

20th
ANNUAL REPORT
2011-12

CHARMS INDUSTRIES LIMITED

20th ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

Shri Shivkumar R. Chauhan	<i>Managing Director</i>
Shri Ketan N. Shah	<i>Managing Director</i>
Shri Harshad S. Gandhi	<i>Director</i>
Shri Dahyabhai B. Sachaniya	<i>Director</i>
Shri Nishit Rupapara	<i>Director</i>
Dr. Nayan C. Shah	<i>Director</i>
Shri Sandip R. Shah	<i>Director</i>
Shri Ashokkumar R. Patel	<i>Director</i>

AUDITORS

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

BANKERS

Indian Overseas Bank
ICICI Bank
Development Credit Bank
HSBC Bank

REGISTRAR & SHARE TRANSFER AGENT**Sharepro Services (India) Pvt Ltd.**

416-420, 4th Floor, Devnandan Mall,
Opp. Sanyash Ashram,
Ellisbridge, Ahmedabad – 380 006
Email: sharepro.ahmedabad@shareproservices.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

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of the Company will held on Thursday, the 20th September, 2012 at 11.00 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 31st March, 2012 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 Dr. Nayan Champaklal Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Sandip Rajnikant Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:**5. Adoption of new set of Articles of Association of the Company:**

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

"RESOLVED THAT pursuant to provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the new set of **Articles of Association**, as placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved and adopted as new **Articles of Association** of the Company in the place and exclusion of the existing **Articles of Association** of the Company.

RESOLVED FURTHER THAT Mr. Shivkumar R. Chauhan Managing Directors of the Company be and is hereby, authorised to do all such acts, deeds and take such steps as may be required to give effect to the above resolution."

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 Thursday, 13th September, 2012 to Thursday, 20th September, 2012 (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 Shares 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.**

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 8th August, 2012 should be taken as a forming part of the Notice.

Item No. 5

Your Directors considered that the existing Articles of Association of the Company do not cover latest amendments and it is proposed to amend the existing Article of Association by adopting a new set of Articles of Association in the place of the existing Articles of Association of the Company.

In terms of Section 31 of the Companies Act, 1956, the consent of the Members by way of Special Resolution is required for adoption of new set of Articles of Association of the Company.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and during the Annual General Meeting.

The Board recommends the resolution as set out in item no.5 for members' approval. None of the Directors is interested or concerned in this resolution.

Brief resume of the Director seeking re-appointment at the 20th Annual General Meeting

Name	Dr. Nayan Champaklal Shah
Age (Date of Birth)	30/07/1955
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	MBBS, DMRD, MD having experience of more than 20 years as Group Chief Executive Officer of Healthcare related companies, activities spanning from Wellness Cure – rehabilitation, Healthcare Education, Healthcare Media and Healthcare IT.
Directorship held in other companies*	Dosti Realty Limited
Membership/Chairmanships of Committee in other Public Companies	None

*Pvt. Companies excluded.

Name	Mr. Sandip Rajnikant Shah
Age (Date of Birth)	27/11/1968
Date of Appointment	08/03/2010
Qualification and experience in specific functional area	Graduate Engineer in the field of Computer having experience of more than two decades in the field of Development, Networking and Project Management
Directorship held in other companies*	None
Membership/Chairmanships of Committee in other Public Companies	None

*Pvt. Companies excluded.

Regd office :

108-B/109, Sampada Building,
B/h. A. K. Patel House, Mithakali Six Roads,
Navrangpura, Ahmedabad-380009
Date : 08/08/2012

By Order of the Board

Shivkumar R Chauhan
Chairman & Managing Director

DIRECTORS' REPORT

TO,
THE MEMBERS,

The Directors present the TWEENTIETH ANNUAL REPORT together with the Audited Statement of Account for the Financial Year 2011-12 ended on 31st March, 2012.

FINANCIAL RESULTS:

	(Rs. in Lacs)
	As On
	31.03.2012
	As On
	31.03.2011
Profit of the year	9.37
Less: Depreciation	1.92
Profit Before Taxation (PBT)	7.45
Less: Provision for Taxation	2.40
Profit After Tax (PAT)	5.05
Less:- Extraordinary Item (Loss of Investment and Bed Debts Written Off)	—
Net Profit/(Loss)	5.05
Add. Profit brought forward	(246.88)
Surplus available for appropriation	(241.83)

OPERATIONS:

Despite keen competition in the field of Foreign Exchange business, the Company was able to maintain the sales of foreign currency of Rs 28,724,289/- this year as against Rs.30,547,369/- for the previous year. The profit after tax for the year has decreased to Rs.505,089/- as against Rs.700,398/- 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 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 31st March, 2012 being end of the financial year 2011-12 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. Board of Directors of your Company favour his re-appointment as Auditors of the Company and such re-appointment if done, shall be upto the next Annual General Meeting of the Company.

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 thereon have been explained in details in Para No. 6 of Notes 16 forming parts of Accounts for the year 31.03.2012. The Management has taken appropriate action to recover such outstanding amount and assume the said amount as recoverable 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 2012-13 has been paid to Bombay Stock Exchange and for Ahmedabad Stock Exchange.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place : Ahmedabad

Date : 08/08/2012

Shivkuamr R Chauhan
Chairman & Managing Director

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 **31st March, 2012**. 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 (6) Six times on 01/04/2011, 13/05/2011, 12/08/2011, 12/11/2011, 14/02/2012 and 25/03/2012 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 20/09/2011 to 27/09/2011 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31/03/2011 was held on 27/09/2011 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 31/03/2012;
 - 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 of 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* appointed Mr. Shivkumar Chauhan as a Managing Director after passing necessary special resolution in AGM during the financial year under review.
16. *No* sole selling agent was appointed during the year.
17. The company was not required to obtain necessary approvals of Central Government, Company Law Board, Regional director, Registrar or such other authority as may be prescribe under the various provision 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 borrowing 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 not* 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, and 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

Devesh Khandelwal
Proprietor

Place : Ahmedabad
Date : 08/08/2012

M.No. : FCS 6897
COP No. : 4202