

# VYAPAR INDUSTRIES LIMITED

## ANNUAL REPORT (2010-2011)

### **BOARD OF DIRECTORS**

Abbas A Rassai	-	Chairman
Hussain A Rassai	-	Joint Chairman
Akil A. Rassai	-	Managing Director & C. E. O.
Ramesh W. Lalwaney	-	Director
Parvez M. Master	-	Director
Hussain M. Cementwala	-	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, 2011

### **DAY**

Friday

### **TIME**

3.00 p.m



## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 26<sup>th</sup> 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 30, 2011 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, 2011 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. Parvez M. Master who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Abbas A. Rassai who retires by rotation and being eligible offers 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. Hussain M. Cementwala who was appointed as an Additional Director at the meeting of the Board of Directors held on May 03, 2011 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. Hussain M. Cementwala 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 Register of Members and Shares Transfer Books of the Company will remain closed from Friday, September 23, 2011 to Friday, September 30, 2011 (both days inclusive)
6. The Explanatory Statement as required under section 173 (2) of the Companies Act, 1956, in respect of item No. 5 of the notice convening the Meeting is annexed hereto.

**For and on behalf of the Board**

**Abbas A. Rassai**  
Chairman

### **Registered Office:**

145, S.V. Road, Khar (W),  
Mumbai-400 052.  
September 03, 2011

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

**ITEM NO. 5** (Ordinary Resolution)

Mr. Hussain M. Cementwala was appointed as an additional Director of the Company with effect from May 03, 2011. 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. Hussain. M. Cementwala 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. Hussain M. Cementwala as a candidate for the office of Director of the Company.

Mr. Hussain M. Cementwala is a Commerce graduate. He has got vast experience in Imports and Export business. Presently he is in business of Import & Export of products like Hardware, Ethanol, Insulated Cloth, Menthol Gel e.t.c. from last 6 years.

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

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

Mr. Hussain M. Cementwala 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.

**For and on behalf of the Board**

**Abbas A. Rassai**  
**Chairman**

**Registered Office:**

145, S.V. Road, Khar (W),  
Mumbai-400 052  
September 03, 2011



## **DIRECTORS REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their 26<sup>th</sup> Annual Report of the Company along with the audited statements of accounts for the year ended March 31, 2011.

### **OPERATING AND FINANCIAL REVIEW**

(Amount in Rs.)

<b>Particulars</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
Sales	103,23,43,421	109,34,77,065
Other Income	1,94,03,819	3,72,48,663
Total Expenditure	104,91,93,569	112,95,67,358
Depreciation	61,579	55,727
Profit before Tax	24,92,092	11,02,643
<u>Provision for Taxes</u>		
Current	-	-
Deferred	9,46,000	12,86,000
Fringe Benefit	-	-
MAT	3,37,813	14,740
Profit (Loss) after Taxes	12,08,279	(1,98,097)
Opening Balance (surplus)	(2,20,19,581)	(2,18,21,484)
<u>Appropriation</u>		
Transferred from General Reserves	-	-
Excess Provision for Gratuity	(5,70,151)	-
Excess Provision for FBT	4,975	-
Balance Carried to B/S	(2,02,46,126)	(2,20,19,581)

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 2010-11.

### **CAPITAL**

The company's present paid up capital stands at Rs. 10,89,00,000 comprising of 1,08,90,000 equity shares of Rs. 10/- each, All the GDR's of the company have been converted into shares and underlying, securities to Foreign Depository stands NIL as on date.

### **OPERATIONS**

During the year under review the sales turnover registered a minor fall from Rs. 109,34,77,065 to Rs. 103,23,43,421. The existing business has been effected by adverse market conditions prevailing in the market which was fired by shooting prizes of Yarn prevailing in the market. 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.

24,92,092/- during the year incomparision to profit of Rs.11,2,643/- during last 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 2011-12 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. Parvez Master and Mr. Abbas A. Rassai, 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, 2011 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, 2011.

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. 11,40,125/-

**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. 60,00,000/- p.a. if employed for the full year or Rs.5,00,000/-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: September 03, 2011

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 huge volume growth 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 3 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.

**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 : September 03, 2011



## 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 31<sup>st</sup> March, 2011 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.

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)	2	-	-
Mr. Hussain A. Rassai (Executive Joint Chairman)	4	2	-
Mr. Akeel A. Rassai (Managing Director)	4	-	-
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	-
*Mr. Hussain M. Cementwala (Independent Director)	1	3	-

\* Mr. Moiz Bharmal has resigned on May 03rd 2011.

\* Mr. Hussain M. Cementwala has been appointed on May 3rd 2011.

\* including Directorship in Vyapar Industries Limited.

# 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 2010-11, the Board met on 30<sup>th</sup> April, 31<sup>st</sup> July, 28<sup>th</sup> Aug, 30<sup>th</sup> October, all in 2010 and 31<sup>st</sup> January in 2011.

The 25<sup>th</sup> Annual General Meeting was held on September 30, 2010.

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	5	Yes
Mr. Hussain A. Rassai	5	Yes
Mr. Akeel A. Rassai	5	Yes
Mr. Ramesh W. Lalwaney	5	--
Mr. Parvez A. Master	5	--
Mr. Moiz N. Bharmal*	5	Yes
Mr. Hussain M. Cementwala*	-	-

\* Mr. Moiz Bharmal has resigned on May 03rd 2011.

\* Mr. Hussain M. Cementwala has been appointed on May 03rd 2011