3. To ratify the appointment of Auditors of the Company and fix their remuneration
4. To approve re-appointment of Mr. Shivkumar R. Chauhan (Din: 00841729) as the Managing Director of the company.
5. To appoint Mr. Parth S. Chauhan (DIN:07571829) as a Director of the Company
6. To increase the Borrowing power Limit of the Board of Directors upto Rs.10 crores

Signed this _____ day of _____ 2016

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

Signature of Member _____

Signature of Proxy holder(s) _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

----- ✂ ----- TEAR HERE ----- ✂ -----

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