

10/10/2017

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

SUB.: Submission of Annual Report of 25th Annual General Meeting

Dear Sir,

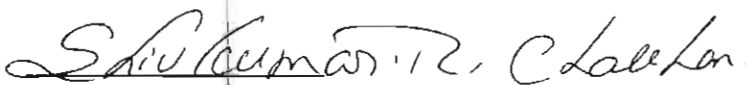
With reference to the above captioned subject, we hereby submitting a copy of the Annual Report of 25th Annual General Meeting of the Company held on Monday, 11th September, 2017 at 11.30 A.M. at the registered office of the Company situated at 108-B/109, Sampada Building, Mithakhali Six Road, Opp-Hare 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)

**25th
ANNUAL REPORT
2016-17**

CHARMS INDUSTRIES LIMITED

25th Annual Report 2016-17

KEY MANAGERIAL PERSONNEL & BOARD OF DIRECTORS

| | |
|------------------------------|--|
| Mr. Shivkumar R. Chauhan | Managing Director (DIN: 00841729) |
| Mr. Harshad S. Gandhi | Chairman and Director (DIN: 01056779) |
| Mr. Nishit M. Rupapara, | Director (DIN: 02859031) |
| Mrs. Nehal Shivkumar Chauhan | Director (DIN: 02901331) |
| Mr. Parth Shivkumar Chauhan | Director (DIN: 07571829) (w.e.f. 02/09/2016) |
| Mr. Biren J. Thaker | Chief Financial Officer |

AUDITORS

M/s. B.S. RAJPUT & ASSOCIATES
Chartered Accountants
Ahmedabad

BANKERS

Indian Overseas Bank
ICICI Bank
Development Credit 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: charmsltd@yahoo.com

NOTICE

NOTICE is hereby given that the **Twenty Fifth (25th)** Annual General Meeting of the Members of the Company will be held on Monday **11th September, 2017** 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, 2017 and Statement of Profits & Loss together with Cash Flow Statement and Notes forming part thereto ("Financial Statement") for the year ended on 31st March, 2017 and Report of the Board of Directors and Auditors thereon.
- ii.** To appoint a Director in place of **Mr. Parth Shivkumar Chauhan (DIN: 07571829)** who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- iii.** To appoint the Statutory Auditors of the Company and fix their remuneration.

To consider and if thought fit, to give your assent/dissent to the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including the any statutory modification(s) or re-enactment(s) thereof for the time being in force), **M/s B.S. RAJPUT & ASSOCIATES, Chartered Accountants (firm registration no.119760W)** be and is hereby appointed as the Statutory Auditors of the Company (in place of M/s Praful N. Shah & Co., Chartered Accountant, Ahmedabad, the retiring Auditors) for a term of five (5) years commencing from the Company's financial year 2017-18 to hold from the conclusion of **25th Annual General Meeting** till the Conclusion of **30th Annual General Meeting** of the Company, subject to ratification of their appointment by the members at intervening Annual general meeting on such remuneration, excluding taxes, other applicable levies and out of pocket expenses etc. as may be mutually agreed upon by the Board of Directors and the Auditors.

RESOLVED FURTHER THAT the Board of directors of the Company (including its Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient 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: 11/08/2017

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 2016-17 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 **Monday, 04th September, 2017 to Monday 11th September, 2017** (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 M/s 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 **04/09/2017 (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. **04th September, 2017**, 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 08th September 2017 at 10.00 a.m. and will end on 10th September, 2017 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 **04th September, 2017**, 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. **04th September, 2017**.

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- | <ul style="list-style-type: none">• For CDSL Users: 16 digits beneficiary ID• For NSDL Users: 8 character DP ID followed by 8 digit 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/Depository Participant 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 25th Annual General Meeting vide item no. 2 is as follows:

| Particulars | Details |
|--|---|
| Name | Mr. Parth Shivkumar Chauhan |
| DIN | 07571829 |
| Designation | Director |
| Date of Birth | 25/10/1990 |
| Date of Appointment | 02.09.2016 |
| Qualifications experience in specific functional area | B.Com |
| Directorship held in other companies* | NIL |
| Membership / Chairmanships of Committee in other Public Companies | NIL |
| Relationships between directors <i>inter se</i> | Relative (Son) of Mrs. Nehal S. Chauhan Relative (Son) of Mr. Shivkumar R. Chauhan |
| Number of shares held in the Company | NIL |

***Pvt. Companies excluded**

Form No. 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]

| | |
|----------------------|--|
| 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 Id:

Folio No./Client Id:

DP ID:

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

| | | |
|----|------------|--|
| 1. | Name: | |
| | Address: | |
| | E-mail Id: | |
| | Signature: | |

| | | |
|----|------------|--|
| 2. | Name: | |
| | Address: | |
| | E-mail Id: | |
| | Signature: | |

| | | |
|----|------------|--|
| 3. | Name: | |
| | Address: | |
| | E-mail Id: | |
| | Signature: | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual general meeting of the company, to be held on 11th September, 2017 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 31 st March, 2017 Statement of Profits & Loss and together with Cash Flow Statement and Notes forming part thereto ("Financial Statement") for the year ended on 31 st March, 2017 and Report of the Board of Directors and Auditors thereon. |
| 2. | To appoint a Director in place of Mr. Parth S. Chauhan (DIN: 07571829) who retires by rotation and being eligible, offers himself for re-appointment. |
| 3. | To Appoint the Statutory Auditors of the Company and fix their remuneration |

Signed this..... day of..... 20....

Signature of shareholder

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.



CHARMS INDUSTRIES LIMITED

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

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the **25th Annual Report** of your Company together with the Audited Statements of Accounts for the financial year ended 31st March, 2017.

I. FINANCIAL RESULTS:

The financial performance of the Company for the year ended 31st March, 2017 is summarized below:

(In Rupees)

| Particulars | Year ending on 31 st March, 2017 | Year ending on 31 st March, 2016 |
|---|---|---|
| Sales | 3,02,60,628 | 2,26,37,084 |
| Other Income | 1,24,352 | 40,640 |
| Total Income | 3,03,84,980 | 2,26,77,724 |
| Less: Expenditure | 3,14,26,475 | 2,35,69,791 |
| Profit/Loss before interest, depreciation Exceptional items and tax | (1041495) | (8,92,067) |
| Less: Interest | - | - |
| Less: Depreciation & Amortization cost | 16,024 | 1,80,464 |
| Less: Exceptional items | 6329618 | 2603775 |
| Profit/ (Loss) before Tax | (73,87,137) | (36,76,306) |
| Less: Tax Expenses | - | - |
| Profit/ (Loss) after Tax | (73,87,137) | (36,76,306) |

II. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE:

The revenue of your Company for the year 2016-17 is Rs. 302.60 Lacs however there is loss of Rs.73.87 Lacs. In comparison to last year's revenue figures, the current year revenue has increased and your Directors look forward to improve the financial position of the Company.

III. DIVIDEND:

Since the Company has incurred loss in the Financial Year 2016-17, 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 given loans covered under the provisions of section 186 of the Companies Act, 2013 during the financial period under review (Please Refer note no.9 of the financial statements).

XII. 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.

XIII. REGISTRAR AND SHARE TRANSFER AGENT OF THE COMPANY

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 acting as Common Share Registry of the Company w.e.f 01st July, 2016.

XIV. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

A. CONSERVATION OF ENERGY:

- i. the steps taken or impact on conservation of energy : **Nil**
- ii. the steps taken by the company for utilizing alternate sources of energy : **None**
- iii. the capital investment on energy conservation equipments : **Nil**

B. TECHNOLOGY ABSORPTION:

- i. the efforts made towards technology absorption : **None**
- ii. the benefits derived like product improvement, cost reduction, product development or import substitution : **None**
- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
 - a) the details of technology imported : **None**
 - b) the year of import : **N.A.**
 - c) whether the technology been fully absorbed : **N.A.**
 - d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof : **N.A.**
- iv. the expenditure incurred on Research and Development : **Nil**

C. FOREIGN EXCHANGE EARNING & OUTGO :

- i) Foreign Exchange Earning: **NIL**
- ii) Foreign Exchange Outgo : **NIL**

XV. DIRECTORS AND KEY MANAGERIAL PERSONNEL

[A] COMPOSITION OF BOARD

| Name of Directors | Designation | Category | No. of Board Meeting held | No. of Board Meeting attended |
|-----------------------------------|---------------------|--------------------|---------------------------|-------------------------------|
| SHIVKUMAR R CHAUHAN | MANAGING DIRECTOR | Promoter Executive | 4 | 4 |
| HARSAD SHANTILAL GANDHI | Chairman & Director | Independent | 4 | 4 |
| DAHYABHAI BHAVANJIBHAI SACHANIA * | Director | Non-Independent | 4 | - |
| PARTH SHIVKUMAR CHAUHAN# | Director | Non-Executive | 4 | 2 |
| NISHIT MADHAVBHAI RUPAPARA | Director | Independent | 4 | 2 |
| NEHAL SHIVKUMAR CHAUHAN | Director | Non-Executive | 4 | 3 |

*Mr. Dahyabhai Bhavanjibhai Sachania ceased to be the director of the Company with effect from 26/07/2016.

Mr. Parth Shivkumar Chauhan was appointed as a director of the Company w.e.f. 02/09/2016.

[B] Retirement by rotation:

Mr. Parth Shivkumar Chauhan (DIN: 07571829) 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 himself for reappointment. 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 25th Annual General Meeting of your Company.

[C] 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).

[D] Appointment

Appointment of Mr. Parth S. Chauhan as a director of the Company:

During the year under review, in accordance with the provisions of Section 149,152 and 161 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Parth S. Chauhan (DIN: 07571829) was appointed as a Director by the members of the Company in the 24th Annual General Meeting held on 02nd September, 2016 and whose period of office shall be liable to retire by rotation.

The relevant details including profile of Mr. Parth S. Chauhan is included separately in the Notice calling the 25th Annual General Meeting of the Shareholders.

[E] Cessation during the year:

Mr. Dahyabhai Bhavanjibhai Sachania (DIN: 02468095) has resigned from the directorship of the Company w.e.f. 26.07.16.

[F] 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.

[G] NUMBER OF MEETINGS OF THE BOARD

Regular meetings of the Board are held to discuss and decide on various business policies, strategies, financial matters and other businesses.

During the year under review, the Board duly met Four (4) times on 26th May 2016, 26th July, 2016, 08th November 2016 and 03rd February, 2017 in respect of said meetings proper notices were given and proceedings were properly recorded and signed in the Minute Book maintained for the purpose.

XVI. 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, 2017, 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, 2017 and of the profit and loss of the Company for the financial year ended 31st March, 2017;
- 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.

XVII. 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 | 2 |
| Mr. Shivkumar R. Chauhan | Promoter | 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 26/05/2016, 26/07/2016, 08/11/2016 and 03/02/2017. 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.

➤ **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 | Promoter | 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 26/07/2016.

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:

➤ **Composition:**

The details of composition of Stakeholders Relationship Committee are as follows:

| NAME OF THE DIRECTORS | CATEGORY OF DIRECTORSHIP | REMARKS |
|------------------------------|---------------------------|----------|
| Mr. Harsad S. Gandhi | Independent Non Executive | Chairman |
| Mr. Shivkumar R. Chauhan | Promoter | Member |
| # Mr. Parth Shivkumar Chahun | Non Executive | Member |

Mr. Parth Shivkumar Chauhan was appointed as a director of the Company w.e.f. 02/09/2016.

➤ **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, 2017 are NIL.

➤ **Compliance Officer :**

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

➤ **Meetings**

The Committee duly met 01 (one) times on 20th June, 2016.

XVIII. AUDITORS:

[A] Appointment of Statutory Auditors:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with applicable Rules, the term of office of **M/s. Praful N Shah & Co., Chartered Accountants (Firm Registration No. 108057W)** as Statutory Auditors of the Company shall come to an end at the conclusion of the forthcoming Annual General Meeting of the Company. The Board of Directors places on record its appreciation for the services rendered by **M/s Praful N Shah & Co, Chartered Accountants**, Ahmedabad as Statutory Auditors of the Company. Subject to the approval of the members, the Board of Directors has recommended the appointment of **M/s. B. S. Rajput & Associates., Chartered Accountants, Ahmedabad (Firm Registration No. 119760W)** as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013. The Company has received letter from them to the effect that their appointment, if made, would

be within the limits prescribed under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified from appointment.

[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 26th May 2016 has appointed **Mr. Rakesh Parihar & Associates**, Chartered Accountant, as an Internal Auditor of the Company for the financial year 2016-17.

[D] Secretarial Auditor:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from Practicing Company Secretary. M/s Khandelwal Devesh & Associates, Company Secretaries had been appointed to issue Secretarial Audit Report for the period ended on 31st March 2017.

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 certain observation and qualification which are mentioned here in under.

- 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 the Board of your company shall appoint company secretary as soon as they find a proper responsible candidate for such post.

- Non filing of DIR-12

The Company missed to file DIR-12 relating to the resignation of Dahyabhai Bhavanjibhai Sachania as Director 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.

- Qualification for non compliance of hundred percent of shareholding of promoter(s) and promoter group in Dematerialized form.

The Board noted the fact about the Non-Dematerialisation of only 0.12% of the Promoters' Share holding and accordingly intimated to the concerned Promoters. The Company has received a positive confirmation from the promoters who are holding shares in Physical form, to initiate the process of converting their shares in Demat form.

Non- Payment of Listing fee

The Board of Directors of the Company would like to inform you that the Company is in process of making payment of Listing fee for the F.Y.2017-18 further the Company is regular in complying the various clauses and regulations of the Listing Agreement and LODR.

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.

XX. 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

XXI. 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.

XXII. 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.

XXIII. 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.

XXIV. STATEMENT OF FORMAL ANNUAL EVALUATION

Nomination and Remuneration Committee annually evaluates the performance of individual Directors, Committees, and of the Board as a whole in accordance with the

formal system adopted by it. Further, the Board also regularly in their meetings held for various purposes evaluates the performance of all the Directors, committees and the Board as a whole. The Board considers the recommendation made by Nomination and Remuneration Committee in regard to the evaluation of board members and also tries to discharge its duties more effectively. Each Board member's contribution, their participation was evaluated and the domain knowledge they bring. They also evaluated the manner in which the information flows between the Board and the Management and the manner in which the board papers and other documents are prepared and furnished.

XXV. ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has placed an adequate Internal Financial Controls with reference to Financial Statements. The Board has inter alia reviewed the adequacy and effectiveness of the Company's internal financial controls relating to its financial statements.

During the year, such Controls were tested and no reportable material weakness was observed.

XXVI. 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.

XXVII. 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 2017-18, further the Company is regular in compliances of various clauses and regulations of the Listing Agreement and/or LODR

XXVIII. PARTICULARS REGARDING EMPLOYEES:

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Report and marked as Annexure-"D". No employee of the Company of the Company was in receipt of the remuneration exceeding the limits prescribed in the rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

XXIX. 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.

XXX. 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: 11/08/2017
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 of 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 **2016-17** 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: 11/08/2017
Place: Ahmedabad

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

Annexure-‘A’

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, 2017
[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, 2017** (‘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, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under.
- (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 FPMC.)
- (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. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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 168 (1) of the Companies Act, 2013 read with rule 15 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the Company has not filled e-form DIR-12 relating to the resignation of Mr. Dahyabhai Bhavanjibhai Sachaniaas Director within the stipulated time.***

- c) *Non-compliance of regulations of 31(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. hundred percent of shareholding of promoter(s) and promoter group should be in Dematerialized form.*
- d) *Non-Compliance of regulation 14(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 i.e. every Listed Company shall pay Listing fee as applicable, to the recognized stock exchange, in the manner as specified by SEBI or the recognized stock exchange.*

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,

PCS Devesh Khandelwal
FCS : 6897,
COP :4202

Place: Ahmedabad
Date: 11/08/2017

Note: This report is to be read with my 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

My 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. As above responsibility is to express an opinion on these secretarial records based on as above audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I 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. My 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,

PCS Devesh Khandelwal
FCS : 6897,
COP :4202

Place: Ahmedabad
Date: 11/08/2017

“Annexure-C”

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2017

[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 Transfer Agent, If Any | Bigshare Services Private Limited A-802 Samudra Complex, Near Klassic Gold Hotel Off C G Road Navrangpura, Ahmedabad- 380 009 Email: bssahd@bigshareonline.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

| Sl. No. | Name and address of the company | CIN/GLN | Holding/ Subsidiary/ Associate | % of share 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 (01/04/2016) | | | | No. of Shares held at the end of the year (31/03/2017) | | | | % 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 | 996840 | 4840 | 1001680 | 24.39 | 3.4 |
| b) Central Govt | | | | | | | | | |
| c) State Govt(s) | | | | | | | | | |
| d) Bodies Corp. | - | - | - | - | | | | | |
| e) Banks / FI | | | | | | | | | |
| f) Any other... | | | | | | | | | |
| Sub-total (A) (1):- | 856840 | 4840 | 861680 | 20.99 | 996840 | 4840 | 1001680 | 24.39 | 3.4 |
| (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 | 4840 | 861680 | 20.99 | 996840 | 4840 | 1001680 | 24.39 | 3.4 |
| 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):- | - | - | - | - | | | | | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 232523 | 15900 | 248423 | 6.05 | 58004 | 15900 | 73904 | 1.80 | (4.25) |
| ii) Overseas | - | - | - | - | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1054714 | 620300 | 1675014 | 40.79 | 1039314 | 619400 | 1658714 | 40.40 | (0.39) |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1044688 | 204100 | 1248788 | 30.41 | 1049237 | 204100 | 1253337 | 30.52 | 0.11 |
| 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 | 48179 | - | 48179 | 1.17 | 1.12 |
| Sub-total (B)(2):- | 2334120 | 910300 | 3244420 | 79.01 | 2195020 | 909400 | 3104420 | 75.61 | (3.41) |
| | | | | | | | | | |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 2334120 | 910300 | 3244420 | 79.01 | 2195020 | 909400 | 3104420 | 75.61 | (3.41) |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 3190960 | 915140 | 4106100 | 100 | 3191860 | 914240 | 4106100 | 100 | - |

(ii) Shareholding of Promoters

| SI No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of 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 | - | 968540 | 23.59 | - | 3.41 |
| 2 | Nehal S. Chauhan | 33140 | 0.81 | - | 33140 | 0.81 | - | - |
| | Total | 861680 | 20.99 | - | 1001680 | 24.39 | - | 3.41 |

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

| Sl. No. | | Shareholding at the beginning of the year | | 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 |
| | 12.04.2016 Purchase | 40000 | 0.97 | 868540 | 21.15 |
| | 11.07.2016 Purchase | 20000 | 0.49 | 888540 | 21.64 |
| | 12.07.2016 Purchase | 20000 | 0.49 | 908540 | 22.13 |
| | 13.07.2016 Purchase | 20000 | 0.49 | 928540 | 22.60 |
| | 14.07.2016 Purchase | 20000 | 0.49 | 948540 | 23.10 |
| | 15.07.2016 Purchase | 20000 | 0.49 | 968540 | 23.59 |
| | At the end of the Year | 968540 | 23.59 | 968540 | 23.59 |
| 2. | Nehal S. Chauhan | | | | |
| | At the beginning of the year | 33140 | 0.81 | 33140 | 0.81 |
| | No changes during the year | - | - | - | - |
| | At the end of the Year | 33140 | 0.81 | 33140 | 0.81 |

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

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For Each of the Top 10 Shareholders | | | | |
| 1. | Babulal Jain | | | | |
| | At the beginning of the year | 108295 | 2.64 | 108295 | 2.64 |
| | No changes during the year | - | - | - | - |
| | At the end of the Year | 108295 | 2.64 | 108295 | 2.64 |
| 2 | Reema Bhavin Shah | | | | |
| | At the beginning of the year | 97265 | 2.37 | 97265 | 2.37 |
| | No changes during the year | - | - | - | - |
| | At the end of the Year | 97265 | 2.37 | 97265 | 2.37 |
| 3. | Rajendra Dhirajlal Gandhi | | | | |
| | At the beginning of the year | 100000 | 2.44 | 100000 | 2.44 |
| | Decrease as on 30.12.2016 | 39000 | 0.95 | 61000 | 1.49 |
| | At the end of the Year | 61000 | 1.49 | 61000 | 1.49 |
| 4. | Paresh Popatlal Joshi | | | | |
| | At the beginning of the year | - | - | - | - |
| | Purchase as on 12.08.2016 | 45000 | 1.09 | 45000 | 1.09 |
| | Purchase as on 19.08.2016 | 5000 | 0.12 | 50000 | 1.22 |
| | At the end of the Year | 50000 | 1.22 | 50000 | 1.22 |
| 5. | Laxmipath Dudheria | | | | |
| | At the beginning of the year | 48307 | 1.18 | 48307 | 1.18 |
| | No changes during the year | - | - | - | - |
| | At the end of the Year | 48307 | 1.18 | 48307 | 1.18 |
| 6. | Shah Nikesh Muktilal | | | | |
| | At the beginning of the year | - | - | - | - |
| | Purchase as 30.12.2016 | 42000 | 1.02 | 42000 | 1.02 |
| | At the end of the Year | 42000 | 1.02 | 42000 | 1.02 |
| 7. | Pratik Rajendra Gandhi | | | | |
| | At the beginning of the year | 50000 | 1.22 | 50000 | 1.22 |
| | Decrease as on 30.12.2016 | 10000 | 0.24 | 40000 | 0.97 |
| | At the end of the Year | 40000 | 0.97 | 40000 | 0.97 |
| 8. | Vipul Rajendrabhai Gandhi | | | | |
| | At the beginning of the year | 50000 | 1.22 | 50000 | 1.22 |

| | | | | | |
|------------|--|--------|------|--------|------|
| | Decrease as on 30.12.2016 | 10000 | 0.24 | 40000 | 0.97 |
| | At the end of the Year | 40000 | 0.97 | 40000 | 0.97 |
| 9. | Bharat Bhudarji Thakkar | | | | |
| | At the beginning of the year | 39700 | 0.97 | 39700 | 0.97 |
| | No changes during the year | - | - | - | - |
| | At the end of the Year | 39700 | 0.97 | 39700 | 0.97 |
| 10. | Amrapali Aadya Trading & Investment Pvt. Ltd. | | | | |
| | At the beginning of the year | 129112 | 3.14 | 129112 | 3.14 |
| | Decrease as on 22.04.2016 | 88376 | 2.15 | 40736 | 0.99 |
| | At the end of the Year | 40736 | 0.99 | 40736 | 0.99 |

(v) Shareholding of Directors and Key Managerial Personnel:

| SI No. | | Shareholding at the beginning of the year | | 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 |
| | 12.04.2016 Purchase | 40000 | 0.97 | 868540 | 21.15 |
| | 11.07.2016 Purchase | 20000 | 0.49 | 888540 | 21.64 |
| | 12.07.2016 Purchase | 20000 | 0.49 | 908540 | 22.13 |
| | 13.07.2016 Purchase | 20000 | 0.49 | 928540 | 22.60 |
| | 14.07.2016 Purchase | 20000 | 0.49 | 948540 | 23.10 |
| | 15.07.2016 Purchase | 20000 | 0.49 | 968540 | 23.59 |
| | At the end of the Year | 968540 | 23.59 | 968540 | 23.59 |
| 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 Bhavanjibhai 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 | #Parth Shivkumar Chauhan | | | | |
| | 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 |
| 7 | Biren J. Thaker | | | | |
| | At the beginning of the year | 2248 | 0.05 | 2248 | 0.05 |
| | No Changes during the year | 0 | 0 | 0 | 0 |
| | At the end of the Year | 2248 | 0.05 | 2248 | 0.05 |

*Mr. Dahyabhai Bhavanjibhai Sachania ceased to be the director of the Company with effect from 26/07/2016

#Mr. Parth Shivkumar Chauhan was appointed as a director of the Company w.e.f. 02/09/2016.

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 | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | - | - | - | - |
| * Addition | - | - | - | - |
| * Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | - | - | - | - |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. no. | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|-----------|--|-----------------------------|------------------|
| | | Shivkumar R. Chauhan | |
| 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 | 30,00,000 | 30,00,000 |

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Mr. Harsad S. Gandhi | Mr. Parth Shivkumar Chauhan# | Mr. DAHYABHAI BHAVANJIB HAI SACHANIA* | Mr. Nishit M. Rupapara | Mrs. Nehal S. Chauhan | Total Amount |
|---------|--|----------------------|------------------------------|---------------------------------------|------------------------|-----------------------|--------------|
| | 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 | | | | | | |
| | | | | | | | |

*Mr. Dahyabhai Bhavanjibhai Sachania ceased to be the director of the Company with effect from 26/07/2016.

Mr. Parth Shivkumar Chauhan was appointed as a director of the Company w.e.f. 02/09/2016

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

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | Total Amount |
|---------|---|---------------------------------|--------------|
| | | BIREN JAGDISHKUMAR THAKER (CFO) | |
| 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 | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B.DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C.OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| 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, 2017, 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 there under.

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, 2017 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, 2017 taken on record by the Board of Directors, none of the directors is

disqualified as on 31st March, 2017 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.
 - iv. With regard to requisite disclosure in financial statements as to holding as well as dealing in specified bank notes during the period 8th. November to 31st. December 2016 we report that there is no such transaction in the Company and thus the same is not applicable to the company.

Place: Ahmedabad

Date: 22/05/2017

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

**(P. N. Shah)
Proprietor
Mem. No. 015591**

ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT OF

CHARMS INDUSTRIES LIMITED

(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. With regard to Inventory, we report that :
The Company is dealing / trading in Foreign Currency and Travellers Cheques only. As such item / goods are very costly, the same have been kept in lockers under the custody of C. F. O and the same have been physically verified by the management on daily basis. Under the circumstances, there is no question of any discrepancy in Inventory.
- iii. According to the information and explanations 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, 2017 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, 2017 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.

Place: Ahmedabad

Date: 22/05/2017

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

**(P. N. Shah)
Proprietor
Mem. No. 015591**

**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF
CHARMS INDUSTRIES LIMITED**

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, 2017 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 2017 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.

Place: Ahmedabad

Date: 22/05/2017

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

**(P. N. Shah)
Proprietor
Mem. No. 015591**

CHARMS INDUSTRIES LIMITED

Balance Sheet as at 31 March, 2017

| | PARTICULARS | Note No. | As at 31/03/17 | | As at 31/03/2016 | |
|---|-------------|----------|----------------|-------------------|------------------|-------------------|
| | | | 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 | | (30994571.00) | | (23607434.00) | |
| (c) Money received against share warrants | | | | 10,066,429 | | 17,453,566 |
| 2. Share application money pending allotment (To the extent not refundable) | | | - | | - | |
| 3. Non- current liabilities | | | | | | |
| (a) Long-term borrowings | | | 0 | | 0 | |
| (b) Deferred Tax liabilities (Net) | | | - | | - | |
| (c) Other Long term liabilities | | | - | | - | |
| (d) Long-term Provisions | | | - | | - | |
| 4. Current Liabilities | | | | 0 | | 0 |
| (a) Short term borrowings | | | - | | - | |
| (b) Trade payables | 3 | | 914,764 | | 535,049 | |
| (c) Other current liabilities | | | 0 | | - | |
| (d) Short term provisions | | | - | | - | |
| TOTAL | | | | 914,764 | | 535,049 |
| | | | | 10,981,193 | | 17,988,615 |
| II ASSETS | | | | | | |
| 1. Non-current assets | | | | | | |
| (a) Fixed assets | | | | | | |
| (i) Tangible assets | 4 | | 777287 | | 7082929 | |
| (ii) Intangible assets | | | - | | - | |
| (iii) Capital work-in-progress | | | - | | - | |
| (iv) Intangible assets under development | | | - | | - | |
| (b) Non-current investments | 5 | | 4,093,000 | | 4,643,000 | |
| (c) Deferred tax assets (net) | | | - | | - | |
| (d) Long-term loans and advances | | | - | | - | |
| (e) Other non-current assets | | | - | | - | |
| 2. Current assets | | | | 4,870,287 | | 11,725,929 |
| (a) Current investments | | | - | | - | |
| (b) Inventories | 6 | | 57,100 | | 342,424 | |
| (c) Trade receivables | 7 | | - | | 147,029 | |
| (d) Cash and Bank Balances | 8 | | 5604035 | | 5523384 | |
| (e) Short-term loans and advances | 9 | | 449,771 | | 249,849 | |
| (f) Other current assets | | | - | 6,110,906 | | 6,262,686 |
| TOTAL | | | | 10,981,193 | | 17,988,615 |
| See accompanying notes forming part of the financial statements | | | | | | |

In terms of our report attached.

For, PRAFUL N. SHAH & CO

Chartered Accountants

FRN : 108057W

For and on behalf of the Board of Directors

(P.N. SHAH)

Proprietor

Mem . No. : 15591

Date : 22.05.2017

Place : AHMEDABAD

Biren J. Thaker
(Chief Financial Officer)

SHIVKUMAR R. CHAUHAN

Managing
Director

(DIN:00841729)

Date : 22.05.2017

Place : AHMEDABAD

HARSAD S. GANDHI

Director

(DIN:01056779)

CHARMS INDUSTRIES LIMITED

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON 31/03/2017

| | PARTICULARS | Note No. | As at 31/03/17 | | As at 31/03/16 | |
|------|--|----------|----------------|-------------|----------------|-------------|
| | | | Rs. | Rs. | Rs. | Rs. |
| I | Revenue from operations: | 10 | | | | |
| | Sale of Products | | 30,260,628 | - | 22,637,084 | |
| | Sale of Services | | - | - | - | |
| | Other Operating Revenues | | - | - | - | |
| | Less: Excise Duty | | - | - | - | |
| | | | | 30,260,628 | | 22,637,084 |
| | Increase in Inventory | | - | - | - | - |
| II | Other Income | 11 | | 124,352 | | 40,640 |
| III | Total Revenue (I + II) | | | 30,384,980 | | 22,677,724 |
| IV | Expenses | | | | | |
| | Cost of Materials Consumed | | - | | | |
| | Purchases of Stock in Trade | | 29,768,498 | | 22,265,275 | |
| | Changes in inventories of finished goods, work in progress and Stock-in- trade | 12 | 285,324 | | 232,561 | |
| | Employee benefits expense | 13 | 683,550 | | 346,400 | |
| | Finance Costs | | - | | - | |
| | Depreciation and amortization expense | 4 | 16,024 | | 180,464 | |
| | Other expense | 14 | 689,103 | | 725,555 | |
| | Total Expense | | | 31,442,499 | | 23,750,255 |
| V | Profit before exceptional and extraordinary items and tax (III-IV) | | | (1,057,519) | | (1,072,531) |
| VI | Exceptional Items-Depreciation adjustments | | | 6,329,618 | | 2,603,775 |
| VII | Profit before extraordinary items and tax (V-VI) | | | (7,387,137) | | (3,676,306) |
| VIII | Extraordinary items | | | - | | |
| IX | Profit before tax (VII-VIII) | | | (7,387,137) | | (3,676,306) |
| X | Tax expense: | | | | | |
| | (1) Current tax | | - | | - | |
| | (2) Deferred tax | | - | | - | |
| | | | | - | | - |
| XI | Profit/(Loss) for the period from continuing operations (IX - X) | | | (7,387,137) | | (3,676,306) |
| XII | Profit/(Loss) for the period from discontinuing operations | | | - | | - |
| XIII | Tax expense of discontinuing operations | | | - | | - |
| XIV | Profit/(Loss) from discontinuing operations (after tax) (XII-XIII) | | | - | | - |
| XV | Profit/(Loss) for the period (XI + XIV) | | | (7,387,137) | | (3,676,306) |
| XVI | Earnings per equity share: | | | | | |
| | (1) Basic | | | -1.80 | | -0.90 |
| | (2) Diluted | | | -1.80 | | -0.90 |
| | See accompanying notes forming part of the financial | 15 | | | | |

In terms of our report attached.

For, PRAFUL N. SHAH AND CO

Chartered Accountants

FRN : 108057W

For and on behalf of the Board of Directors

Biren J. Thaker
(Chief Financial Officer)

SHIVKUMAR R. CHAUHAN

HARSAD S. GANDHI

(P.N. SHAH)

Proprietor

M. No. : 15591

Date : 22.05.2017

Place : AHMEDABAD

Managing Director

(DIN: 00841729)

Date : 22.05.2017

Place : AHMEDABAD

Director

(DIN:01056779)

| CHARMS INDUSTRIES LIMITED | | |
|---|---|---|
| Cashflow Statement for the year ended on 31 / 03 / 2017 | | |
| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
| A. Cashflow From Operating Activities | | |
| Net Profit Before Tax | (7,387,137) | (3,676,306) |
| Adjustments for | | |
| Depreciation | 16,024 | 180,464 |
| Bad Loans/Advances W/off | 6,329,618 | 2,603,775 |
| Operating Profit before Working Capital Changes | (1,041,495) | (892,067) |
| OPERATING ACTIVITIES | | |
| Trade Payables | 379715 | 111,199 |
| Inventory | 285324 | 232,561 |
| Trade Receivables | 147029 | 538,781 |
| Loans & Advances | -199923 | 1,450,211 |
| Cash Generated From operations | 612,145 | 2,332,752 |
| B.Cashflow from Investing activities | | |
| Purchase of Fixed Assets | (40,000) | (48,970) |
| Investment | 5,50,000 | 75,000 |
| Net Cash from Investing Activities | 510,000 | 26,030 |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B) | 80,650 | 1,466,715 |
| Opening Balance of Cash & Cash Equivalents | 5,523,385 | 4,056,670 |
| Closing Balance of Cash & Cash Equivalents | 5,604,035 | 5,523,385 |
| | 80,650 | 1,466,715 |
| 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 attached. | | |
| For, PRAFUL N. SHAH & CO Chartered Accountants FRN : 108057W | For and on behalf of the Board of Directors | |
| (P.N. SHAH) Proprietor Mem . No. : 15591 Date : 22.05.2017 Place : AHMEDABAD | Biren J. Thaker (Chief Financial Officer) | Shivkumr R. Chauhan Managing Director (DIN:00841729) Date: 22.05.2017 Place : AHMEDABAD |
| | | Harshad S. Gandhi Director (DIN:01056779) |

| Particulars | As at 31/03/2017 | | As at 31/03/2016 | |
|-------------|------------------|--------|------------------|--------|
| | Rupees | Rupees | Rupees | Rupees |

NOTE '1'

SHARE CAPITAL

-Authorised

| | | |
|---|-----------|-----------|
| 45,00,000 Equity Shares of Rs. 10/- each | 45,00,000 | 45,00,000 |
| [Previous Year : 45,00,000 Equity Shares of Rs.10/- each] | | |

-Issued, Subscribed and Paid up

| | | |
|---|------------|------------|
| * 41,06,100 Equity Shares of Rs.10/- each fully paid-up. | 41,061,000 | 41,061,000 |
| [Previous Year : 41,06,100 Equity Shares of Rs.10/- each] | | |

| | | |
|--------------|-------------------|-------------------|
| 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 | 968,540 | 23.59 | 828,540 | 20.18 |

NOTE '2'

RESERVES AND SURPLUS

| | | |
|-------------------------|---------------------|---------------------|
| Profit and Loss Account | (26,753,963) | (23,077,657) |
| Add: loss of the year | (7,387,137) | (3,676,306) |
| | (34,141,100) | (26,753,963) |
| Capial Reserve | 3,146,529 | 3,146,529 |
| TOTAL | (30,994,571) | (23,607,434) |

NOTE '3'

CURRENT LIABILITIES

TRADE PAYABLES

| | | |
|----------------|---------------|---------------|
| Trade Payables | 914764 | 535049 |
| For Expenses | | |
| TOTAL | 914764 | 535049 |

CHARMS INDUSTRIES LIMITED

Schedules annexed and forming part of the Balance Sheet as on 31-03-2017

NOTES "4" FIXED ASSETS

(Amount Rs.)

| | | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|---------|---------------------------|------------------|-------------------------|--------------------------|---------------------------|------------------|------------------|----------------------------|--|------------------|------------------|------------------|
| Sr. No. | DESCRIPTION OF ASSETS | As on 01/04/2016 | Tr. From/To Gross Block | Addition During the Year | Deduction During the Year | As on 31/03/2017 | As on 01/04/2016 | Depreciat ion for the Year | Less/(Add): Due to Change in Useful Life | As on 31/03/2017 | As on 31/03/2017 | As on 31/03/2016 |
| 1 | Office Building | 999076 | 0 | 0 | 0 | 999076 | 702919 | 12024 | 0 | 714943 | 284133 | 298157 |
| 2 | Office Partition | 12340 | 0 | 0 | 0 | 12340 | 12340 | 0 | 0 | 12340 | 0 | 0 |
| 3 | Furniture & Fixtures | 939641 | 0 | 0 | 0 | 939641 | 838425 | 0 | 78188 | 916813 | 23028 | 101218 |
| 4 | Computer | 2459436 | 0 | 0 | 0 | 2459436 | 2397898 | 0 | 37332 | 2435230 | 24208 | 61538 |
| 5 | Physical Health Recorders | 7000000 | 0 | 0 | 0 | 7000000 | 562158 | 0 | 6087842 | 6850000 | 350000 | 6437842 |
| 6 | Air Conditioner | 90847 | 0 | 0 | 0 | 90847 | 86098 | 0 | 2894 | 88992 | 1855 | 4748 |
| 7 | Office Equipment | 7950 | 0 | 0 | 0 | 7950 | 7950 | 0 | 0 | 7950 | 0 | 0 |
| 8 | Vehicle | 1920791 | 0 | 0 | 0 | 1920791 | 1739364 | 0 | 123362 | 1862726 | 58065 | 181427 |
| 9 | Television | 0 | 0 | 40000 | 0 | 40000 | 0 | 4000 | 0 | 4000 | 36000 | 0 |
| | Total | 13430081 | 0 | 40000 | 0 | 13470081 | 6347152 | 16024 | 6329618 | 12692794 | 777287 | 7082929 |
| | Previous Year | 13430081 | 0 | 0 | 0 | 13430081 | 6166688 | 180464 | 0 | 634152 | 7082929 | |

CHARMS INDUSTRIES LIMITED

| Particulars | As at 31/03/2017 | | As at 31/03/2016 | |
|--|------------------|-------------------|------------------|-------------------|
| | Rupees | Rupees | Rupees | Rupees |
| NOTE `5' | | | | |
| NON-CURRENT INVESTMENTS | | | | |
| (All Quoted unless otherwise Specified) | | | | |
| Investment (Long term) with Mutual Funds | | 790000 | | 1340000 |
| In House Property | | 3,303,000 | | 3,303,000 |
| Total Non- Current Investment | | 4,093,000 | | 4,643,000 |
| NOTE `6' | | | | |
| INVENTORIES | | | | |
| Stock of Foreign Currency | | 57100 | | 342424 |
| TOTAL | | 57100 | | 342424 |
| NOTE `7' | | | | |
| TRADE RECEIVABLES | | | | |
| Over Six Months | | | | |
| Good | | 0 | | 147029 |
| Below Six Months | | | | |
| Good | | 0 | | 0 |
| TOTAL | | 0 | | 147029 |
| NOTE `8' | | | | |
| CASH AND BANK BALANCES | | | | |
| -Cash and Cash Equivalents | | | | |
| Cash on Hand | | 462,373 | | 252,950 |
| Balance with Nationalized Banks | | | | |
| -In Current Accounts | | 5,141,661 | | 5,270,434 |
| TOTAL | | 5,604,034 | | 5,523,384 |
| NOTE `9' | | | | |
| SHORT TERM LOANS AND ADVANCES | | | | |
| Others | | | | |
| Advances recoverable in cash all kind(TDS) | | 2,023 | | - |
| Loans to Companies & others | | 447,749 | | 249,849 |
| TOTAL | | 449,772 | | 249,849 |
| NOTE `10' | | | | |
| REVENUE FROM OPERATION | | | | |
| Revenue from operation | | 30,260,628 | | 22,637,084 |
| TOTAL | | 30,260,628 | | 22,637,084 |
| NOTE `11' | | | | |
| OTHER INCOME | | | | |
| Interest/ Dividend/ Mis.Income | | 124,352 | | 40,640 |
| TOTAL | | 124,352 | | 40,640 |
| NOTE `12' | | | | |
| Stock Decreased /(Increased) by | | | | |
| Opening Stock | | 342,424 | | 574985 |
| Less : Closing Stock | | 57100 | | 342424 |
| TOTAL | | 285,324 | | 232,561 |
| NOTE `13' | | | | |
| EMPLOYEE BENEFITS EXPENSES | | | | |
| Salaries, Wages, Bonus etc. | | 383550 | | 46400 |
| Managing Director | | 300000 | | 300000 |
| TOTAL | | 683,550 | | 346,400 |

NOTE `14'**OTHER EXPENSES**

To Auditors

| | | |
|---|----------------|----------------|
| - Audit fees | 30,000 | 35000 |
| -Tax Audit fees | 15,000 | 15000 |
| -For other services and Accounting Services | 24,000 | 30000 |
| Electricity Charges | 38,130 | 46540 |
| Repairs and Maintenance(vehicals) | - | 32300 |
| Rent,Rates and Taxes | 27,702 | 0 |
| Vehicles Expenses | 111,218 | 104443 |
| Advertisement Exp. | 17,200 | 10720 |
| Expenses of A.G.M | 7,500 | 14950 |
| Bank Charges | 1,292 | 1456 |
| Commission For Foreign Currency Bussiness | 114,661 | 0 |
| Legal fees and Expenses | 132,115 | 104763 |
| Administartive Exp. | 94,237 | 57264 |
| Printing & Stationery Exp. | 18,413 | 17105 |
| Telephone Exp. | 43,552 | 48014 |
| Penalty to BSE | - | 208000 |
| Postage & Courier charges | 14,083 | |
| TOTAL | 689,103 | 725,555 |

CHARMS INDUSTRIES LIMITED

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Note No. : 15

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. Payments to Auditors:-

| Auditors Remuneration | 2017 | 2016 |
|--------------------------------|---------------|--------------|
| Audit Fees | 30,000 | 30,000 |
| Tax Audit Fees | 15,000 | 20000 |
| Certification & other services | 24,000 | 30000 |
| Total | 69,000 | 80000 |

3. Related Party disclosure

Transactions with Related parties are NIL.

4. Value of Imports

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

- | | | |
|--|-----|-----|
| 5. Expenditure in Foreign Currency | Nil | Nil |
| 6. Earning in Foreign Exchange | Nil | Nil |
| 7. 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 AND CO
Chartered Accountants
FRN : 108057W

For and on behalf of the Board of Directors

(P.N. SHAH)
Proprietor
M. No. : 15591

Shivkumar R. Chauhan
Managing Director
(DIN:00841729)

Harsad Gandhi
Chairman & Director
(DIN:01056779)

Biren J. Thaker
Chief Financial Officer

Place : AHMEDABAD
Date : 22.05.2017

Place : AHMEDABAD
Date : 22.05.2017

CHARMS INDUSTRIES LIMITED

CIN: L72900GJ1992PLC017494

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

ATTENDANCE SLIP

Full name of the Member attending: _____

Name of Proxy: _____

I hereby record my presence at the Annual General Meeting being held on **Monday, 11th September, 2017, at 11.30 a.m.** at 108-B/109, Sampada Building , Mithakhali Six Road, Opp-Hare Krishna Complex, B/H Kiran Motors Ahmedabad-380009, India.

| | |
|---------------------|--|
| Regd. Folio No. - | |
| DP Id* | |
| Client Id* | |
| No. of Share held - | |

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

* Applicable for members holding shares in dematerialized form.

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