

VYAPAR INDUSTRIES LIMITED

ANNUAL REPORT (2012-2013)

BOARD OF DIRECTORS

Abbas A Rassai	- Chairman
Hussain A Rassai	- Joint Chairman
Akil A. Rassai	- Managing Director
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.

E, 2/3, Ansa Industrial Estate,

Sakivihar, Sakinaka,

Andheri (East), Mumbai 400 072.

Ph: 022-28470652/53, 40430200

DATE OF AGM

September 30, 2013

DAY

Monday

TIME

3.00 p.m



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 28th Annual General Meeting of the members of VYAPAR INDUSTRIES LIMITED will be held at 145, S. V. Road, Khar (West), Mumbai - 400 052 on Monday, September 30, 2013 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, 2013 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 offers himself for reappointment.
3. To appoint a Director in place of Mr. Ramesh W. Lalwaney 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.

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 Tuesday, September 24, 2013 to Monday, September 30, 2013 (both days inclusive)
6. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with the company by sending their e-mail to vyapar@vyaparindustries.com

For and on behalf of the Board

**Abbas A. Rassai
Chairman**

Registered Office:

145, S.V. Road, Khar (W),
Mumbai-400 052.
May 29, 2013

ANNEXURE TO THE NOTICE

Information under Clause 49 of the listing agreement with respect to directors seeking reappointment in this annual general meeting

Item No. 2

1. Name	Shri Abbas A. Rassai
2. Date of Birth	2nd February, 1941
3. Profession	Business
4. Qualification	B.Com.
5. List of other Directorship held excluding private companies	NIL
6. Chairman / Member of the committee of Board of Director of the company	NIL
7. Chairman / Member of the committee of Board of Director of the other company	NIL
8. Expertise in specific functional area	In the field of Manufacturing & Marketing of Yarn

Item No. 3

1. Name	Shri Ramesh W. Lalwaney
2. Date of Birth	11th December, 1950
3. Profession	Professional
4. Qualification	B.Sc., P.G., DBA, DIS, Master in Law (Gold Medalist)
5. List of other Directorship held excluding private companies	None
6. Chairman / Member of the committee of Board of Director of the company	3 (Three)
7. Chairman / Member of the committee of Board of Director of the other company	None
8. Expertise in specific functional area	In the field of Legal Consultancy

**DIRECTORS REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their 28th Annual Report of the Company along with the audited statements of accounts for the year ended March 31, 2013.

OPERATING AND FINANCIAL REVIEW

(Amount in Rs.)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Sales	57,11,65,147	77,83,07,038
Other Income	3,25,77,130	1,98,22,273
Total Expenditure	58,62,67,036	74,43,22,007
Depreciation	6,66,804	139,757
Profit before exceptional items	1,68,08,437	5,36,67,547
Exceptional Items	–	2,95,05,533
Profit before Tax	1,68,08,437	2,41,62,014
Provision for Taxes		
Current	25,18,900	3,55,306
Deferred	23,36,717	1,10,75,218
MAT	8,44,100	44,78,969
Profit (Loss) after Taxes	1,11,08,720	82,52,521
Opening Balance (surplus)	(1,21,50,567)	(2,02,46,126)
Add Profit for the year	1,11,08,720	82,52,521
	(10,41,847)	(1,19,93,605)
Appropriation		
Transferred from General Reserves	–	–
Excess Provision for Gratuity	–	–
Excess Provision for FBT	–	(100)
Short/(Excess) Provision for FBT A/Y08-09	–	1,04,720
Short/(Excess) Provision for FBT A/Y09-10	–	52,342
Balance Carried to Reserves & Surplus	(10,41,847)	(1,21,50,567)

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

DIVIDEND

In view of the accumulated loss and to conserve the resources of the Company, the Board of Directors of the Company has not recommended any dividend for the year 2012-13.

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, 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 fall from Rs. 77,83,07,038 to Rs. 57,11,65,147. The existing business has been effected by adverse market conditions prevailing in the market which was fired by shooting prices of Yarn prevailing in the market. The 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. 1,67,51,492/- during the year in comparison to profit of Rs. 2,41,62,014/- in the 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 is planning to enter into new field of Solar Power Generation.

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 2013-14 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 & Mr. Ramesh W. Lalwaney, Directors of the Company retires at the ensuing Annual General meeting and being eligible offer 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 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, 2013 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, 2013.

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. 22,92,81,093/-.

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: May 29, 2013

Place : Mumbai

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. Strong and buoyant demand, increasing purchasing power in the hands of younger population and overall structural and inclusive growth on the macro-economic front acted as external impetus' contributing to this growth.

A. INDUSTRY OVERVIEW

India - Heritage in Textiles

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.

1. Indian Textile Industry - An overview

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 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.

2. Solar Energy - An overview

Despite the overwhelming availability of solar power, little was installed compared to other power generation, prior to 2012, due to the high installation cost. This cost has declined as more systems have been installed, and has followed a typical learning curve.

Solar Energy in India has just started to take-off. It is expected that due to the various advantages that PV Solar offers, it will far surpass Wind energy in the Country. With a boost by the Government in 2009-10 under Jawaharlal Nehru Solar Mission, Solar Energy is all set to take the center stage for a long time to come.

Although PV Solar is already quite competitive and in most certain cases PV Solar Projects can become financially viable even in the absence of subsidies. Industrial plants and commercial facilities in several



states are paying a very high price for power - INR 7.0 per kWh and above. In any case PV Solar makes tremendous sense for replacement of D.G. Sets which run during the day.

Solar energy is genesis for all forms of energy. This energy can be made use of in two way the Thermal route i.e. using heat for drying, heating, cooking or generation of electricity or through the Photovoltaic route which converts solar energy in to electricity that can be used for a myriad purposes such as lighting, pumping and generation of electricity. With its pollution free nature, virtually inexhaustible supply and global distribution - solar energy is very attractive energy resource.

Solar Energy can be utilized for varied applications. So the answer to "Why Solar" question can be sought from two different perspectives: utilizing solar energy for grid-interactive and off-grid (including captive) power generation.

2.1 India's Unique Proposition

- Economic Value : the generation of solar electricity coincides with the normal peak demand during daylight hours in most places, thus mitigating peak energy costs, brings total energy bills down, and obviates the need to build as much additional generation and transmission capacity as would be the case without PV.
- Geographical Location : India being a tropical country receives adequate solar radiation for 300 days, amounting to 3,000 hours of sunshine equivalent to over 5,000 trillion kWh. Almost all the regions receive 4-7 kWh of solar radiation per sq.mtrs. with about 2,300-3,200 sunshine hours/year, depending upon the location.

2.2 Generation based Incentive Scheme

The Ministry of New Renewable Energy has already introduced Generation Based Incentive (GBI) schemes separately for wind and solar energy.

Under the Scheme for Solar Energy, GBI is provided to support small grid solar power projects connected to the distribution grid (below 33 KV) to the state utilities. Indian Renewable Energy Development Agency (IREDA) has selected 78 projects with a total capacity of about 98 MW for which the Ministry will provide GBI of Rs. 12.41 per kWh to the State utilities when they directly purchase solar power from the project developers. The quantum of GBI to the utilities is kept fixed, as a difference of the CERC tariff for 2010-11 (Rs. 17.91 per kWh) and a reference tariff of Rs. 5.5 per kWh. These projects were expected to be commissioned during 2011-12. Currently, the scheme is not open to accept new project proposals.

This information was given by the Minister of New and Renewable Energy Dr. Farooq Abdullah in a written reply to a question in Lok Sabha.

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 Unpredictable volatility in global economies impacted the textile markets and demand in major consuming economies turned cautious and slower. Many producers across the globe shifted or set up new manufacturing bases at low cost centres, mostly in Asian countries, Competitiveness of the Chinese export eroded as the Chinese government made Yuan market dominated. As a result, Yuan strengthened by 5% while other major Asian currencies depreciated by 5-9% against the US Dollar. In addition labour costs also impacted cost structures in China.

Drop in turnover and profit of the Company was mainly due to adverse market conditions and slow down in domestic markets. The results of the Company for the year under review bear a witness to the efforts of the Board in this unfavorable market conditions and heavy competition.

Reliance one of the biggest manufacturers of Polyester in India in last year has introduced Germanium a cheap substitute for Polyester. This yarn is blend of polyester and carbonic yarn. As this yarn looks very similar to Viscose and the quality is also very good, all the weavers have switched to it. This has resulted

in steep fall in demand for Viscose in Yarn Market. Century Textiles another biggest manufacturers of Polyester in India has also started selling its Polyester stock at prize below cost in order to eliminate surplus or to gain an edge on competition. This has created a surplus supply of Polyester available in Indian markets at much cheaper rate.

This made small players like us very panicky and has forced small players like us to dump our stock at much cheaper rates in order to eliminate further bigger loss.

Company is seriously considering either importing or buying this substitute product from local market and selling the same instead of costly Polyester. Company is awaiting consumers response from the market of the substitute. Company is also trying to get this substitute manufactured from their existing foreign supplier.

It is expected that by 2015 polyester capacity would increase by about 12 MMT, largely in PFY. Most of these capacity additions of about 9 MMT are planned in China. At the same time, global demand is likely to grow by 7 MMT by the same period.

The export scenario for the year under review continued to be fiercely competitive and the domestic industry witnessed moderate increase in demand. Inspite 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 Solar Power, Company is planning to enter into field of Solar Power Generation. Company could not enter in to the field of education due to adverse domestic conditions, government policies and unhealthy competition.

Sustained growth story of the Indian economy promises to augur well for the business in general. Your Company is well-poised to explore opportunities which may arise due to all round growth. Its strong expertise in core areas, strength of its well-positioned brands, continued application of state-of art technology, wider and deeper penetration in the growing markets in tier II and tier III cities are the strengths which are expected to enable your company to continue to move ahead on its growth trajectory.

But rising inflationary pressures, weak global recovery, volatility in raw material prices, tighter fiscal and monetary policies and possibility of slower growth rate of Indian economy are the key concerns on the macroeconomic fronts which may have an impact on your company's operations in the ensuing year. Your Company, however, is well-placed to mitigate the risks. It's strong presence in the domestic market, well-established brands and resilient distribution network, are expected to stand tests of time. On the strengths of these, your company, therefore, expects good growth in the ensuing year.

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