



# CHARMS INDUSTRIES LTD.

*Sd/-*  
**15th Annual Report  
2006-2007**

**REGISTERED OFFICE**

108-B/109, Sampada Building,  
B/h. A.K. Patel House, Mithakhali Six Roads,  
Navrangpura, Ahmedabad-380 009.

# CHARMS INDUSTRIES LIMITED



**2006-2007**

## **BOARD OF DIRECTORS**

***Shri Shivkumar R. Chauhan***

*Chairman & Managing Director*

***Shri Kanubhai M. Thakar***

***Shri Dinesh M. Patel***

***Shri Dahyabhai B. Sachaniya***

***Shri Harshad S. Gandhi***

*Directors*

## **AUDITORS**

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

## **REGISTRAR AND SHARE TRANSFER AGENT**

**Pinnacle Shares Registry Pvt. Ltd**

Near Asoka Mills, Naroda Road,  
Ahmedabad- 380 025.

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# CHARMS INDUSTRIES LIMITED



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**CHARMS INDUSTRIES LIMITED****NOTICE**

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held on Saturday, the 29th September, 2007 at 11.00 A.M. at Ground Floor, Sampada Building, B/h. A.K. Patel House, Mithakhali Six Roads, Navrangpura, Ahmedabad-380 009. to transact the following business;

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2007 and the Audited Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Dahyabhai B. Sachaniya who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

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Navrangpura,  
Ahmedabad - 380 009

By Order of the Board  
For, Charms Industries Ltd.  
Shivkumar R. Chauhan  
Chairman & Managing Director

PLACE : Ahmedabad  
DATE : 01-09-2007

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Shares Transfer Books of the Company will remain closed from 22th September, 2007 to 29th September, 2007 (both days inclusive) for the purpose of Annual General Meeting.
3. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours upto the date of the Annual General Meeting.

**CHARMS INDUSTRIES LIMITED**

4. Members are requested to bring their copy of the Annual Report alongwith them to the Annual General Meeting as copies of Annual Report will not be distributed at the Annual General Meeting.
5. Members are requested to notify immediately any change of address:
  - (i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
  - (j) to the Company at its Registered Office or to its Registrar & Share Transfer Agent M/s. Pinnacle Shares Registry Pvt Ltd, in respect of their physical shares, if any, quoting their Registered Folio No.
6. Any query relating to Accounts and/or Operations of the Company are requested to be sent to the Company's Registered Office at least ten days before the date of the Meeting, so that the information can be made available at the meeting.
7. As required in terms of Clause 49 of the Listing Agreement, the details of the Directors who are proposed to be re-appointed/appointed are furnished below:

Shri Dahyabhai B. Sachaniya retires by rotation and being eligible offers himself for appointment.

Shri Dahyabhai B. Sachaniya aged 70 years, studied in Science Faculty in 1957. He has vide experience in Engineering line especially as In charge of site Engineer with NID, BM Institute of Ahmedabad.

Shri Dahyabhai B. Sachaniya is not a director in any other Company.

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By Order of the Board  
For, Charms Industries Ltd.  
Shivkumar R. Chauhan  
Chairman & Managing Director

PLACE : Ahmedabad  
Dt : 1-09-2007

**CHARMS INDUSTRIES LIMITED****DIRECTORS' REPORT**

To,  
THE MEMBERS,

Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report together with the Audited Statements of accounts for the year ended 31st March 2007.

**FINANCIAL RESULTS**

The working results of the Company for the year ended on 31st March, 2007 are as follows.

(Rs. In lakhs)

	As On 31.03.2007	As On 31.03.2006
Gross Profit	6.95	7.57
Less.: Depreciation	3.82	5.10
<b>Profit Before Taxation (PBT)</b>	<b>3.13</b>	<b>2.47</b>
Less : Provision for Taxation	1.00	0.90
<b>Profit After Tax (PAT)</b>	<b>2.13</b>	<b>1.57</b>
Add. Profit brought forward	5.27	3.70
Surplus available for appropriation	7.40	5.27

**OPERATIONS**

Despite keen competition in the field of Foreign Exchange business, the Company was able to increase the sales of foreign currency to Rs. 418.34 Lacs this year as against 262.32 Lacs in the previous year. The management is trying to improve the same and is hopeful for the same. The Managing Director is also negotiating with other Industrialist for the diversification of present activity.

**DIVIDEND**

To conserve the resources for the future requirement of the company, your directors have not recommended any dividend for the year.

**FIXED DEPOSITS**

During the year under report, the Company has not accepted any deposit to which the provisions of Section 58A of the Companies Act, 1956 are applicable.

**PARTICULARS REGARDING EMPLOYEES**

During the year under report, none of the employees was in receipt of remuneration exceeding the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

**CHARMS INDUSTRIES LIMITED**
**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**
**A. CONSUMPTION OF ENERGY & TECHNOLOGY ABSORPTION :**

The details as required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in respect of Conservation of Energy, Technology Absorption not applicable.

**B. FOREIGN EXCHANGE EARNING & OUTGO :**

The details as required in respect of foreign exchange earning and outgo are not applicable.

**DIRECTORATE**

Shri Dahyabhai B. Sachaniya retires by rotation as Director of the Company at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Shri Harshad S. Gandhi was appointed as Directors of the Company w.e.f. 27/09/2006. to fill casual vacanay caused in the office of director due to sad denise of Shri Hemendra R. Shah.

The Board wishes to place on record their appreciation for the valuable services rendered by them during the tenure of their office as director of the Company.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm the following.

1. In the preparation of the annual accounts, the Accounting Standards to the extent applicable had been followed along with proper explanations relating to material departures.
2. Adequate accounting policies had been selected & applied them consistently and made judgments and estimates that are reasonable & prudent so as to give true & fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of this Act, for safeguarding the assets of the company & for preventing & detecting fraud & other irregularities.
4. The annual accounts have been prepared for the financial year ended 31st March, 2007 on a going Concern basis.

**REPORT ON CORPORATE GOVERNANCE**

A detailed report on Corporate Governance is annexed to this Annual Report. The Company has complied with the conditions of corporate governance to stipulated in clause 49 of the listing agreement. The certificate obtained from the auditors of the company regarding compliance of conditions is annexed to this report.

**AUDITORS**

The auditors M/s Parful N. Shah & Co. Chartered Accountants, Ahmedabad retire and being eligible offer themselves for re-appointment. You are requested re-appoint the auditors and their remuneration.

# CHARMS INDUSTRIES LIMITED



## OBSERVATIONS OF AUDITORS / AUDITORS' REPORT

The observations of Auditors and Notes on Accounts are self-explanatory and therefore, do not call for any further explanation.

## LISTING

The Shares of the Company are listed on the Stock Exchanges at Ahmedabad and Mumbai. Listing fees have been paid to the Exchanges.

## ACKNOWLEDGEMENT

The Board places on record the appreciation of the sincere and devoted services rendered by all the employees and the continued support and confidence of the Shareholders. The Board also expresses their sincere thanks to the Banks and all other well wishers for their timely support.

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PLACE : Ahmedabad

DATE : 01-09-2007

By Order of the Board  
For, Charms Industries Ltd.  
Shivkumar R. Chauhan  
Chairman & Managing Director



**CHARMS INDUSTRIES LIMITED****MANAGEMENT DISCUSSION & ANALYSIS REPORT.**

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

**i) Industry Structure and Development**

Our Company is doing the trading in Foreign Currency for the year. The day to day management of the company is looked after by the Managing Director assisted by the team of competent sales assistants.

During the year gross sales grew marginally, despite intense competition from other agents in the market, our company was able to sustain its performance at the same level of last year.

**ii) Opportunities and Threats**

There is considerable scope of growth in the business of trading in Foreign Currency market because of increased visitors to Foreign Countries for which the management will put in all efforts to increase the business of the company. However competition from other agents as Money Changers, are increasing in the market day -by-day. Therefore our company has to strive hard to sustain the global competition.

**iii) Internal Control system and their adequacy**

The company has a proper and adequate system of internal controls to ensure that all assets are safeguard and protected against from unauthorized use or disposition, which has been looked after by the Managing Director himself. However, in future, if required the company will take the decision to introduce the Internal Control System.

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

The sales of foreign Currency for the year ended 31<sup>st</sup> March, 2007 were Rs. 418.34 lacs as compared to Rs 262.32 lacs in the previous year. The profit before depreciation, Tax & Non-recurring items was Rs. 6.95 lacs for the year under review as compared to Rs. 7.57 lacs for the previous year.

**v) Human Resources/Industrial Relations**

Relation between management and the employees at all level remained healthy and cordial throughout the year. The management and the employees are dedicated to achieve the corporate objectives and the targets set before the Company.

**VI) CAUTIONARY STATEMENT**

Statements 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.

PLACE : Ahmedabad

DATE : 01-09-2007

For & On behalf of the Board  
(Shivkumar R. Chauhan)  
Chairman & Managing Director

# CHARMS INDUSTRIES LIMITED



## ANNEXURE TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

#### 1. Company's Philosophy on Corporate Governance:

Company's Philosophy on Corporate Governance is focused upon a rich legacy of fair, ethical & transparent, governance practices. The Company is conscious of its responsibility as a good corporate citizen and is committed to high standards of corporate governance practices. This is reflected in the well balanced and independent structure of the Company's e m i n e n t and well represented Board of Directors.

#### 2. Board of Directors:

The policy of the Company is to maintain optimum combination of Executive and Non-Executive Directors on its Board. The Board of Directors of the Company (th Board) consists of 5 directors, of which 4 are Independent Directors.

**Compositions of the Board and category of Directors are as follows :**

Name of the Directors	Designation	Status
Mr. Shivkumar R. Chauhan	Chairman & Managing Director	Promoter Director
Mr. Kanubhai M. Thakar	Director	Independent, Non-Executive
Mr. Dinesh M. Patel	Director	Independent, Non-Executive
Mr. Dahyabhai B. Schaniya	Director	Independent, Non-Executive
Mr. Harshad S. Gandhi	Director	Independent, Non-Executive

Details of composition of Board, category of directors as well as their directorship/ membership in other companies/committees are given below :

Name	Category	No. of Directorship held in other Companies	No. of Committee memberships held in other Companies
Mr. Shivkumar R. Chauhan	Chairman & Promoter Director	Nil	Nil
Mr. Kanubhai M. Thakar	Independent Non-Executive Director	Nil	Nil
Mr. Dinesh M. Patel	Independent Non-Executive Director	Nil	Nil
Mr. Dahyabhai B. Schaniya	Independent Non-Executive Director	Nil	Nil
Mr. Harshad S. Gandhi	Independent Non-Executive Director	Nil	Nil