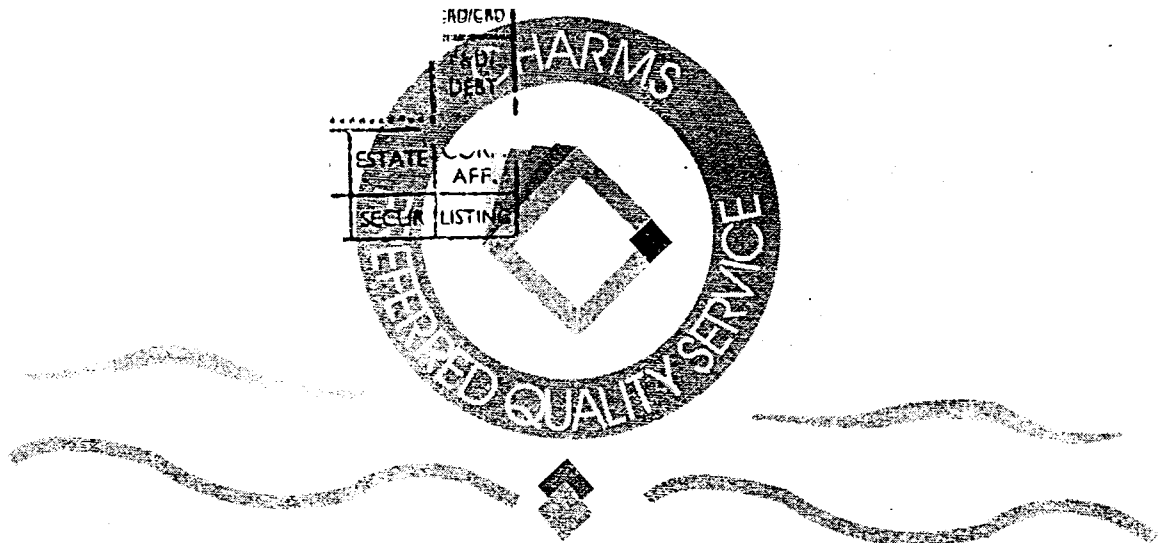


CHARMS INDUSTRIES LIMITED

ANNUAL REPORT 2007-08





BOARD OF DIRECTORS

Shri Shivkumar R. Chauhan CMD
Shri Kanubhai M. Thakar
Shri Dinesh M. Patel
Shri Dahyabhai B. Sachaniya
Shri Harshad S. Gandhi

AUDITORS

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

REGISTRAR & SHARE TRANSFER AGENT

Pinnacle Shares Registry Pvt. Ltd
Near Ashoka Mills, Naroda Road,
Ahmedabad- 380 025.

REGISTERED OFFICE

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

Contents

01	Notice
04	Directors' Report
07	Management Discussion and Analysis Report
08	Corporate Governance Report
15	Auditors' Report
18	Balance Sheet
19	Profit & Loss Account
19	Schedules
23	Notes on Accounts
30	Balance Sheet Abstract
31	Cash Flow Statement
32	Proxy Form and Attendance Slip

**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held on Tuesday, the 30th September, 2008 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, 2008 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 Dinesh M. Patel who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary and subject to such modification as may be prescribed or imposed while granting such approval, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to the Board to Delist the Company's Shares from the Ahmedabad Stock Exchange Ltd., Ahmedabad without offering an exit option to the Shareholders of the Region concerned at such time as the Board may in its discretion, consider appropriate and on terms and conditions as may be stipulated and / or mutually agreed to in the best interest of the company.

"RESOLVED FURTHER THAT "the Board" be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

Regd office :
108-B/109, Sampada Complex,
B/h.A.K.Patel House,
Mithakhali Six Roads,
Navrangpura, Ahmedabad – 380 009.

By Order of the Board
For, Charms Industries Ltd.

Shivkumar R. Chauhan
Chairman & Managing Director

PLACE : Ahmedabad

DATE : 02-09-2008

FOR. CHARMS INDUSTRIES LTD.
Shivkumar R. Chauhan
DIRECTOR

**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 25th September, 2008 to 30th September, 2008 (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.
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 / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Annual General.
6. Members are requested to notify immediately any change of address:
 - (i) to their Depository Participants (DP) in respect of shares held in demateridized 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.
7. 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.
8. 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 Dineshbhai M. Patel, retires by rotation and being eligible offers himself for re-appointment. Shri Dineshbhai M. Patel, aged about 72 years, has done Ph.D. in Chemistry. He has good experience in the field of Chemistry and also having good management skill. Shri Dineshbhai M. Patel is not a Director in any other company.

Regd office :
108-B/109, Sampada Complex,
B/h.A.K.Patel House,
Mithakhali Six Roads,
Navrangpura, Ahmedabad – 380 009.

By Order of the Board
For, Charms Industries Ltd.

Shivkumar R. Chauhan
Chairman & Managing Director

PLACE : Ahmedabad

DATE : 02-09-2008

**ANNEXURE TO THE NOTICE**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item Nos. 4.

Presently, the Company's shares are listed at the Ahmedabad Stock Exchange Ltd, Ahmedabad and The Bombay Stock Exchange Ltd, Mumbai. Since the company's shares have been rarely traded in the Ahmedabad Stock Exchange Ltd., Ahmedabad and in view of the fact that the company's shares continue to be listed and traded at the Bombay Stock Exchange Ltd., the shareholders from all over the country have greater access to trade in their shares. SEBI (Delisting of Securities) Guidelines 2003 permit the company to delist its shares from other Stock Exchanges without giving an exit option if they are listed and traded at the Bombay Stock Exchange Ltd. or National Stock Exchange of India Ltd subject to prior approval of shareholders by a Special Resolution.

As required under SEBI Regulations for voluntary delisting by the company, member's approval by a Special Resolution is required for this purpose and hence the proposed resolution under item no. 4 above.

The above resolution is in the interest of the company and therefore recommended by the Board for approval by the shareholders.

The Board of Directors of the company is concerned and/or interested in this resolution to the extent of their shareholding.

Regd office :
108-B/109, Sampada Complex,
B/h.A.K.Patel House,
Mithakhali Six Roads
Navrangpura, Ahmedabad – 380 009.

By Order of the Board
For, Charms Industries Ltd.

Shivkumar R. Chauhan
Chairman & Managing Director

PLACE : Ahmedabad

DATE : 02-09-2008

**DIRECTORS' REPORT**

To,
THE MEMBERS,

Your Directors have pleasure in presenting their 16th Annual Report together with the Audited Statement of accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

The working results of the Company for the year ended on 31st March, 2008 are as follows:-
Rs (in lacs)

	As On 31.03.2008	As On 31.03.2007
Profit of the year	6.78	6.45
Less.: Depreciation	2.98	3.82
Profit Before Taxation (PBT)	3.81	3.13
Less : Provision for Taxation	1.25	1.00
Profit After Tax (PAT)	2.56	2.13
Add. Profit brought forward	7.40	5.27
Surplus available for appropriation	9.96	7.40

OPERATIONS

Despite keen competition in the field of Foreign Exchange business, the Company was able to maintain the sales of foreign currency of Rs. 6.39 Lacs this year as against 4.18 Lacs for 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.

DELISTING OF SHARES FROM THE AHMEDABAD STOCK EXCHANGE LTD.

The equity shares of the Company are listed on the Bombay Stock Exchange Ltd. and the Ahmedabad Stock Exchange Ltd.. As no trading in the equity share of the Company has been done at the Ahmedabad Stock Exchange Ltd. since long and in view of the fact that the company's shares continue to be listed and traded at the Bombay Stock Exchange Ltd., the shareholders from all over the country have greater access to trade in their shares. SEBI (Delisting of Securities) Guidelines 2003 permit the company to delist its shares from other Stock Exchanges without giving an exit option if they are listed and traded at the Bombay Stock Exchange Ltd. or National Stock Exchange of India Ltd subject to prior approval of shareholders by a Special Resolution. Therefore the Board of your Company proposes required resolution for your approval.

**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.

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 are not applicable.

B. FOREIGN EXCHANGE EARNING & OUTGO:

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

DIRECTORATE

Shri Dinesh M. Patel retires by rotation as Director of the Company at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

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, 2008 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 as 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. Praful N. Shah & Co., Chartered Accountants, Ahmedabad retire and being eligible offer themselves for re-appointment. You are requested to re-appoint the auditors and fix their remuneration.

**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 has been paid to the Exchange.

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.

Regd office :
108-B/109, Sampada Complex,
B/h.A.K.Patel House,
Mithakhali Six Roads,
Navrangpura, Ahmedabad – 380 009.

By Order of the Board
For, Charms Industries Ltd.

Shivkumar R. Chauhan
Chairman & Managing Director

PLACE : Ahmedabad

DATE : 02-09-2008

**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 its 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 him self.

iv) Financial Performance with respect to operational performance

The sales of foreign Currency for the year ended 31st March, 2008 were Rs.6.39 lacs as compared to Rs 4.18 lacs in the previous year. The profit before depreciation, Tax & Non-recurring items was Rs. 3.18 Lacs for the year under review as compared to Rs.3.13 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.

By Order of the Board
For, Charms Industries Ltd.

PLACE : Ahmedabad

DATE : 02-09-2008

Shivkumar R. Chauhan
Chairman & Managing Director

**ANNEXURE TO DIRECTORS' REPORT****REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy on Corporate Governance:**

The company's philosophy on Corporate Governance is focused upon a rich legacy of fair, ethical and 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 eminent 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 (the 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

**Board Meetings:**

During the year seven board meetings were held on 30.04.2007, 12.06.2007, 31.07.2007, 02.09.2007, 31.10.2007, 31.01.2008 and 22.03.2008.

Name	No. of Board meeting attended	Attendance at the last AGM
Mr. Shivkumar R. Chauhan	07	Yes
Mr. Kanubhai M. Thakar	07	Yes
Mr. Dinesh M. Patel	07	Yes
Mr. Dahyabhai B. Sachaniya	07	Yes
Mr. Harshad S. Gandhi	06	No

All the information required to be furnished to the Board was made available to them along with detail agenda notes.

3. Committees of Board:**A. Audit Committee:**

The Audit Committee of the company presently comprises of Mr. Dinesh M. Patel as its Chairman and Mr. Kanubhai M. Thakar and Mr. Shivkumar R. Chauhan as members of the Audit Committee, two-thirds of whom are non-executive and independent directors. The broad terms of reference of the Audit Committee are:

- Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Review the remuneration payable to the auditors, both internal and statutory and to recommend change in auditors, if felt necessary.
- Reviewing with management, half-yearly and annual financial statements before submission to the board, focusing primarily on:
 - a. any changes in accounting policies and practices.
 - b. major accounting entries based on exercise of judgement by management.
 - c. qualifications in draft audit report.
 - d. significant adjustments arising out of audit.
 - e. the going concern assumption.
 - f. compliance with accounting standards.
 - g. compliance with stock exchange and legal requirements concerning financial statements.
 - h. any related party transactions i.e. transaction of the company of material nature, with promoters or the management, their subsidiaries or relatives etc, that may have potential conflict with the interest of company at large.
- Review of the internal control and internal audit systems.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularities or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditor before the commencement of audit about the nature and scope of audit as well as have post audit discussion to ascertain any areas of concern.
- Reviewing the company's financial and risk management policies.



➤ Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

During the year five meetings of the Audit Committee were held on April 15, 2007; July 31, 2007; August 09, 2007; October 30, 2007 and January 31, 2008.

Details of meetings of Audit Committee and attendance

Name	Designation	No. of Committee meeting attended
Mr. Dinesh M. Patel	Chairman	5
Mr. Mr. Kanubhai M. Thakar	Member	4
Mr. Shivkumar R. Chauhan	Member	5

B. Remuneration Committee:

The remuneration Committee of the company presently comprises of Shri Dinesh M. Patel and Shri Harshad S. Gnadhi. No meeting of the remuneration committee held during the year as none of the non-executive director is paid any remuneration For the financial year ended 31-03-2008, Shri Shivkumar R. Chauhan, Managing Director of the Company have been paid remuneration, which is as under:-

Name of Director	Salary (Rs.)	Perquisites (Reimbursement of Petrol and Telephone Exp (Rs.)	Total (Rs.)
Shri Shivkumar R. Chauhan Managing Director	120000	60000	180000

C. Shareholders'/Investors' Grievance Committee:

The Shareholders'/Investor's Grievance Committee presently comprises of following directors Mr. Dinesh M. Patel, Mr. Harshad S. Gandhi and Mr. Shivkumar R. Chauhan to look into the redressal of shareholders and investors complaints received and to oversee the performance of the Registrar and Share Transfer Agent of the Company. Mr. Dinesh M. Patel is its Chairman.

Number of Shareholders' Complaints: Nil
 Number of Complaints not solved: Nil
 Number of pending complaints: Nil
 Number of pending Share transfers: Nil

4. General Body Meeting:

The last three Annual General Meetings of the Company were held within the Statutory Time period and the details of the same are as under:

AGM	Financial Year	Venue	Date	Time
15th	2006 – 2007	Ground Floor, Sampada Building, B/h A.K. Patel House, Mithakhali six Roads, Navrangpura, Ahmedabad:- 9.	29.09.2007	11:00 AM
14th	2005 – 2006	Ground Floor, Sampada Building, B/h A.K. Patel House, Mithakhali six Roads, Navrangpura, Ahmedabad:- 9.	30.09.2006	11:00 AM
13th	2004 – 2005	Ground Floor, Sampada Building, B/h A.K. Patel House, Mithakhali six Roads, Navrangpura, Ahmedabad:- 9.	30.09.2005	11:00 AM

**Special Resolutions:**

No Special Resolution was passed by the Company in last three annual general meetings:

Postal Ballot

No Resolution was passed by the Company under the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 during the financial year 2007-08.

5. Code of Conduct:

The Code of conduct for the Directors and the Employees of the Company has been laid down by the Board of Directors of the Company.

6. Disclosures:

During the financial year ended 31st March, 2008 there were no materially significant related party transactions that may have potential conflict with the interest of Company at large with its promoters, directors, Subsidiaries or relatives. The Company has complied with requirements of listing agreement/ regulations/ guidelines/ rules of the Stock Exchanges/ SEBI/ other statutory authorities. The Company was not imposed with any penalties or issued any strictures on any capital markets related matters during the last three years.

7. Means of Communication:

The Board of Directors of the Company approves and takes on record the Unaudited financial results in the Proforma prescribed by the Stock Exchange and announces the results to all the Stock Exchanges where the Company's shares are listed and also publishes in the News Paper "Western Times" both in English and Gujarati editions.

Company's Website is under construction.

8. General Shareholder Information:**Annual General Meeting:**

Date : 30.09.2008

Time : 11.00 A.M..

Venue:

Ground Floor, Sampada Building,
B/h A.K.Patel House, Mithakhali six
Rd. Navrangpura
Ahmedabad:- 380 009 .

The Company follows April – March financial year. Financial year is from 01-04-2007 to 31-03-2008.

Book Closure Date:

The Register of Members and Shares Transfer Books of the Company will remain closed from 25th September, 2008 to 30th September, 2008 (both days inclusive) for the purpose of the Sixteenth Annual General Meeting.

Dividend payment date:

The Board of Directors of the Company has not recommended any dividend for the financial year 2007-2008.

Listing on Stock Exchange(s):

Company's Shares are listed on

Sr. No	Name of Stock Exchange	Scrip Code
1	Bombay Stock Exchange Limited	531327
1	Ahmedabad Stock Exchange Limited	----

Annual Listing fees for the year 2008 - 2009 have been duly paid to the stock exchange.

**Registrar and Share Transfer Agent:**

Pinnacle Shares Registry Pvt. Ltd
Near Asoka Mills, Naroda Road,
Ahmedabad-380 025.

9. a) Categories of Shareholding as on March 31, 2008:-

Category	No. of Shares	% to Share Capital
Indian Promoters	562341	13.70
Mutual Funds	Nil	Nil
Bank ,Financial Institute	Nil	Nil
Private Corporate Bodies	164700	4.01
NRIs /OBCs	70566	1.72
FII's	Nil	Nil
Indian Public	3308493	80.10
C.M.	Nil	Nil
Total	4106100	100.00

b) Distribution of Shareholding as on March 31, 2008:-

Category	No. of Shareholders	% to Total	No. of Shares	% to Total
Upto - 5,00	2755	77.74	696644	16.97
501 - 5,000	678	19.13	1119425	27.27
5,001-10,000	62	1.75	486462	11.85
10,001 and above	49	1.38	1803569	43.92
Total....	3544	100.00	4106100	100.00

The Company has not issued any GDRs/ADRs/Warrants or any Convertible Instruments.

c). Dematerialisation of shares and liquidity

The shares of the company are under compulsory trading in demat form. Total 3169601 equity shares representing 77.19% were held on demat form and balance 936499 equity shares representing 22.81% were in physical form as on March 31, 2008. ISIN No.: INE442C01012

**10. Market Price Data:**

Market price data of Bombay Stock Exchange Limited, Mumbai for the year 2007 – 2008 is given below:

Month	High	Low	Volume
April, 2007	2.26	1.96	14654
May, 2007	2.20	1.67	27988
June, 2007	2.35	1.60	32799
July, 2007	2.10	1.74	30382
August, 2007	1.96	1.61	53294
September, 2007	2.79	1.80	96143
October, 2007	2.61	2.03	58232
November, 2007	2.57	2.09	66779
December, 2007	4.89	2.21	167127
January, 2008	6.80	4.34	313255
February, 2008	4.13	2.40	34442
March, 2008	2.51	1.81	20280

11. Registered office & Address for Correspondence:

Shareholders are requested to correspond with the Company at the following address:

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

Date: 02-09-2008
Place: Ahmedabad

Shivkumar R. Chauhan
Chairman

ANNEXURE TO CORPORATE GOVERNANCE REPORT

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the Listing Agreement, this is to confirm that all the members and the senior managements personnel have affirmed compliance with the Code of Conduct for the year ended 31st March 2008

Date: 02-09-2008
Place: Ahmedabad

Shivkumar R. Chauhan
Chairman



AUDITOR'S CERTIFICATE

To,
The Members
Charms Industries Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by Charms Industries Ltd. for the year ended on 31/03/2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 02-09-2008

For, Praful N.Shah & Co.
Chartered Accountants

P. N. Shah
(Proprietor)
M.No. : F/15591

**AUDITOR'S REPORT**

1. We have audited the attached Balance Sheet of **CHARMS INDUSTRIES LTD.** as at 31st March, 2008 & the Profit & Loss Account of the Company for the yearended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the manufacturing and other Companies (Auditors Report) order, 2004 (together the "Order") issued by the Central Government of India in terms of sub-section (4A) of section : 227 of the Companies act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statements on the matters specified in paragraphs 4 and 5 of the said order.
 - (a) We have 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 appears from our examination of those books.
 - (c) The Balance sheet and Profit & Loss Account dealt with this report are in agreement with the books of accounts.
 - (d) In our opinion, the Balance Sheet, and Profit & Loss Account and cash flow statement dealt with by this report comply with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on records by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2008 from being appointed as director in terms of clauses (g) of subsection (1) of section 274 of the Companies Act, 1956.
 - (f) As explained in Note 6 of Schedule 8 for doubtful amounts as mentioned here under no provision have been made in the accounts :-

i)	Loans & Advances	Rs. 2,34,92,461/-
ii)	Advances paid for the purchases of Machineries	Rs. 48,50,000/-
iii)	Shortfall in the Value of Investments	Rs. 30,00,000/-



Having regard to this, the Balance Sheet & Profit & Loss Account and Cash Flow Statement dealt by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

- (g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and a true and fair view in conformity with the accounting principles generally accepted in India:-
- i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008 AND
 - ii) In the case of the Profit and Loss Account, of the Profit of the year ended on that date.

Place : Ahmedabad

Date : 02-09-2008

For, Praful N. Shah & Co..
Chartered Accountants

P. N. Shah
(Proprietor)
Mem. No. : F/15591



ANNEXTURE REFERRED TO IN PARAGRAPH (1) OF THE AUDITOR'S REPORT TO THE MEMBERS OF CHARMS INDUSTRIES LIMITED FOR THE YEAR ENDED MARCH 31, 2008 :-

1. FIXED ASSETS :-

- i) The Company has maintained the record of Fixed Assets showing full particulars of quantitative details and location.
- ii) The same have physically verified and no discrepancy has been noticed.
- iii) During the year, the Company has sold the balance portion of Land, as the same was not required for the activity / business of the company. It will not affect adversely to the present business.

2. NATURE OF BUSINESS :-

The Company is doing the business as Money Changer (Trading in Foreign Currency & Travellers Cheques.) Under the circumstances, the following matters are not applicable :-

- i) Procedure for the purchases of stores / raw materials & finished products and its comparison with record.
- ii) Physical verification of above items.
- iii) Maintenance of record of scrap / waste generated from the manufacturing activities.
- iv) Maintenance of Cost Records.
- v) Valuation of above items. .

3. In respect of the loans, secured or unsecured, granted or taken by the company to/from companies, firm or other parties covered in the register maintained under section 301 of the ACT, 1956.

- i) The company has given loans to the companies & other parties, as mentioned in Note : 6 of Schedule : 8. In respect of the said loans, the maximum amounts outstanding at any time during the year and the year and balance is Rs. 2,34,92,461/-
- ii) Though all such loan amounts are bearing Interest, as mentioned in Note : 6 of Schedule : 8 the amount of Interest has not been received from most of the parties as stipulated. All such amounts are overdue and they are not repaid by them as per stipulation. Thus, the terms & conditions are found prima-facie prejudicial to the interest of the company.

4. According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 (1B) of the Companies Act, 1956.

5. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.



6. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
7. The company is not a sick industrial company within the meaning of clause (0) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1956.
8. Since the Company is not a chit fund or nidhi/mutual benefit fund/society, paragraph 4 (xiii) of the order is not applicable.
9. As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (x iv) of the order is not applicable.
10. According to the records of the Company examined by us and on the basis of information & explanations given to us, the Company has :
 - i) Not taken any loans from bank or financial institution.
 - ii) Not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year,
 - iii) Not given any guarantee for loans taken by others or financial institutions during the year.

Based upon the audit procedures performed and information & explanations given by the management, we report that no fraud on or by the Company has been noticed during the year ended March 31, 2008.

Place : Ahmedabad

Date : 02-09-2008

For, Praful N. Shah & Co..
Chartered Accountants

P. N. Shah
Proprietor
Mem. No. : F/15591

**BALANCE SHEET AS AT 31ST MARCH, 2008**

SOURCE OF FUNDS :-	SCHEDULE	31-3-2008 Rs.	31-3-2007 Rs.
SHARE HOLDERS FUNDS :-			
SHARE CAPITAL	1	4,10,61,000	4,10,61,000
RESERVES AND SURPLUS :-	2	41,42,913	25,54,396
LOAN FUNDS	3	5,26,966	7,33,002
TOTAL		4,57,30,879	4,43,48,398
APPLICATION OF FUNDS :-			
FIXED ASSETS :-			
GROSS BLOCK	4	64,81,111	67,69,602
LESS : DEPRECIATION		47,93,862	44,96,258
INVESTMENTS (AT COST)		16,87,249	22,73,344
Un-Quoted)			
With Mutual Funds		15,00,000	15,00,000
In Equity Share		30,00,000	30,00,000
PRE-PROJECT & PRE-OPERATIVE EXPENSES,			
PENDING ALLOCATION FTXED ASSETS		4,13,699	6,20,542
TOTAL CARRIED FORWARD		65,99,948	73,93,886

CURRENT ASSETS, LOANS,**LOANS & ADVANCES :-**

SUNDRY DEBTORS			
CASH & BANK BALANCE	5	95,51,408	75,55,921
LOANS AND ADVANCES	6	2,97,00,944	2,95,19,649
CLOSING STOCK (F.C.)		6,61,980	3,99,352
LESS :-			
CURRENT LIABILITIES & PROVISION		7,83,401	6,20,410
NET CURRENT ASSETS	7	3,91,30,931	3,69,54,512
TOTAL		4,57,30,879	4,43,48,398
NOTES ON ACCOUNTS	8		

PLACE : AHMEDABAD

DATED : 02-09-2008

For, CHARMS INDUSTRIES LIMITED

Shri Shivkumar R. Chauhan
Managing DirectorHarshad S. Gandhi
Dahyabhai B. Sachaniya
Directors

AS PER OUR ATTACHED REPORT OF EVEN DATE

For, Praful N. Shah & Co.

Chartered Accountants

P.N.Shah

Proprietor

Mem. No : F/15591

**TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED****31ST MARCH, 2008**

INCOME :-		2007-08	2006-07
SALES :			
Foreign Currency	6,36,32,852		4,18,34,490
Others	3,12,000		
		6,39,44,852	4,18,34,490
CLOSING STOCK :-			
Foreign Currency		6,61,980	3,99,352
TOTAL	(A)	6,46,06,832	4,22,33,842
EXPENDITURE :-			
OPENING STOCK :-			
Foreign Currency		3,99,352	2,27,617
PURCHASES :-			
Foreign Currency	6,31,74,217		4,06,95,310
Others	2,60,000	6,34,34,217	4,06,95,310
			4,06,95,310
TOTAL	(B)	6,38,33,569	4,09,22,927
GROSS PROFIT CARRIED DOWN (A-B)		7,73,263	13,10,915

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON**31ST MARCH, 2008.**

INCOME :-			
GROSS PROFIT CARRIED FROM TRADING		7,73,263	13,10,915
INTEREST :	FROM BANK	7,88,859	6,17,846
	FROM OTHERS	3,28,300	2,50,400
Dividend from Investments		1,30,024	1,44,105
TOTAL	(C)	20,20,446	23,23,266



EXPENDITURE :-		2007-08	2006-07
SALARY TO :			
	STAFF MEMBERS	3,57,940	4,04,000
	MANAGING DIRECTOR	<u>1,20,000</u>	<u>1,20,000</u>
REMUNERATION TO AUDITORS :		4,77,940	5,24,000
	AS AUDITORS	25,000	25,000
	FOR OTHER SERVICES	25,000	25,000
TELEPHONES		78,730	98,705
BANK CHARGES & GUARANTEE COMMISSION		6,742	17,925
OFFICE EXPENSES		46,290	48,142
STATIONERY & PRINTING		78,500	90,530
FILLING FEES TO R.O.C.		5,200	3,000
ELECTRICITY CHARGES		10,520	12,145
RENT/RATES/TAXES		16,921	30,338
CONVEYANCE		24,000	24,000
TRAVELLING		-----	7,525
REPAIRS & MAINTENANCE		19,950	17,200
LISTING FEES TO STOCK EXCHANGES		25,000	25,000
ADVERTISEMENT		17,200	32,500
VEHICLE EXPENSES		87,455	1,10,530
INSURANCE PREMIUM		25,500	38,300
EXPENSES OF ANNUAL GEN. MEETING		20,750	27,500
POSTAGE/ANGADIA CHARGES		14,425	12,150
PRE-PROJECT/PRE-OPERATIVE EXPS. W/OFF		2,06,843	2,06,843
LEGAL FEES / Expenses		10,000	65,000
INTEREST ON VEHICLE LOAN		29,764	43,498
COMMISSION FOR FOREIGN CURRENCY BUSINESS		61,914	98,240
STAFF WELFARE		27,190	23,490
MISC EXPENDITURE		-----	21,000
PROFESSIONAL TAX		1,000	1,000
TOTAL EXPENDITURE (D)		13,41,834	16,28,561
PROFIT BEFORE DEPRECIATION & TAXATION (C-D)		6,78,612	6,94,705
LESS :-			
DEPRICIATION		<u>2,97,604</u>	<u>3,81,644</u>
PROFIT AFTER DEPRECIATION BUT BEFORE TAXATION		3,81,008	3,13,061
LESS :-			
PROVISION FOR TAXATION		<u>1,25,000</u>	<u>1,00,000</u>
PROFIT FOR THE YEAR		2,56,008	2,13,061
ADD :-			
BALANCE OF LAST YEAR		7,40,376	5,27,315
BALANCE CARRIED TO BALANCE SHEET		9,96,384	7,40,376

For, CHARMS INDUSTRIES LIMITED
 Shri Shivkumar R. Chauhan
 Managing Director
 Harshad S. Gandhi
 Dahyabhai B. Sachaniya
 Directors

AS PER OUR ATTACHED REPORT OF EVEN DATE
 For, Praful N. Shah & Co.
 Chartered Accountants
 P.N.Shah
 Proprietor
 Mem. No : F/15591

SCHEDULES TO BALANCE SHEET AS AT 31-03-2008

SCHEDULE : 1	SHARE CAPITAL	AS AT 31-03-2008	AS AT 31-03-2007
AUTHORISED :-			
45,00,000 (P.Y. 45,00,000) EQUITY SHARES OF Rs. 10/- EACH.		4,50,00,000	4,50,00,000
ISSUED, SUBSCRIBED & PAID UP :-			
41,06,100 (P.Y. 41,06,100) EQUITY SHARES OF Rs. 10/- EACH FULLY PAID UP		4,10,61,000	4,10,61,000
TOTAL		4,10,61,000	4,10,61,000

SCHEDULE : 2	LOAN FUNDS		
(A) SECURED FROM BANK			
SECURED BY HYPOTHECATION OF MOTOR CAR.		3,17,330	5,23,366
(B) UNSECURED			
(1) FROM AHMEDABAD URBAN CO. OP. BANK LTD.		2,09,636	2,09,636
TOTAL		5,29,966	7,33,002

SCHEDULE : 3	RESERVE & SURPLUS		
(A) CAPITAL FUND :			
Profit in Sale of Land		31,46,529	18,14,020
Profit & Loss A/c.		9,96,384	7,40,376
TOTAL		41,42,913	25,54,396

SCHEDULE : 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	ASAT 01-04-2007	ADDITIONS DURING THE YEAR	SALES DURING THE YEAR	ASAT 31-03-08	UPTO 31-03-07	FOR THE YEAR	UPTO 31-03-08	ASAT 31-03-08	ASAT 31-03-07
FREEHOLD LAND	2,88,491	-----	2,88,491	-----	-----	-----	-----	-----	2,88,491
OFFICE BUILDING	9,99,076	-----	-----	9,99,076	3,05,492	34,679	3,40,171	6,58,905	6,93,584
OFFICE FURNITURE	8,90,671	-----	-----	8,90,671	7,16,391	31,545	7,47,936	1,42,735	1,74,280
COMPUTERS & PRINTERS	24,59,436	-----	-----	25,59,436	20,72,114	49,999	21,22,113	3,37,323	3,59,702
AIR CONDITIONERS	90,847	-----	-----	90,847	66,847	3,327	70,238	20,609	23,936
MOTOR CAR	20,02,791	-----	-----	20,02,791	13,15,060	1,78,054	14,93,114	5,09,677	6,87,731
OFFICE EQUIPMENT	7,950	-----	-----	7,950	7,950	-----	7,950	-----	-----
OFFICE PARTITION	12,340	-----	-----	12,340	12,340	-----	12,340	-----	-----
TOATL	67,69,602	-----	2,88,491	64,81,111	44,96,258	2,97,604	47,93,862	16,87,249	22,73,344



	AS AT 31-03-2008	AS AT 31-03-2007
SCHEDULE : 5 CASH & BANK BALANCES		
1. CASH ON HAND	1,83,050	2,28,016
2. BANK BALANCES :- WITH NATIONALISED BANKS :-		
(A) IN FIXED DEPOSITS	70,23,862	69,29,894
(B) IN CURRENT A/Cs	23,44,496	8,01,111
TOTAL	<u>95,51,408</u>	<u>76,55,921</u>

SCHEDULE : 6 LOANS & ADVANCES :-		
(UNSECURED) (considered doubtful)		
1. LOANS TO COMPANIES & OTHERS	2,34,92,461	2,35,52,924
2. ADVANCES TO BUILDERS, SUPPLIERS FOR EQUIPMENTS & OTHERS (considered good of recovery)	48,50,000	48,50,000
3. SECURITY DEPOSIT WITH STOCK EXCHANGE	2,74,411	2,74,411
4. T.D.S. FROM INTEREST	9,10,105	7,74,969
5. ACCRUED INTEREST	1,73,967	67,345
TOTAL	<u>2,97,00,944</u>	<u>2,95,19,649</u>

SCHEDULE : 7 CURRENT LIABILITIES AND PROVISIONS		
1. CURRENT LIABILITIES :- SUNDRY CREDITORS FOR EXPS.	1,18,401	80,410
2. PROVISIONS FOR TAXATION	6,65,000	5,40,000
TOTAL	<u>7,83,401</u>	<u>6,20,410</u>

SCHEDULE : 8**NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31-3-2008****A: SIGNIFICANT ACCOUNTING OF POLICIES :**1. **FIXED ASSETS :**

The Fixed Assets have been valued at cost, including expense incurred in connection with the acquisition of Fixed Assets.

2. **DEPRECIATION :**

Depreciation is provided on the Fixed Assets on written down value basis at the rates prescribed under Schedule : XIV of the Companies Act, 1956.

3. **BASIS OF ACCOUNTING :**

The accounts of the Company are prepared under the Historical Cost Convention and in accordance with the applicable accounting standards. As per the practice, mercantile system of accounting is followed, except interest on loans, as per following note No. : B (6) (i)

4. The company has decided to written off Pre-Project/Pre-Operative Expenses over a period of 10-years and as such this year 1/10th of said expenses has been charged to Profit & Loss Account.

B: NOTES ON ACCOUNTS :

	<u>FOR THE YEAR ENDED</u>	
	31-3-2008	31-3-2007
	<u>Rs.</u>	<u>Rs.</u>
(1) Contingent Liabilities	Nil	Nil
(2) Estimated amounts of contracts remaining to be executed and not provided for	Nil	Nil
(3) C.I.F. Value of Imports	Nil	Nil
(4) F.O.B. Value of Exports	Nil	Nil
(5) Expenditure in Foreign Currency	Nil	Nil

(6) LOANS & ADVANCES :

- (i) As informed in earlier years, the company had invested the surplus funds with other companies and parties amounting to Rs. 2,34,92,461 as shown in Schedule 6. As these parties are not fulfilling their promises, neither interest on such amount advanced nor repayment on loan amounts have been received as per stipulations. The managing Director has put all his efforts for the recovery of interest amount as well as principal amounts. On some of the parties, the company has filed legal suits and have taken legal steps also. Under the circumstances, the actual amount of Rs. 3,28,300 the interest received from such parties has been credited in the accounts of current year. The balance amount of interest due but not received (the quantum of which, due to their un-certainty, are also not known to the company at this stage) are not taken in to accounts as the chances of recovery is doubtful. The same will be accounted in the year of receipt. The management have decided to wait for their written off till the final out come from the courts / till they become bad for recovery and thus, for the said doubtful amount, no provision has been made in the accounts.
- (ii) The amounts paid for the purchases of Machinerie's in the year 1996-97, the outstanding of which are Rs. 48,50,000/- as advance for the purchases of machinerie's as shown in Schedule : 6. As reported in earlier years, the company changed the objects and the manufacturing activity was postponed and thus the said machinerie's were not to be purchased. Under the circumstances, the chances of recovery of such advances are doubtful. However, no final decision for its written off has been taken and hence the said amounts has been shown as Loans & advances in the accounts and the management will take the decision of its written off in future.



- (iii) The company had invested a sum of Rs. 30,00,000 in the shares of the Limited Company. The said company is not listed in Stock Exchange. The management had observed that the working of the said company is satisfactory and the management is of the opinion to get back the amount invested in the shares of this company in this booming share market. Under the circumstances, no provision for the shortfall, if any, between the amount invested and the book value of those shares, have been made in the accounts of the current year.
- (7) As the company has no manufacturing activity, additional informations pursuant to the provisions of paragraph 34C of the Companies Act. 1956 are not applicable this year.
- (8) Previous year's figure have been regrouped or rearranged to make them comparable with the figures of current year.
- (9) In the option of Board of Directors, the current assets, loans & advances are approximately of the value stated, if realised, in the ordinary course of business.
- (10) The Provident Fund and Gratuity Act are not applicable to the company during the year under review.

SIGNATURES TO SCHEDULED 1 TO 8 AT AHMEDABAD ON 02-09-2008

For, CHARMS INDUSTRIES LIMITED

Shri Shivkumar R. Chauhan
Managing Director
Harshad S. Gandhi
Dahyabhai B. Sachaniya
Directors

AS PER OUR ATTACHED REPORT OF EVEN DATE

For, Praful N. Shah & Co.
Chartered Accountants
P.N.Shah
Proprietor
Mem. No : F/15591

For. CHARMS INDUSTRIES LTD.
Shivkumar Chauhan
DIRECTOR



CHARMS INDUSTRIES LIMITED

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

PROXY FORM

I/We _____ of _____ in the district of _____ being a member/members of CHARMS INDUSTRIES LIMITED, hereby appoint Shri/ Smt. _____ of _____ failing him/her _____ of _____

proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on Tuesday, the 30th September, 2008 at 11.00 A.M. at Ground Floor, Sampada Building, B/h. A.K. Patel House, Mithakhali Six Road, Navrangpura, Ahmdabad-380009 and any adjournment thereof.

Signed this _____ day of _____ 2008.
DP ID/Client ID./ L.F. No. _____

Affix a
Rs. 1/-
Revenue
Stamp
here

Notes:

1. A Proxy need not be a member.
2. The form of proxy, duly signed across Re.1 revenue stamp should reach the Company, not less than 48 hours before the time fixed for holding the Annual General Meeting..

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

ATTENDANCE SLIP

(Please handover the slip duly filled at the entrance of the Meeting venue)

Name of the attending Member/Proxy _____
(in block letters)
DP ID/Client ID./ L.F. No. _____
No. of Shares _____

I hereby record my presence at the Fifteenth Annual General Meeting of the Company held at Ground Floor, Sampada Building, B/h. A.K. Patel House, Mithakhali Six Road, Navrangpura, Ahmdabad-380009 on Tuesday, the 30th September, 2008 at 11.00 A.M.

Date:

Signature of the Member