

VYAPAR INDUSTRIES LIMITED

ANNUAL REPORT

2006-07

VYAPAR INDUSTRIES LIMITED

ANNUAL REPORT (2006-2007)

BOARD OF DIRECTORS

Abbas A Rassai	- Chairman (Redesignated as Executive Chairman effective from Sept. 1 st , 2007)
Hussain A Rassai	- Executive Director (Redesignated as Joint Chairman effective from Sept. 1 st , 2007)
Akeel A. Rassai	- Executive Director (Redesignated as Managing Director effective from Sept. 1 st , 2007)
Sakina A. Rassai	- Executive Director
Ramesh W. Lalwaney	- Director
Moiz N. Bharmal	- Director
Parvez A. Master	- Director

AUDITORS

Kantawala & Co.
Chartered Accountants, Mumbai

EQUITY SHARES ARE LISTED ON

Bombay Stock Exchange

REGISTER AND SHARE TRANSFER AGENT

BIGSHARE SERVICES PRIVATE LIMITED,

A, 2/3 Ansa Industrial Estate,
Sakivihar, Sakinaka,
Andheri (East), Mumbai - 400 072.
Ph: 022-28470652/53

DATE OF AGM

September 28, 2007

DAY

Friday

TIME

3.00 p.m

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22ND Annual General Meeting of the members of VYAPAR INDUSTRIES LIMITED will be held at 145, S.V. Road, Khar (West), Mumbai - 400 052 on Friday, September 28, 2007 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report.
2. To consider and approve dividend on equity shares.
3. To appoint a Director in place of Mr. Ramesh W. Lalwamni who retires by rotation and being eligible to offer himself for reappointment.
4. To appoint a Director in place of Mr. Moiz Bharmal who retires by rotation and being eligible to offer herself for reappointment.
5. To appoint auditors to hold office from the conclusion on this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. AKEEL A.RASSAI who was appointed as an Additional Director at the meeting of the Board of Directors held on March 20, 2007 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. AKEEL A.RASSAI as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy in order to be effective, should be duly completed, stamped and signed, and must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
3. Members are requested to bring their copies of the Annual Report to the Meeting. Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.
4. Members are requested to advise immediately change in their address, if any, quoting their Folio number(s) to the company.
5. The Explanatory Statement as required under section 173 (2) of the Companies Act, 1956, in respect of item No. 6 of the notice convening the Meeting is annexed hereto.

6. The Register of Members and Shares Transfer Books of the Company will remain closed from Monday, September 24, 2007 to Friday, September 28, 2007 (both days inclusive)
7. The dividend on equity shares, if declared at the meeting, will be paid on or after September 28, 2007 to those members, whose names will appear on the Register of Members of the Company/ statement of beneficial ownership maintained by the Depositories as on close of business hours on Friday, September 28, 2007.

For and on behalf of the Board

Abbas A. Rassai
Chairman

Registered Office:

145, S.V. Road, Khar (W),
Mumbai-400 052.
August 30, 2007

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

Item No. 6 (Ordinary Resolution)

Mr. Akeel A.Rassai was appointed as an additional Director of the Company with effect from March 20, 2007. By virtue of the provisions of Section 260 of the Companies Act, 1956, read with Article 110 of the Articles of Association of the Company, Mr. Akeel A.Rassai would hold office only upto the date of the ensuing Annual General Meeting.

The Company has received notice from a member under Section 257 of the Companies Act, 1956, with requisite deposit proposing the name of Mr. Akeel A.Rassai as a candidate for the office of Director of the Company.

Mr. Akeel A.Rassai, aged about 37 years, is a qualified Law Graduate and having vast experience in Finance, Accounting, Legal and Taxation matters. He has handled various assignments successfully during his service with the Company.

The Directors consider his association at the Board level will be of immense value to the Company and hence your Directors recommend his appointment in terms of the resolution at item No. 6 of the Notice for your approval.

Mr. Akeel A.Rassai is interested in the resolution as it relates to his appointment. None of the other Directors of the Company is concerned or interested in the said resolution.

The Board recommends the resolution at Item Nos. 6 of the accompanying notice for approval by the Members.

Report

For and on behalf of the Board

Abbas A. Rassai
Chairman

Registered Office:

145, S.V. Road, Khar (W),
Mumbai 400 052
August 30, 2007

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 21st Annual Report of the Company along with the audited statements of accounts for the year ended March 31, 2007.

OPERATING AND FINANCIAL REVIEW

Particulars	(Amount in Rs.)	
	Year ended March 31, 2007	Year ended March 31, 2006
Sales	59,61,59,069	71,28,82,611
Other Income	2,16,483	7,98,21,606
Total Expenditure	53,47,84,156	63,17,62,132
Depreciation	9,90,187	6,69,866
Profit before Tax	6,06,01,209	16,02,72,219
<u>Provision for Taxes</u>		
Current	1,00,000	16,96,000
Deferred	-	(19,612)
Profit after Taxes	6,05,01,209	15,85,95,831
<u>Appropriation</u>		
General Reserves	30,00,00,000	8,00,00,000
Proposed Dividend	3,06,000	6,12,000
Corporate Dividend Tax	52,005	85,833

Note- Sales figures mentioned above are presented after making adjustment in exchange difference.

DIVIDEND

The Board of Directors of the Company have recommended a final dividend of 0.5 % on 61,20,000 Equity shares of Rs. 10/- each for the year 2006-07. The dividend, if approved by the shareholders of the company at the Annual General meeting, would absorb a sum of Rs. 3,06,000/-.

CAPITAL

The company's present paid up capital stands at Rs. 6,12,00,000 comprising of 61,20,000 equity shares of Rs. 10/- each.

OPERATIONS

During the year under review the sales turnover registered a decrease in sales from Rs 71,28,82,611 to Rs.59,61,59,069. This was mainly due to adverse market conditions and slow down in foreign markets. The results of the Company for the year under review bear a witness to the effort of the Board in unfavourable foreign markets and heavy competition. The company has concentrated on its goals of consolidating and strengthening its marketing network, delivering quality products and cutting cost wherever possible. The Company's products are very well accepted in India due to the ISO certification, quality improvement and timely delivery policy. During the year Company is concentrating more on local markets, due to favourable market conditions and thrust in Indian economy. Results for the coming year will stand witness to the efforts being put in. The Profit after tax for the year was Rs.6,05,01,209 as compared to Rs. 15,85,95,831 in the previous year.

Various organization development initiatives were undertaken during the year. These are expected to help create a robust organization based on strong values, uniform and systematic business processes and people empowerment. Your company will shortly be undertaking major marketing initiatives to create a differentiated brand identity which will provide customers the requisite value and comfort that they seek and which they have come to be very profoundly associated with the 'Vyapar' brand.

The Management Discussion and Analysis Report deals with the operations of your Company in detail and forms part of this Annual Report.

Your directors are hopeful of better results for the company in the current year.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on the Bombay Stock Exchange and the listing fee for the year 2007-08 has been paid.

PUBLIC DEPOSITS

The Company has not invited and / or accepted any deposits, during the year.

CASH FLOW STATEMENT

Cash flow statement pursuant to Clause 32 of the listing agreement is attached herewith.

DIRECTORS

Mr. Ramesh W. Lalwani and Mr. Moiz Bharmal, Director of the Company retires at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have, in the selection of the accounting policies, consulted the statutory auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the 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) the annual accounts have been prepared on a going concern basis.

SUBSIDIARIES

Company has no subsidiaries as on date of the report.

CORPORATE GOVERNANCE

Your Company being a professionally run company, has always believed in transparency and accountability. Your Company is fully compliant with the revised Clause 49 of the Listing Agreement. A report on Corporate Governance is attached to this report.

AUDITORS AND THEIR OBSERVATIONS

Messrs. Kantawala & Co., Chartered Accountants retire as Auditors at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members will be required to appoint Auditors for the current year and fix their remuneration.

As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained written certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

With regard to the Auditors observations, the same have been duly explained in the notes, hence does not require any further clarifications.

PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

This information is required as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2007.

Since the Company's operations involve low consumption of energy, the Company has no comments to offer as far as (a) conservation of energy and (b) Technology absorptions are concerned.

FOREIGN EXCHANGE

Foreign exchange earned during the period under consideration was Rs. 44,81,98,321/-

Foreign exchange expenditure incurred during year amounted to Rs.34,60,47,660/-

PARTICULARS OF EMPLOYEES

Particulars of the employees under the provision of section 217 (2A) of the Companies Act, 1956 are not given as no employees was in receipt of remuneration exceeding Rs. 24,00,000/- p.a. if employed for the full year or Rs.2,00,000/-p.m. if employed for part of the year.

ACKNOWLEDGEMENTS

The Directors would like to thank all clients, Bankers and Government of Andhra Pradesh for the un-stinted support received from them during the year.

The Directors would also like to place on record their appreciation for the dedicated efforts and services put in by the employees of the Company.

For and on behalf of the Board

Abbas A.Rassai
Chairman

Dated: August 30, 2007
Place : Mumbai



MANAGEMENT'S DISCUSSION AND ANALYSIS

A. INDUSTRY OVERVIEW

1. India –Heritage in Textiles

1. Indian textiles have a legendary heritage through the ages. Some of the best attires of Greeks & Romans were draped with Indian textiles. European settlers exchanged silver & gold for Indian textiles, which became the fashion statement of the period. Calico, Pajamas, Gingham, Dungaree, Chintz & Khaki – these apparel names are Indian contributions to the English language.

2. India – Today

2. India today, is a fast emerging economic super power. With a population of a strong 300 million and the world's largest middle class population, it unleashes the latent strength of popular consumerism while reshaping both business & the way of life. With the surging trend in all sectors, International Trade Journals have rightly billed India as one of the fastest growing economies in the world.

3. Indian Textile Industry – An overview

3.1 The Textile & Clothing industry is equally sharing the trends in this economic uptrend. T & C sector, accounts for nearly 4% of the Gross Domestic Product, 14% of the country's industrial production and 27% of the export earnings. Being the world's largest producer of silk, India's ranking in cotton crop production is a significant 15% of the global yield. Would you ever imagine that Textiles & Clothing is next only to Agriculture in terms of market-reach? The T & C sector has been at the forefront of socio-economic development while providing employment to nearly 35 million Indians amongst which include a substantial number of women.

3.2 Thanks to the fast growing consumer class and increasing disposable incomes, per capita domestic consumption of textiles & apparels is expected to have a volume growth from about 20 meters to 32 meters and value growth from 25 billion US Dollars to 45 billion US dollars by the year 2010.

3.3 India's cotton textile & garment industry has immense export potential. Cost competitiveness backed by international quality is driving the penetration of Indian basic yarns and grey fabrics in global commodity market, as a result of which apparels can be manufactured in relatively small batch lots. This flexibility offers larger variety of casual wear and leisure garments at cost effective levels.