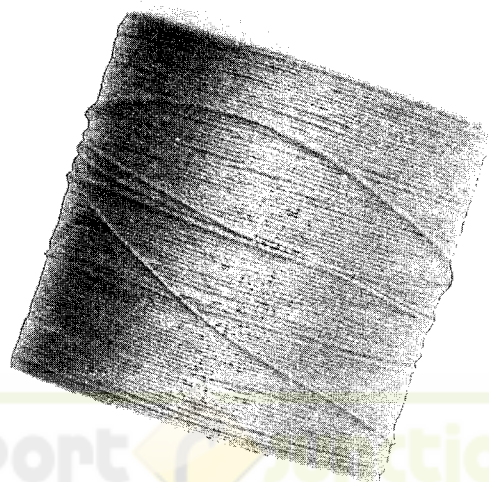


Wyapar Industries Ltd... A legacy spun out of THREADS



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24th Annual Report 2008 - 2009



*Twenty Four Annual Report***VYAPAR INDUSTRIES LIMITED****Annual Report (2008-2009)****BOARD OF DIRECTORS**

Abbas A Rassai	- Chairman
Hussain A Rassai	- Joint Chairman
Akil A. Rassai	- Managing Director
Ramesh W. Lalwaney	- Director
Moiz N. Bharmal	- Director
Parvez M. Master	- Director

AUDITORS

Salim A. Kantawala
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, 40430200

DATE OF AGM

July 18, 2009

DAY

Saturday

TIME

3.00 p.m



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 24th Annual General Meeting of the members of VYAPAR INDUSTRIES LIMITED will be held at 145, S.V. Road, Khar (West), Mumbai - 400 052 on Saturday, July 18, 2009 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, 2009 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report.
2. To appoint a Director in place of Mr. Abbas A. Rassai who retires by rotation and being eligible to offer himself for reappointment.
3. To appoint a Director in place of Mr. Hussain A. Rassai who retires by rotation and being eligible to offer himself for reappointment.
4. 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 :

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

"RESOLVED THAT Mr. Ramesh Lalwaney who was appointed as an Additional Director at the meeting of the Board of Directors held on March 26, 2009 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. Ramesh Lalwaney 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."

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

"RESOLVED THAT Mr. Moiz Bharmal who was appointed as an Additional Director at the meeting of the Board of Directors held on March 26, 2009 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. Moiz Bharmal 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."

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

"RESOLVED THAT Mr. Parvez.M.Master who was appointed as an Additional Director at the meeting of the Board of Directors held on April 29, 2009 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. Parvez M. Master 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."

*Twenty Four Annual Report***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. 5 to 7 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 Saturday, July 11, 2009 to Saturday, July 18, 2009 (both days inclusive)

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For and on behalf of the Board

Abbas A. Rassai
Chairman**Registered Office:**145, S.V. Road, Khar (W),
Mumbai-400 052.

June 19, 2009



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

ITEM NO. 5 (Ordinary Resolution)

Mr. Ramesh Lalwaney was appointed as an additional Director of the Company with effect from March 26, 2009. 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. Ramesh Lalwaney 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. Ramesh Lalwaney as a candidate for the office of Director of the Company.

Mr. Ramesh Lalwaney is a Science and Laws graduate and has done his PGDBA and his Masters in Law (Gold medalist). A practicing legal consultant, he is also a visiting faculty for law at New Law College, Rizvi College and J.C. College of Law. He has also published law textbooks named "Business Law This Way" and "The Simplest Text Book on Industrial Law".

He do not hold Directorship or Committee Membership in any other Company.

Your Directors commend the resolution at item No. 5 of the Notice for your approval.

Mr. Ramesh Lalwaney 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.

ITEM NO. 6 (Ordinary Resolution)

Mr. Moiz Bharmal was appointed as an additional Director of the Company with effect from March 26, 2009. 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. Moiz Bharmal 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. Moiz Bharmal as a candidate for the office of Director of the Company.

Mr. Moiz Bharmal aged 53 years is a B.Com, graduate with Economics and holds a diploma in Office Management & Administration. He has experience of working overseas with a Multi National Fortune 500 Company for nearly 5 years.

He do not hold Directorship or Committee Membership in any other Company.

Your Directors commend the resolution at item No. 6 of the Notice for your approval.

Mr. Moiz Bharmal 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.

None of the Directors is concerned or interested in the Resolutions at item No. 6 of the Notice.

ITEM NO. 7 (Ordinary Resolution)

Mr. Parvez Master was appointed as an additional Director of the Company with effect from April 29, 2009. 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. Parvez M. Master would hold office only upto the date of the ensuing Annual General Meeting.

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

Mr. Parvez M. Master has done his Bachelors of Science in Accounting from the University of Illinois, Chicago and his MBA (Finance and Management) from Kellstadt Business School. An NRI, he has work experience in Finance and related areas and has worked with companies like Baxter International, Accenture Limited and also has teaching experience at University of Illinois and DePaul University.

He do not hold Directorship or Committee Membership in any other Company.

Your Directors commend the resolution at item No. 7 of the Notice for your approval.

Mr. Parvez M. Master 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.

None of the Directors is concerned or interested in the Resolutions at item No. 8 of the Notice.

For and on behalf of the Board

Abbas A. Rassai
Chairman

Registered Office:

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

June 19, 2009

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VYAPAR INDUSTRIES LIMITED
DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 24th Annual Report of the Company along with the audited statements of accounts for the year ended March 31, 2009.

OPERATING AND FINANCIAL REVIEW

(Amount in Rs.)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Sales	68,06,08,947	11,33,34,066
Other Income	78,48,148	1,20,98,216
Total Expenditure	67,79,62,581	12,54,32,282
Loss due to compensation	42,18,55,347	-
Depreciation	70,981	5,76,271
Profit before Tax	(40,84,31,814)	(1,83,32,433)
<u>Provision for Taxes</u>		
Current	-	10,28,000
Deferred	(12,61,93,000)	(1,90,000)
Fringe Benefit	1,48,000	1,21,000
Profit after Taxes	(28,23,86,814)	(19,291,433)
Opening Balance (Surplus)	13,93,55,511	15,86,81,499
<u>Appropriation</u>		
Bonus Shares	-	-
Transferred from General Reserves	(12,11,00,000)	
Deferred Tax Assets Reserve	-	4,885
Excess Provision for FBT	(241)	-
Excess Provision for Income Tax	(1,09,578)	29,670
Balance carried to B/s	(2,18,21,484)	13,93,55,511

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

DIVIDEND

The Board of Directors of the Company have not recommended any dividend for the year 2008-09.

CAPITAL

The company's present paid up capital stands at Rs. 10,89,50,000 comprising of 1,08,95,000 equity shares of Rs. 10/- each, includes 47,70,000 Equity shares of Rs. 10/- each issued as underlying securities to Foreign Depository against 1910000 GDR issued.

OPERATIONS

During the year under review the sales turnover registered a increase from Rs 11,33,34,066 to Rs. 68,06,08,947. The existing business has been positively effected as Baroda Rayon Company (BRC) & National Rayon Company (NRC), have closed down thus resulting in a surge in the demand for viscose filament yarn in single yarn, twisted & dyed category which has benefited the Company. Company imports yarn from China and sells in local market. Company is getting most of its yarn air spliced which makes its knot less. This is value addition for the Company,s product, to be well accepted



Twenty Four Annual Report

in local market. Company has posted a loss before tax of Rs. 28,23,86,814/- during the year, due to compensation paid during the year.

Yarn & Thread will be the thrust areas of business for the Company in the coming years. The Company's Yarn and thread products are very well accepted due to the ISO certification, quality improvement and timely delivery policy. The company has concentrated on its goals of consolidating and strengthening its marketing network, delivering quality products and cutting cost wherever possible.

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 2009-10 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. Abbas A. Rassai and Mr. Hussain A. Rassai, Director of the Company retires at the ensuing Annual General meeting and being eligible offers themselves for reappointment.

Dr. Haresh Shah, Mr. O.P.Jhunjunwala, Mr. Jatin Shah, Mr. Milind Kasodekar and Mr. O.P.Jhunjunwala Independent Directors of the Company has resigned from the Board of Directors of the Company with effect from March 26, 2009 due to preoccupation. The Board desires to place on record their appreciation for the efforts put in by them during their tenure as a Director of the Company. Mr. Ramesh Lalwaney and Mr. Moiz Bharmal have been appointed as additional Directors of the Company from March 26, 2009. Mr. Parvez M.Master has been appointed as additional Director of the Company from April 29, 2009.

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, 2009 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

Esoteric Realty Private Limited has ceased to be subsidiary of the Company during the year.

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

Salim A. Kantawala, 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, 2009.

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. 5,32,63,227/-

Foreign exchange expenditure incurred during year amounted to Rs.63,54,41,401/-

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 unstinted 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: June 19, 2009

Place : Mumbai



MANAGEMENT'S DISCUSSION AND ANALYSIS

A. INDUSTRY OVERVIEW

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

- 2.1 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.

During the fiscal year 2008-09, only 450 million Kgs of spun yarn was exported valued at US\$ 1.30 billion. Exports had started beating from June 2008, which has continued till end of the year.

- 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.

- 3.4 With a projected two fold increase in the size of the global textile market in the next 4 years, the National Textile Policy has targeted India's export revenues to 50 billion US dollars by the year 2010.

- 3.5 Besides natural fibers like cotton, jute & silk, synthetic raw material products such as polyester staple fiber, polyester filament yarn, acrylic fiber and viscose fiber are produced in a mass scale. That presents the wide canvas of the Indian textile scene with wider opportunities.

The Polyester/ Viscose industry is one of the key industries in the Indian economy and India is today one of the leading countries in the world as far as trade is concerned. Though new opportunities are rapidly emerging India's future position will largely depend on how effectively the Industry and Government are able to resolve core issues and take advantage of an increasingly