

# CHARMS INDUSTRIES LIMITED

## ANNUAL REPORT 2009-10

<b>Board of Directors</b>	: Shri Shivkumar R. Chauhan Shri Ketan N. Shah  Shri Harshad S. Gandhi Shri Dahyabhai B. Sachaniya Shri Nishit Rupapara Dr. Nayan C. Shah Shri Sandip R. Shah Shri Ashokkumar R. Patel	Chairman Managing Director (w.e.f. 08/03/2010) Director Director Director Director (w.e.f. 08/03/2010) Director (w.e.f. 08/03/2010) Director (w.e.f. 08/03/2010)
<b>AUDITORS</b>	M/s. Praful N. Shah & Co., Chartered Accountants Ahmedabad	
<b>BANKERS</b>	Indian Overseas Bank ICICI Bank Development Credit Bank HSBC Bank	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	<b>Sharepro Services (India) Pvt Ltd.</b> 416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad – 380 006 Email: sharepro@shareproservices.com	
<b>REGISTERED OFFICE</b>	108-B/109, Sampada Building, B/h. A. K. Patel House, Mithakali Six Roads, Navrangpura, Ahmedabad-380009 Email: charmsltd@yahoo.com	

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## ANNUAL REPORT 2009-2010

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### NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will held on Friday, the 24<sup>th</sup> September, 2010 at 11 a.m. at Ground Floor, Sampada Building, B/h. A. K. Patel House, Mithakhali Six Road, Navrangpura, Ahmedabad-380009 to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2010 and the Audited Profit & Loss Account for the year ended on that date, together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri Harshad S. Gandhi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Dahyabhai B. Sachaniya who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration.

#### Registered Office:

108-B/109, Sampada Building,  
B/h. A. K. Patel House, Mithakhali Six Roads,  
Navrangpura, Ahmedabad-380009  
DATE : 13/08/2010

By Order of the Board

**Shivkumar R. Chauhan**  
Chairman

#### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF MEETING.
2. Pursuant to Section 154 of the Companies Act, 1956, Register of Members and shares Transfer Books of the Company will remain closed from Monday, 20<sup>th</sup> September, 2010 to Friday, the 24<sup>th</sup> September, 2010 (both Days inclusive).
3. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
4. Members are requested to:
  - a) Intimate, if shares are held in the same name or in the order and names, but in more than one account to enable the Company to club the said accounts into one account.
  - b) Notified immediately the change in their registered address, if any, to the Company.
5. The Equity Share of the Company are now available for dematerialisation, as the Company has entered into Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. **The ISIN No. of the Equity Shares is INE442C01012.**

#### Brief resume of the Director seeking re-election at the 18<sup>th</sup> Annual General Meeting

Name	Mr. Harshad S. Gandhi
Age (Date of Birth)	22-06-1966
Date of Appointment	27-09-2006
Qualification and experience in specific functional area	Commerce graduate and having more than 16 years of experience of management and administration.
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

## CHARMS INDUSTRIES LIMITED

### Brief resume of the Director seeking re-election at the 18<sup>th</sup> Annual General Meeting

Name	Mr. Dahyabhai B. Sachaniya
Age (Date of Birth)	01-12-1937
Date of Appointment	08-06-2006
Qualification and experience in specific functional area	Civil Engineer having more than 40 years of experience of construction and general administration.
Directorship held in other companies	None
Membership/Chairmanships of Committee in other Public Companies	None

**Registered Office:**

108-B/109, Sampada Building,  
B/h. A. K. Patel House, Mithakali Six Roads,  
Navrangpura, Ahmedabad-380009  
DATE : 13/08/2010

By Order of the Board

**Shivkumar R. Chauhan**  
Chairman

# ANNUAL REPORT 2009-2010

## DIRECTORS' REPORT

To,  
The Members

The Directors present the EIGHTEENTH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2009-10 ended on 31<sup>st</sup> March, 2010.

### 1. FINANCIAL RESULTS :

	As on 31.03.2010	As on 31.03.2009
Profit of the year	10.81	7.13
Less: Depreciation	2.22	2.80
<b>Profit Before Taxation(PBT)</b>	8.59	4.33
Less: Provision for Taxation	2.60	1.50
<b>Profit After Tax (PAT)</b>	5.99	2.83
<b>Less:- Loss of Investment and Bed Debts Written Off</b>	272.67	-
<b>Net Profit/(Loss)</b>	(266.68)	-
Add. Profit brought forward	12.79	9.96
Surplus available for appropriation	(253.89)	12.79

### OPERATIONS :

Despite keen competition in the field of Foreign Exchange business, the Company was able to maintain the sales of foreign currency of Rs 3,02,44,803/- this year as against Rs.6,12,02,330/- for the previous year. The profit after tax for the year has increased to Rs.5,99,204/- as against Rs.2,82,899/- for the previous year.

### DIVIDEND:

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

### FIXED DEPOSITS:

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

### PARTICULARS REGARDING EMPLOYEES:

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

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

#### A. CONSUMPTION OF ENERGY & TECHNOLOGY ABSORPTION:

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

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

Foreign Exchange Earning : NIL

Foreign Exchange Outgo : NIL

### DIRECTORS :

- Mr. Ketan N. Shah was appointed, through Postal Ballot, as Managing Director w.e.f. 8<sup>th</sup> March, 2010 for a period of 5 years after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (substantial Acquisitions of Shares and Takeovers) Regulation, 1997.

## CHARMS INDUSTRIES LIMITED

- Mr. Sandip R. Shah, Dr. Nayan C. Shah and Mr. Ashokkumar R. Patel were appointed, through Postal Ballot, as Directors w.e.f. 8<sup>th</sup> March, 2010 for a period of 5 years after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (substantial Acquisitions of Shares and Takeovers) Regulation, 1997.
- Two of your Directors Mr. Harshad Gandhi and Mr. Dahyabhai B. Sachaniya retires by rotation in terms of the Articles of Association of the Company, they however, being eligible, offers themselves for reappointment.

### **CHANGE OF CONTROL:**

During the year (w.e.f. 8<sup>th</sup> March, 2010), through Postal Ballot, the Company has approved change of Control of Management in favour of Mr. Ketan Shah & Mr. Sandip Shah after complying with Section 192A(2) of the Companies Act, 1956 and Regulation 12 of Securities and Exchange Board of India (substantial Acquisitions of Shares and Takeovers) Regulation, 1997.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of Section 217 (2AA) of the companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2010 being end of the financial year 2009-10 and of the Profit of the Company for the year.
- iii. that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. that the Directors have prepared the annual accounts on a going concern basis.

### **CORPORATE GOVERNANCE:**

The Report on Corporate Governance required under Clause 49 of the Listing Agreements is annexed.

### **AMENDMENTS OF MAIN OBJECTS OF THE COMPANY:**

The Main Object Clause of the Company mentioned in Memorandum of Association of the Company has been amended, through Postal Ballot, by deleting existed clause 1, 3, and 4 relating to ceramics and bio fuel and inserting two new clauses 2 and 3 relating to Information Technology (Software and Hardware).

### **AUDITORS**

The present Auditors of the Company M/s. Praful N. Shah, Chartered Accountants', Ahmedabad were appointed as Auditors and will retire at the ensuing Annual General Meeting. M/s. Praful N. Shah, Chartered Accountants, have submitted certificate for their eligibility for appointment under Section 224(1B) of the Companies Act, 1956.

### **OBSERVATIONS OF AUDITORS / AUDITORS' REPORT:**

The notes and remarks of Auditors' are self-explanatory. The specific remarks of the Auditors for non-provision of non-recovery of loan and advance and Interest thereon have been explained in details in Para No. 6 (i) of Notes forming parts of Accounts for the year 31.03.2010. The Management of your Company consider the said due amount as recoverable and are hopeful for the same and therefore the provision for the same has not been done during the year.

### **COMPLIANCE CERTIFICATE :**

The Company has obtained Compliance Certificate under the provisions of section 383A of the Companies Act, 1956 from M/s Khandelwal Devesh & Associates, Company Secretaries and the same is attached with this Report as annexure.

### **LISTING:**

The Shares of the Company are listed on the Stock Exchanges at Ahmedabad and Mumbai. Listing fees for the year 2010-11 has been paid to Bombay Stock Exchange and for Ahmedabad Stock Exchange it is outstanding.

### **ACKNOWLEDGEMENT:**

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

Place : Ahmedabad  
Date : 13/08/2010

For and on behalf of the Board  
**Shivkumar R. Chauhan**  
Chairman

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Co. Reg. No. : L26933GJ1992PLC017494

Nominal Capital: Rs.4,50,00,000/-

### COMPLIANCE CERTIFICATE

To,

**The Members of the Company**

CHARMS INDUSTRIES LTD.

Ahmedabad.

We have examined the registers, records, books and papers of **CHARMS INDUSTRIES LTD.**, as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31<sup>st</sup> March, 2010**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under and all entries have been duly recorded.
2. The company has duly filed forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under and with additional fees in case of delay, if any.
3. The Company being Limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met Seven times on 30/04/2009, 31/07/2009, 31/08/2009, 31/10/2009, 21/01/2010, 28/02/2010 and 08/03/2010 in respect of said meetings proper notices were given and proceedings were properly recorded and signed in the Minute Book maintained for the purpose. No circulation resolutions were passed during the year under consideration.
5. To update the Register of Members for the purpose of AGM, the company has closed its Register of Members and Share Transfer Books from 25/09/2009 to 30/09/2009 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31/03/2009 was held on 30/09/2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minute book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year.
8. As informed by the Management, during the year under review, the Company not advanced any loan to its directors, or persons or firms or companies referred to under section 295 of the Act.
9. As informed by the management, no transaction falling within the purview of section 297 of the Act was entered into during the year, by the Company.
10. The Company has not entered into any transaction during the year, entries of which required to be made in the register maintained under section 301 of the Act.
11. No transaction was entered into by the Company during the year requiring approval under section 314 of the Act.
12. No Duplicate share certificate was issued during the year.
13.
  - i) delivered all the share certificates lodged with it for transfer in accordance with the provisions of the Act;
  - ii) not declared any dividend for the Year ended on 31.03.2010;
  - iii) not required to post warrants to any members of the Company as no dividend was declared during the year;
  - iv) no such unclaimed / unpaid amount required to be transferred to Investors Education and Protection Fund;
  - v) duly complied with the requirements section 217 of the Act.
14. The Board of Directors of the company is duly constituted. One Director ceased to be director of the Company due to death during the year. There were four appointments of Directors during the year, through postal ballot. No Additional Directors, Alternate Directors and Directors to fill casual vacancies were appointed during the financial year.
15. The Company has appointed Mr. Ketan Shah as Managing Director after passing necessary Special Resolution through Postal Ballot during the financial year under review.
16. No sole selling agent was appointed during the year.

## CHARMS INDUSTRIES LIMITED

17. The Company has changed its Main Object Clause of the Memorandum of Association during the year through postal ballot, necessary form 23 has to be filed by the Company within 30 days from the date of passing of such special resolution, the Company failed to file it within 30 days and therefore approached to the Company Law Board under section 18(4) for condonation of delay. The Company Law Board vide its Order dated 29<sup>th</sup> July, 2010 condoned the delay in filing such form 23. Apart from this the Company was not required to obtain necessary approvals of the Central Government, Regional Director, Registrar or such other authority as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued equity shares, debentures and other securities during the financial year.
20. The Company has not bought back any shares during the year.
21. The Company has not issued any preference shares/debentures and therefore redemption of the same does not arise.
22. The Company has not kept any rights to dividends or right/bonus shares in abeyance during the year.
23. The Company has not invited/accepted any deposits or unsecured loans under section 58A during the year.
24. The borrowings of the Company is within the limits as prescribed under section 293(1)(d) of the Act.
25. The Company has made loan or advances or made investments or given guarantee or provided securities to other bodies corporate and consequently entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum of Association with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny and has complied with the applicable provisions of the Act.
28. The company has not altered the provisions of Memorandum of Association with respect to the name of the company during the year under scrutiny.
29. The company has not altered provisions of Memorandum of Association respect to the Share Capital of the company during the year under scrutiny.
30. The company has not altered Articles of Association during the year under scrutiny.
31. As per the information provided by the management of the company, there is one case filed under section 217(3) of the Act on 23.03.2006 by office of the Registrar of Companies, Gujarat and one Notice issued under section 383 (A) of the Act, the Company has already replied the said Notice and no information of further action is available. Apart from this there is case pending against the Subscribers to the Prospectus under section 63, 68, 628 of the Act. Apart from these no fines, penalties and punishments were imposed on the company in any cases as per information and explanations received from the management.
32. The company has not received any money as security from its employees during the year under certification.
33. The Company has not deducted any contribution towards provident fund during the year since the provisions of section 418 of the Act are not applicable to the Company as informed by the management.

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

Place : Ahmedabad  
Date : 13/08/2010

Devesh Khandelwal  
Proprietor  
M.No. : 12372  
COP No. : 4202

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### Annexure A

Registers as maintained by the Company:

Sr No.	Section	Name of the Register
1.	150	Register of Members
2.	143	Register of Charges
3.	193	Minutes of meeting of Board of Directors
4.	193 (1)	Minutes of General Meetings
5.	301	Register of Contracts
6	301(3)	Register of Disclosure by Directors
7.	303	Register of Directors
8.	307	Register of Director's Shareholding
9	372A	Register of Investments
10.		Register of Transfers

### Annexure B

Forms and returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other Authorities during the Financial Year ending on 31<sup>st</sup> March, 2010.

Sr. No	Description of Document	Filed under Section	Date of filing and SRN	Whether filed under prescribed time Yes/No	If delay in filing whether requisite additional fee paid
1	Form32 (Cessation)	303	12/06/2009 A63461263	Yes	No
2	Form 66 (2008-09)	383A	25/11/2009 P42082495	No	Yes
3	Form 32 (Appointment)	303	28/11/2009 A73585473	No	Yes
4	Form20B (2008-09)	159	29/11/2009 P42854604	Yes	No
5	Form23AC/ACA (2008-09)	220	29/11/2009 P42860627	No	Yes
6	Form32 (Change in Designation)	303	29/11/2009 A73613911	No	Yes
7	Form32 (Appointment)	303	25/03/2010 A81473126	Yes	No

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

Place : Ahmedabad  
Date : 13/08/2010

Devesh Khandelwal  
Proprietor  
M.No. : 12372  
COP No. : 4202