

VYAPAR INDUSTRIES LIMITED

ANNUAL REPORT (2009-2010)

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 Accountant, 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

September 30, 2010

DAY

Thursday

TIME

3.00 p.m



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th Annual General Meeting of the members of VYAPAR INDUSTRIES LIMITED will be held at 145, S.V. Road, Khar (West), Mumbai - 400 052 on Thursday, September 30, 2010 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, 2010 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. Akil A. Rassai who retires by rotation and being eligible to offer himself for reappointment.
3. To appoint a Director in place of Mr. Ramesh W. Lalwaney 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.

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 Register of Members and Shares Transfer Books of the Company will remain closed from Thursday, September 23, 2010 to Thursday, September 30, 2010 (both days inclusive)

For and on behalf of the Board

**Abbas A. Rassai
Chairman**

Registered Office:

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

August 28, 2010

DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 25th Annual Report of the Company along with the audited statements of accounts for the year ended March 31, 2010.

OPERATING AND FINANCIAL REVIEW

(Amount in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Sales	109,34,77,065	67,11,07,446
Other Income	84,91,124	78,48,148
Total Expenditure	110,08,09,818	67,49,62,581
Loss due to compensation	-	42,18,55,347
Depreciation	55,727	70,981
Profit before Tax	11,02,643	(40,84,31,814)
<u>Provision for Taxes</u>		
Current	-	-
Deferred	12,86,000	(12,61,93,000)
Fringe Benefit	-	1,48,000
MAT	14,740	-
Profit (Loss) after Taxes	(1,98,097)	(28,23,86,814)
Opening Balance (surplus)	(2,18,21,484)	13,93,55,511
<u>Appropriation</u>		
Bonus Shares	-	-
Transferred from General Reserves	-	(12,11,00,000)
Excess Provision for FBT	-	(241)
Excess Provision for Income Tax	-	(1,09,578)
Balance Carried to B/S	(2,20,19,581)	(2,18,21,484)

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

DIVIDEND

The Board of Directors of the Company has not recommended any dividend for the year 2009-10.

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 44,80,000 Equity shares of Rs. 10/- each issued as underlying securities to Foreign Depository against 17920000 GDR issued as on 30th June, 2010.

OPERATIONS

During the year under review the sales turnover registered a increase from Rs 67,11,07,446 to Rs. 109,34,77,065. 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 in local market. Company has posted a profit before tax of Rs. 11,02,643/- 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.

Company is also entering into infrastructure field. Company is planning to provide basic infrastructure with land and building to other institutes for running their Schools and collages. Towards this the Company may form an SPV, from where the continuous income will generate to the Company in coming years. Vyapar SPV will be a globally diversified education solutions provider and one of the leading education Company of India.

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 2010-11 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. Akil A. Rassai and Mr. Ramesh W. Lalwaney, 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, 2010 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 do not have any subsidiary as on the date of 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

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, 2010.

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 NIL

Foreign exchange expenditure incurred during year amounted to Rs. 93,41,02,063.00

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 Maharashtra 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 28, 2010

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**

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 35 billion US Dollars to 45 billion US dollars by next 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 end.
- 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 fragmented industry structure. The Industry, which is one of the oldest in existence, has promoted economic development even in far-flung areas of the country, both urban and rural. Two of the highly developed metropolises of Modern India like Mumbai and Ahmedabad grown over the years have the main business base of textile industry.

B. INDUSTRY STRUCTURE AND DEVELOPMENT:

Great changes are taking place in the global industry, and as the company has established its position in the Indian Economy and also restructuring itself to fit in the competitive market.

The export scenario for the year under review continued to be fiercely competitive and the domestic industry witnessed moderate increase in demand. In spite of adverse market conditions, the Company's performance during the year under review was satisfactory.

C. FUTURE PROSPECT / BUSINESS PLANS OF THE COMPANY

During the year Yarn & Thread, was the thrust areas of business for the Company. 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.

Looking at the opportunities available in education field, company is also planning to enter into infrastructure field. Company is planning to provide basic infrastructure with land and building to other institutes for running their Schools and collages. Towards this the Company may form an SPV, from where Company is expecting to generate continuous income in coming years. Vyapar SPV will be a globally diversified education solutions provider and one of the leading education Company of India.

D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The Company's internal control systems are periodically reviewed by the management together with the Audit Committee of the Board. The emphasis of internal control prevails across functions and processes, covering the entire gamut of activities including finance, supply chain, distribution, marketing etc.

E. HUMAN RESOURCES DEVELOPMENT/INDUSTRIAL RELATIONS:

The Company recognizes the need for continuous growth and development of its employees in order to provide greater job satisfaction and also to equip them to meet growing organizational challenges. Industrial relations have continued to be harmonious at all units throughout the year. Measures for safety of employees, Welfare and development continue to receive top priorities.

F. RESEARCH & DEVELOPMENT

The company has been carrying out research and development in the following specific areas.

1. To improve the breaking strength and tenacity of the thread.
2. To reduce the elongation of the thread.
3. To reduce the shrinkage of the thread.
4. To make the yarn anti-microbial.
5. To make the yarn fire resistant.

G. CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied.

Important factors that could make a difference to the company's operation include demand and supply conditions, finished good prices, raw materials cost and availability, changes in Government regulation and tax structure, economic developments within India and the countries with which the company has business contacts and other factors such as litigations, Industrial relations of India and compensation paid during the year.

The Company assumes no responsibility in respect of forwarded looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events of the Company.

For and on behalf of the Board
Abbas A. Rassai
Chairman

Place : Mumbai
Date : August 28, 2010

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

Your Company is committed to good Corporate Governance and endeavours to implement the Code of Corporate Governance in its true spirit.

The philosophy of your Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising in any way in compliance with laws and regulations.

Your Company believes that good governance brings about sustained corporate growth and long term benefits for stakeholders. Your Company continues to follow procedures and practices in conformity with the Code of Corporate Governance as enunciated in the Listing Agreement. Details of the implementation of the Code follow in the paragraphs below.

I. BOARD OF DIRECTORS

The Board of Directors monitors performance of the Company, approves and reviews policies/strategies and evaluates management performance. The Board ensures legal and ethical conduct and accurate financial reporting.

The Company as on 31st March, 2010 has six Directors, three Promoter Executive Directors and three Non Executive Independent Directors who are professionals, with expertise and experience in general corporate management, finance, legal and other allied fields. Mr. Parvez M. Master has been appointed as additional Director of the Company from April 29, 2009.

The Senior Management has made disclosure to the Board confirming that there are no material, financial and /or commercial transactions between them and the Company which would have potential conflict of interest with the Company at large.

A. The Constitution of the Board:









Name of Director	Director of public Companies *	Membership in Committee #	Chairmanship in Committee
Mr. Abbas A. Rassai (Executive Chairman)	3	-	-
Mr. Hussain A. Rassai (Executive Joint Chairman)	5	1	1
Mr. Akeel A. Rassai (Managing Director)	5	-	-
** Mr. Parvez M. Master (Independent Director)	1	2	1
Mr. Ramesh W. Lalwaney (Independent Director)	1	3	2
Mr. Moiz .N. Bharmal (Independent Director)	2	3	-

* including Directorship in Vyapar Industries Limited.

** Resigned from Directorship wef 08th April, 2008 and reappointed on 29.04.09.

Committees considered are Audit Committee, Shareholders/Investors Grievance Committee & Remuneration Committee including in Vyapar Industries Limited.

As mandated by the revised Clause 49, the independent Directors on the Company's Board :

-  Apart from receiving Director's sitting fees, do not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding Company,
-  Are not related to the promoters or persons occupying management positions at the Board level or at one level below the Board.
-  Have not been executives of the Company in the immediately preceding three financial years.
-  Are not partners or executives or were not partners or executives during the preceding three years of the:
 -  Statutory audit firm or the internal audit firm that is associated with the Company
 -  Legal firm(s) and consulting firm(s) that have a material association with the Company.
-  are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence.
-  are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

B. Board Procedure

A detailed agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibility effectively, the Chairman of the Company briefs the Board at every Meeting on the overall performance of the Company. A detailed functional report is also placed at every Board Meeting. Amongst other things, the Board also reviews strategy and business plans, annual operating and capital expenditure budgets, compliance with statutory/ regulatory requirements and review of major legal issues, adoption of quarter/half-yearly/annual results, risk management policies, investor's grievances, minutes and significant transactions of subsidiary companies, investment and exposure limits, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit Committee and Committee of Directors of the Board, etc.

C. Attendance of the Directors at Meetings of the Board.

The Board of Directors meets at least once a quarter to review the Company's performance and financial results and more often, if necessary, to transact other businesses.

During the financial year 2009-10, the Board met on 29th April, 19th May, 19th June, 31st July, 24th August, 22nd September, 6th October, 31st October all in 2009 and 30th January in 2010.

The 24th Annual General Meeting was held on July 18, 2009.

The attendance of the Directors at these meetings is as under:

Director	No. of Board Meetings	Attendance at the last AGM
Mr. Abbas A. Rassai	9	
Mr. Hussain A. Rassai	9	Yes
Mr. Akeel A. Rassai	9	Yes
Mr. Ramesh W. Lalwaney	6	
Mr. Parvez A. Master *	6	
Mr. Moiz N. Bharmal	9	Yes

* Resigned since 08th April, 2008 and reappointed on 29th April, 2009.

D. Directors Seeking Appointment/Re-appointment

Mr. Akil A. Rassai and Mr. Ramesh W. Lalwaney retire by rotation and, being eligible offer themselves for re-appointment.

MR. AKILA. RASSAI - MANAGING DIRECTOR

Mr. Akil Rassai, Managing Director of the Company is a Commerce graduate from Mumbai University and has also done his LLB from Government Law College. He is handling entire marketing & Finance. He was also the President (Sales & Marketing) for M/s. Siltek S.P.A, Barcelona, Spain for two years. He has also worked as a Research Analyst at the College of Textile, North Carolina State University.

At Vyapar Industries Limited he primarily looks after the finance and export related activities. His main thrust area at present includes marketing of Yarn, finance and the import /export of Yarn.

MR. RAMESH W. LALWANNEY- INDEPENDENT NON-EXECUTIVE DIRECTOR

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".

Name of Company	Name of Committee	Position Held
Vyapar Industries Ltd.	Audit Committee	Member
Vyapar Industries Ltd.	Shareholders Grievances	Chairman
Vyapar Industries Ltd.	Remuneration Committee	Chairman

II. COMMITTEES OF THE BOARD
AUDIT COMMITTEE

As on March 31, 2010, Vyapar Audit Committee comprises of :

1. Mr. Parvez Master - Chairman (Non Executive Independent Director)
2. Mr. M. Bharmal - member (Non Executive Independent Director)
3. Mr. Ramesh Lalwaney - member (Non Executive Independent Director)

The Committee met five times during the year on April 29, 2009, June 19, 2009, July 31, 2009, October 31, 2009 and January 30, 2010. The Minutes of the Audit Committee meetings were placed before and discussed by the Board. The attendance record of VIL Audit Committee is as under.

Name of Director	Designation	No. of meetings attended during 2009-10
Mr. Parvez Master	Chairman	5
Mr. M. Bharmal	Member	5
Mr. Ramesh Lalwaney	Member	5

All the members of Audit Committee are financial literate and have accounting and financial management expertise.

The Committee invites Senior Management personnel and statutory auditors to attend these meetings.

The functions of the Audit Committee include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to