

CHARMS INDUSTRIES LIMITED

19th  
ANNUAL REPORT **2010-11**

## ANNUAL REPORT 2010-11

<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	Managing Director (w.e.f. 12/08/2011) Managing Director Director Director Director Director Director Director
<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.ahmedabad@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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# CHARMS INDUSTRIES LIMITED

## NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will held on Friday, the 27<sup>th</sup> September, 2011 at 3:00 p.m. at Ground Floor, Sampada Building, B/h. A. K. Patel House, Mithakhali Six Road, Navrangpura, Ahmedabad-380009 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2011 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 Nishit Rupapara who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashokkumar Patel who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

5. **Appointment of Mr. Shivkumar R Chauhan, as Managing Director of the Company.**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company do hereby accord its approval to the appointment of Mr. Shivkumar R Chauhan as Managing Director of the Company, not liable to retired by rotation, for a period of Five years with effect from 12<sup>th</sup> August 2011 on the terms and conditions set out in the Explanatory Statement ( the said term and conditions as approved by the Remuneration Committee) and that he be paid remuneration by way of Salary and Perquisites not exceeding the amount thereof as set out in the accompanying explanatory statement which is permissible under part II of Schedule XIII the Companies Act, 1956."

**"RESOLVED FURTHER THAT** the Board of Directors, be and is hereby authorised to alter and vary the terms and conditions of appointment of Mr. Shivkumar R Chauhan as to remuneration (including perquisites) within the ceiling limits in that behalf laid down in Schedule XIII to the Companies Act, 1956."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit."

### Registered Office:

108-B/109, Sampada Building,  
B/h. A. K. Patel House, Mithakali Six Roads,  
Navrangpura, Ahmedabad-380009  
DATE : 12<sup>th</sup> August 2011

By Order of the Board

**Shivkumar R. Chauhan**  
Chairman & Managing Director

### 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 Tuesday, 20<sup>th</sup> September, 2011 to Tuesday, 27<sup>th</sup> September, 2011 (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.

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5. The Equity Share of the Company are available for dematerialisation. Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE442C01012.

### **ANNEXURE TO THE NOTICE:**

#### **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

In conformity with the provisions of section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 5 of the accompanying notice dated 12<sup>th</sup> August, 2011 should be taken as forming part of Notice.

#### **Item No. 5**

The Board of Directors in their meeting held on 12<sup>th</sup> August 2011 and also on the basis of recommendation of the Remuneration Committee of the Company in their meeting held on 12<sup>th</sup> August 2011 it has been proposed to appoint Mr. Shivkumar R Chauhan, Director of the Company as Managing Director of the Company for a period of 5 years with effect from 12<sup>th</sup> August, 2011.

Mr. Shivkumar R Chauhan, aged 53 years, is Commerce Graduate and having more than 20 years experience of management and administration.

The major terms and conditions of his appointment as recommended by the Remuneration Committee are as under:

#### **I. PERIOD:**

For a period of 5 years from 12<sup>th</sup> August, 2011

#### **II. REMUNERATION**

##### **1. SALARY:**

The Managing Director shall be entitled to salary of Rs.25,000/- per month.

##### **2. PERQUISITES:**

- Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either or put together are not taxable under the Income-tax Act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service
- Encashment of leave at the end of tenure.
- Medical Reimbursement:  
Medical reimbursement expenses incurred for the Managing Director and family Subject to ceiling of one month's salary per year or three month's salary over a period of Five years.
- Leave Travel Concession for self and family at a rate not exceeding one month's Salary for one year or three month's salary in a block of Five years.
- Free use of Company's car with driver for Company's business and free telephone Facility at residence.

**III.** The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

**IV.** The Managing Director shall not, so long as he functions as such, become interested or Otherwise concerned directly or through his wife and/or minor children in any selling Agency of the Company without the prior approval of the Central Government.

#### **V. DUTIES:**

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

#### **VI. TERMINATION:**

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

## CHARMS INDUSTRIES LIMITED

### VII. COMPENSATION:

In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, Managing Director shall be entitled to receive compensation from the Company for loss of office to extent and subject to limitation as provided under Section 318 of the Companies Act, 1956.

As per the provision of Section 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company accorded by Special Resolution is necessary for holding office as Managing Director of the Company on remuneration.

The terms and conditions mentioned in the above Explanatory Statement may be treated as abstract of the terms of the proposed contract under Section 302 of the Companies Act, 1956.

Resolution of the Board of Directors and Draft agreements of appointment are open for inspection at the registered office of the Company between 11.00 A.M to 1.00 P.M.

#### Brief resume of the Director seeking appointment/re-election/election at the 19<sup>th</sup> Annual General Meeting

Name	Mr. Shivkumar R Chauhan
Age (Date of Birth)	01/07/1958
Date of Appointment	18/09/1993
Qualification and experience in specific functional area	Commerce graduate and having more than 20 years of experience of management and administration.
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

\*Pvt. Companies excluded.

Name	Mr. Nishit Rupapara
Age (Date of Birth)	07/02/1983
Date of Appointment	31/08/2009
Qualification and experience in specific functional area	MBA with Finance having around 5 years Experience of management, finance and administration
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

\*Pvt. Companies excluded.

Name	Mr. Ashokkumar Patel
Age (Date of Birth)	23/08/1952
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	Graduate Engineer in Electronics and Post Graduation Diploma in IE and Management and having experience of 37 years
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

\*Pvt. Companies excluded.

**Registered Office:**  
108-B/109, Sampada Building,  
B/h. A. K. Patel House, Mithakali Six Roads,  
Navrangpura, Ahmedabad-380009  
DATE : 12/08/2011

By Order of the Board

**Shivkumar R. Chauhan**  
Chairman & Managing Director

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## DIRECTORS' REPORT

To,  
The Members

The Directors present the NINETEENTH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2010-11 ended on 31<sup>st</sup> March, 2011.

### 1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	As on 31.03.2011	As on 31.03.2010
Profit of the year	12.92	10.81
Less: Depreciation	2.42	2.22
<b>Profit Before Taxation(PBT)</b>	<b>10.50</b>	<b>8.59</b>
Less: Provision for Taxation	3.50	2.60
<b>Profit After Tax (PAT)</b>	<b>7.00</b>	<b>5.99</b>
<b>Less:- Loss of Investment and Bad Debts Written Off</b>	<b>-</b>	<b>272.67</b>
<b>Net Profit/(Loss)</b>	<b>7.00</b>	<b>(266.68)</b>
Add. Profit brought forward	(253.88)	12.79
Surplus available for appropriation	(246.88)	(253.89)

### OPERATIONS :

Despite keen competition in the field of Foreign Exchange business, the Company was able to maintain the sales of foreign currency of Rs 3,05,47,369/- this year as against Rs.3,02,44,803/- for the previous year. The profit after tax for the year has increased to Rs.7,00,398/- as against Rs.5,99,204/- 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.

### PARTICLULRS 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 EARING & OUTGO :

Foreign Exchange Earning : NIL

Foreign Exchange Outgo : NIL

## **CHARMS INDUSTRIES LIMITED**

### **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, 2011 being end of the financial year 2010-11 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.

### **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. B-6 of Notes forming parts of Accounts for the year 31.03.2011. 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, Ahmedabad and the same is attached with this Report as annexure.

### **LISTING:**

The Shares of the Company are listed on the Stock Exchanges at Ahmedabad and Mumbai. Listing fees for the year 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 : 12/08/2011

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

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Co. Reg. No. : L72900GJ1992PLC017494

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, 2011**. 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 Five times on 15/05/2010, 06/08/2010, 13/08/2010, 30/10/2010 and 12/02/2011 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 20/09/2010 to 24/09/2010 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31/03/2010 was held on 24/09/2010 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. The Company has
  - 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 31/03/2011;
  - iii) not required to post warrants to any members of the Company as no dividend was declared during the year;
  - iv) no such unclaimed / unpaid amount required to be transferred to Investors Education and Protection Fund;
  - v) duly complied with the requirements section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year
15. The Company has not appointed Managing Director/Whole time Director/Manager during the financial year under review.
16. No sole selling agent was appointed during the year.
17. The Company has changed its Main Object Clause of the Memorandum of Association during the year 2009-10 through postal ballot, necessary form 23 has to be filed by the Company within 30 days from the date of passing of