

VYAPAR INDUSTRIES LIMITED

ANNUAL REPORT (2011-2012)

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.

A, 2/3 Ansa Industrial Estate,
Sakivihar, Sakinaka,
Andheri (East), Mumbai 400 072.
Ph: 022-28470652/53, 40430200

DATE OF AGM

September 29, 2012

DAY

Saturday

TIME

3.00 p.m



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th 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, September 29, 2012 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, 2012 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. Hussain A. Rassai who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Akil 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 Special Resolution:

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the re-appointment and remuneration of Mr. Abbas A. Rassai as a whole-time Director of the Company designated as 'Executive Chairman' for a period of three years from September 01, 2012 to August 31, 2015, on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. Abbas A. Rassai, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman.

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to alter and vary the said remuneration, perquisites / benefits payable to the Executive Director, subject to the applicable statutory provisions and approval of the Central Government, if required.

"RESOLVED FUTURE THAT in the event of loss or inadequacy of profits in any financial year of the company during the term of office of Mr. Abbas A. Rassai as a Executive Director, the remuneration, perquisites / benefits set out in the aforesaid Agreement be paid or granted to Mr. Abbas A. Rassai as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time and necessary approval of the Central Government will be obtained as may be required, to make up the shortfalls if any, without any further reference to / approval of the General Meeting."

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

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the re-appointment and remuneration of Mr. Hussain A. Rassai as a whole-time Director of the Company designated as 'Executive Joint Chairman' for a period of three years from September 01, 2012 to August 31, 2015, on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. Hussain A. Rassai, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman.

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to alter and vary the said remuneration, perquisites / benefits payable to the Executive Director, subject to the applicable statutory provisions and approval of the Central Government, if required.

"RESOLVED FUTURE THAT in the event of loss or inadequacy of profits in any financial year of the company during the term of office of Mr. Hussain A. Rassai as a Executive Director, the remuneration,



perquisites / benefits set out in the aforesaid Agreement be paid or granted to Mr. Hussain A. Rassai as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time and necessary approval of the Central Government will be obtained as may be required, to make up the shortfalls if any, without any further reference to / approval of the General Meeting."

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

"**RESOLVED THAT** subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the re-appointment and remuneration of Mr. Akil A. Rassai as a whole-time Director of the Company designated as 'Managing Director' for a period of three years from September 01, 2012 to August 31, 2015, on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. Akil A. Rassai, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman.

"**RESOLVED FURTHER THAT** the Board of Director of the Company be and is hereby authorised to alter and vary the said remuneration, perquisites / benefits payable to the Executive Director, subject to the applicable statutory provisions and approval of the Central Government, if required.

"**RESOLVED FUTURE THAT** in the event of loss or inadequacy of profits in any financial year of the company during the term of office of Mr. Akil A. Rassai as a Managing Director, the remuneration, perquisites / benefits set out in the aforesaid Agreement be paid or granted to Mr. Akil A. Rassai as the minimum remuneration, notwithstanding the fact that such remuneration is in excess of the statutory ceiling specified in this regard as in force and amended from time to time and necessary approval of the Central Government will be obtained as may be required, to make up the shortfalls if any, without any further reference to / approval of the General Meeting."

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 Monday, September 24, 2012 to Saturday, September 29, 2012 (both days inclusive)
6. The Explanatory Statement as required under section 173 (2) of the Companies Act, 1956, in respect of item No. 5, 6 & 7 of the notice convening the Meeting is annexed hereto.
7. 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.
August 30, 2012



ANNEXURE TO THE NOTICE

Explanatory statement pursuant to sec. 173(2) of the companies Act, 1956 in respect of special business

ITEM NO. 5 (Special Resolution)

Mr. Mr. Abbas A. Rassai is the executive chairman of the company since September 01, 2007 and is looking after and assisting the board in the day-to day affairs of the company. He is actively involved in the implementation of business plans of the company. He is commerce graduate and has over 40 years of experience in field of textile manufacturing. Therefore, considering his qualification and experience, the board of directors as well as remuneration committee of directors at its meeting held on August 30, 2012 has reappointed him as executive chairman of the company for a period of three years w.e.f. September 1, 2012, on the terms of remuneration and other conditions as mentioned below:

1. Mr. Abbas A. Rassai, the executive Chairman of the company shall perform his duties subject to the superintendence, control and direction of the Board of Directors of the company
2. Period of appointment: For three years i.e. from September 1, 2012 to August 31, 2015
3. In consideration of the performance of his duties, the Chairman shall be entitled to receive remuneration as stated herein below.

I. **Basic Salary :**

In the scale of Rs. 1,12,500/- to Rs. 3,00,000/- per month. The Remuneration Committee / Board of Directors will determine the amount of salary payable to the Chairman and the amount of increments payable every year depending on the performance of the chairman, profitability of the company and other relevant factors.

The Basic salary approved for 2012-13 is Rs. 1,12,500/-

II. **Performance Linked Variable Remuneration :**

Performance Linked Variable Remuneration according to the scheme of the company that may be in vogue for working directors, under which the amount payable to the executive chairman will be decided by the Remuneration Committee/Board of Directors of the company for each of the financial years, based on the Economic Value added in the business and other relevant factors and having regard to the performance of chairman subject to a ceiling of 36 months average basic salary of each year.

III. **Perquisites and other matters:**

Classified into four categories A, B, C and D as detailed below.

Category A

Benefits of the company's housing facilities and / house rent allowance, medical reimbursement scheme, leave travel concession, reimbursement of club fees and education allowance in accordance with and subject to the ceiling specified under the rules framed by the company from time to time for its chairman

(1) **Housing**

- A. Unfurnished residential accommodation, and House Rent Allowance equivalent to 30% of Basic salary or house rent allowance equivalent to 60% of the basic salary
- B. Furnishing at residence subject to a ceiling of Rs. 2,00,000/- for a period of 3 years in accordance with the company's scheme.

(2) **Medical Reimbursement :**

Reimbursement of domiciliary medical expenses incurred/insurance premium for the chairman and their family (excluding hospitalization, nursing home and surgical charges) as per the scheme of the company and value of such benefit in any financial year can be accumulated according to the company's rules.



(3) Leave Travel Concession :

Leave Travel Concession (for the chairman and their family once in a financial year incurred in accordance with the rules specified by the company) subject to a ceiling of 10% of average basic salary in a financial year, subject to a maximum of Rs. 3,60,000/- in a financial year.

(4) Education Allowance :

Reimbursement of Education Allowance @ Rs. 2,000/- per month

For the purposes of medical reimbursements and leave travel concession under category A, 'family' means the spouse and dependent children and dependent parents of the chairman.

Category B

- 1) Company's contributions towards provident fund (or compensation in lieu thereof) superannuation fund or annuity fund as per the rules framed under the company's relevant scheme. These shall be subject to a ceiling of the amount up to which the said contributions are either singly or put together not taxable, under the Income tax Act, 1961
- (2) Gratuity not exceeding 50% of average basic salary drawn in the last year of service for each completed year of service as per the company's rules. Such gratuity shall be payable according to the rules of the company. If the Chairman is re-appointed, gratuity will be paid at the end of their tenure with the company
- (3) Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment of leave will be permissible in accordance with the Rules specified by the company. Casual / sick leave as per the rules of the company.

Category C

The following shall not be included in the computation of perquisites :

- 1) Provision for use of company's cars for official use
- 2) Provision of free telephone facilities or reimbursement of telephone expenses at residence, including payment of local calls and long distance official calls.

Category D - Loans

Granting of loans according to company's scheme subject to central Government's approval if applicable

- 4) The chairman shall not, during to continuance of his employment or at any time thereafter, divulge or disclose to whomsoever or make any use whatsoever, whether for his own or for any other purpose other than that of the company, any information or knowledge obtained by him during his employment to the business or affairs or other matters whatsoever of the company and the chairman shall, during the continuance of his employment hereunder, also use his best endeavour to prevent any other from disclosing the aforesaid information.
5. If the chairman be guilty of such inattention to or negligence in the conduct of the business of the company or of misconduct or of any other act or omission inconsistent with his duties as chairman or any breach of this agreement, as in the opinion of all other directors renders his retirement from the office of the chairman desirable, the opinion of such other directors shall be final, conclusive and binding on the chairman and the company may by giving thirty days notice in writing to the chairman determine this agreement and he shall cease to be director and chairman of the company, upon expiration of such notice.

Mr. Abbas A. Rassai, aged about 71 years, is a qualified person and have vast experience in sales, production & Manufacturing of Yarn. He has handled various assignments successfully during his service with the company.

Your Directors seek your approval by way of a special resolution for the reappointment of Mr. Abbas A. Rassai as executive chairman of the company and to the terms of his appointment as proposed under item no. 5 of the notice read with this explanatory statement. The draft of the agreement to be entered in to between the company and Mr. Abbas A. Rassai in this regard is available for inspection of the members



during any working day between 11.00 a.m. to 1.00 p.m. and during the tenure of the meeting.

Mr. Abbas A. Rassai Mr. Hussain A. Rassai and Mr. Akil A. Rassai Directors may be deemed to be concerned or interested in the aforesaid appointment of the chairman and decision of the terms of remuneration and therefore are interested in the proposed resolution, besides them no other director is any way concerned or interested in the said resolution

ITEM NO. 6 (Special Resolution)

Mr. Hussain A. Rassai is the executive Jointchairman of the company since September 01, 2007 and is looking after and assisting the board in the day-to day affairs of the company. He is actively involved in the implementation of business plans of the company. He has got vast experience in field of textiles. He is a Science graduate and has also done his Bachelore in Architecture from the J.J. College of Architecture. Therefore, considering his qualification and experience, the board of directors as well as remuneration committee of directors at its meeting held on August 30, 2012 has reappointed him as executive Joint chairman of the company for a period of three years w.e.f. September 1, 2012, on the terms of remuneration and other conditions as mentioned below:

1. Mr. Hussain A. Rassai, the executive Joint Chairman of the company shall perform his duties subject to the superintendence, control and direction of the Board of Directors of the company
2. Period of appointment : For three years i.e. from September 1, 2012 to August 31, 2015
3. In consideration of the performance of his duties, the Chairman shall be entitled to receive remuneration as stated herein below.

I. Basic Salary :

In the scale of Rs. 95,000/- to Rs. 3,00,000/- per month. The Remuneration Committee / Board of Directors will determine the amount of salary payable to the Joint Chairman and the amount of increments payable every year depending on the performance of the Joint Chairman, profitability of the company and other relevant factors.

The Basic salary approved for 2012-13 is Rs. 95,000/-

II. Performance Linked Variable Remuneration :

Performance Linked Variable Remuneration according to the scheme of the company that may be in vogue for working directors, under which the amount payable to the executive Joint Chairman will be decided by the Remuneration Committee/Board of Directors of the company for each of the financial years, based on the Economic Value added in the business and other relevant factors and having regard to the performance of Joint Chairman subject to a ceiling of 36 months average basic salary of each year.

III. Perquisites and other matters:

Classified into four categories A, B, C and D as detailed below.

Category A

Benefits of the company's housing facilities and / house rent allowance, medical reimbursement scheme, leave travel concession, reimbursement of club fees and education allowance in accordance with and subject to the ceiling specified under the rules framed by the company from time to time for its Joint chairman

(1) Housing

- A. Unfurnished residential accommodation, and House Rent Allowance equivalent to 30% of Basic salary or house rent allowance equivalent to 60% of the basic salary
- B. Furnishing at residence subject to a ceiling of Rs. 2,00,000/- for a period of 3 years in accordance with the company's scheme.

(2) Medical Reimbursement :

Reimbursement of domiciliary medical expenses incurred/insurance premium for the Joint Chairman and

their family (excluding hospitalization, nursing home and surgical charges) as per the scheme of the company and value of such benefit in any financial year can be accumulated according to the company's rules.

(3) Leave Travel Concession :

Leave Travel Concession (for the Joint Chairman and their family once in a financial year incurred in accordance with the rules specified by the company) subject to a ceiling of 10% of average basic salary in a financial year, subject to a maximum of Rs. 3,60,000/- in a financial year.

(4) Education Allowance :

Reimbursement of Education Allowance @ Rs. 2,000/- per month

For the purposes of medical reimbursements and leave travel concession under category A, 'family' means the spouse and dependent children and dependent parents of the chairman.

Category B

- 1) Company's contributions towards provident fund (or compensation in lieu thereof) superannuation fund or annuity fund as per the rules framed under the company's relevant scheme. These shall be subject to a ceiling of the amount up to which the said contributions are either singly or put together not taxable, under the Income tax Act, 1961
- (2) Gratuity not exceeding 50% of average basic salary drawn in the last year of service for each completed year of service as per the company's rules. Such gratuity shall be payable according to the rules of the company. If the Chairman is re-appointed, gratuity will be paid at the end of their tenure with the company
- (3) Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment of leave will be permissible in accordance with the Rules specified by the company. Casual/sick leave as per the rules of the company.

Category C

The following shall not be included in the computation of perquisites :

- 1) Provision for use of company's cars for official use
- 2) Provision of free telephone facilities or reimbursement of telephone expenses at residence, including payment of local calls and long distance official calls.

Category D - Loans

Granting of loans according to company's scheme subject to central Government's approval if applicable

- 4) The Joint chairman shall not, during the continuance of his employment or at any time thereafter, divulge or disclose to whomsoever or make any use whatsoever, whether for his own or for any other purpose other than that of the company, any information or knowledge obtained by him during his employment to the business or affairs or other matters whatsoever of the company and the Joint chairman shall, during the continuance of his employment hereunder, also use his best endeavour to prevent any other from disclosing the aforesaid information.
5. If the Joint Chairman be guilty of such inattention to or negligence in the conduct of the business of the company or of misconduct or of any other act or omission inconsistent with his duties as Joint Chairman or any breach of this agreement, as in the opinion of all other directors renders his retirement from the office of the chairman desirable, the opinion of such other directors shall be final, conclusive and binding on the Joint Chairman and the company may by giving thirty days notice in writing to the Joint Chairman determine this agreement and he shall cease to be director and Joint chairman of the company, upon expiration of such notice.

Mr. Hussain A. Rassai, aged about 43 years, is a qualified Bachelor of Architecture and have vast experience in sales, production & Manufacturing of Yarn. He has handled various assignments successfully during his service with the company.



Your Directors seek your approval by way of a special resolution for the reappointment of Mr. Hussain A. Rassai as executive chairman of the company and to the terms of his appointment as proposed under item no. 6 of the notice read with this explanatory statement. The draft of the agreement to be entered in to between the company and Mr. Hussain A. Rassai in this regard is available for inspection of the members during any working day between 11.00 a.m. to 1.00 p.m. and during the tenure of the meeting.

Mr. Abbas A. Rassai Mr. Hussain A. Rassai and Mr. Akil A. Rassai Directors may be deemed to be concerned or interested in the aforesaid appointment of the Joint Chairman and decision of the terms of remuneration and therefore are interested in the proposed resolution, besides them no other director is any way concerned or interested in the said resolution

ITEM NO. 7 (Special Resolution)

Mr. Akil A. Rassai is the Managing Director of the company since September 01, 2007 and is looking after and assisting the board in the day-to day affairs of the company. He is actively involved in the implementation of business plans of the company. He is qualified Law Graduate and have vast experience in Finance, Accounting, Legal, Taxation Matters and Business Management. Therefore, considering his qualification and experience, the board of directors as well as remuneration committee of directors at its meeting held on August 30, 2012 has reappointed him as executive Managing Director of the company for a period of three years w.e.f. September 1, 2012, on the terms of remuneration and other conditions as mentioned below:

1. Mr. Akil A. Rassai, the Managing Director of the company shall perform his duties subject to the superintendence, control and direction of the Board of Directors of the company
2. Period of appointment : For three years i.e. from September 1, 2012 to August 31, 2015
3. In consideration of the performance of his duties, the Managing Director shall be entitled to receive remuneration as stated herein below.

I. Basic Salary :

In the scale of Rs. 95,000/- to Rs. 3,00,000/- per month. The Remuneration Committee / Board of Directors will determine the amount of salary payable to the Managing Director and the amount of increments payable every year depending on the performance of the Managing Director, profitability of the company and other relevant factors.

The Basic salary approved for 2012-13 is Rs. 95,000/-

II. Performance Linked Variable Remuneration :

Performance Linked Variable Remuneration according to the scheme of the company that may be in vogue for working directors, under which the amount payable to the Managing Director will be decided by the Remuneration Committee/Board of Directors of the company for each of the financial years, based on the Economic Value added in the business and other relevant factors and having regard to the performance of Managing Director subject to a ceiling of 3 6 months average basic salary of each year.

III. Perquisites and other matters:

Classified into four categories A, B, C and D as detailed below.

Category A

Benefits of the company's housing facilities and / house rent allowance, medical reimbursement scheme, leave travel concession, reimbursement of club fees and education allowance in accordance with and subject to the ceiling specified under the rules framed by the company from time to time for its Managing Directors

(1) Housing

- A. Unfurnished residential accommodation, and House Rent Allowance equivalent to 30% of Basic salary or house rent allowance equivalent to 60% of the basic salary

B. Furnishing at residence subject to a ceiling of Rs. 2,00,000/- for a period of 3 years in accordance with the company's scheme.

(2) Medical Reimbursement :

Reimbursement of domiciliary medical expenses incurred/insurance premium for the Managing Director and their family (excluding hospitalization, nursing home and surgical charges) as per the scheme of the company and value of such benefit in any financial year can be accumulated according to the company's rules.

(3) Leave Travel Concession :

Leave Travel Concession (for the Managing Director and their family once in a financial year incurred in accordance with the rules specified by the company) subject to a ceiling of 10% of average basic salary in a financial year, subject to a maximum of Rs. 3,80,000/- in a financial year.

(4) Education Allowance :

Reimbursement of Education Allowance @ Rs. 2,000/- per month

For the purposes of medical reimbursements and leave travel concession under category A, 'family' means the spouse and dependent children and dependent parents of the Managing Director.

Category B

- 1) Company's contributions towards provident fund (or compensation in lieu thereof) superannuation fund or annuity fund as per the rules framed under the company's relevant scheme. These shall be subject to a ceiling of the amount up to which the said contributions are either singly or put together not taxable, under the Income tax Act 1961
- (2) Gratuity not exceeding 50% of average basic salary drawn in the last year of service for each completed year of service as per the company's rules. Such gratuity shall be payable according to the rules of the company. If the Managing Director is re-appointed, gratuity will be paid at the end of their tenure with the company
- (3) Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment of leave will be permissible in accordance with the Rules specified by the company. Casual/sick leave as per the rules of the company.

Category C

The following shall not be included in the computation of perquisites :

- 1) Provision for use of company's cars for official use
- 2) Provision of free telephone facilities or reimbursement of telephone expenses at residence, including payment of local calls and long distance official calls.

Category D - Loans

Granting of loans according to company's scheme subject to central Government's approval if applicable

- 4) The Managing Director shall not, during the continuance of his employment or at any time thereafter, divulge or disclose to whomsoever or make any use whatsoever, whether for his own or for any other purpose other than that of the company, any information or knowledge obtained by him during his employment to the business or affairs or other matters whatsoever of the company and the Managing Director shall, during the continuance of his employment hereunder, also use his best endeavour to prevent any other from disclosing the aforesaid information.
5. If the Managing Director be guilty of such inattention to or negligence in the conduct of the business of the company or of misconduct or of any other act or omission inconsistent with his duties as Managing Director or any breach of this agreement, as in the opinion of all other directors renders his retirement from the office of the Managing Director desirable, the opinion of such other directors shall be final, conclusive



and binding on the Managing Director and the company may by giving thirty days notice in writing to the Managing Director determine this agreement and he shall cease to be director and Managing Director of the company, upon expiration of such notice.

Mr. Akil A. Rassai, aged about 42 years, is a qualified Law Graduate and have vast experience in Finance, Accounting, Legal, Taxation Matters and Business Management. He has handled various assignments successfully during his service with the company.

Your Directors seek your approval by way of a special resolution for the reappointment of Mr. Akil A. Rassai as Managing Director of the company and to the terms of his appointment as proposed under item no. 7 of the notice read with this explanatory statement. The draft of the agreement to be entered in to between the company and Mr. Akil A. Rassai in this regard is available for inspection of the members during any working day between 11.00 a.m. to 1.00 p.m. and during the tenure of the meeting.

Mr. Abbas A. Rassai Mr. Hussain A. Rassai and Mr. Akil A. Rassai Directors may be deemed to be concerned or interested in the aforesaid appointment of the Managing Director and decision of the terms of remuneration and therefore are interested in the proposed resolution, besides them no other director is any way 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

August 30, 2012

Annexure To Notice

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

| Item No. 5 | |
|---|---|
| 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. 2 & 6

| | |
|---|---|
| 1. Name | Shri Hussain A. Rassai |
| 2. Date of Birth | 25th January, 1969 |
| 3. Profession | Business |
| 4. Qualification | B.Com, B. Architect |
| 5. List of other Directorship held excluding private companies | Beneficent Knowledge Parks & Properties Ltd. |
| 6. Chairman/Member of the committee of Board of Director of the company | 1 (One) |
| 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 Finance, Accounts & Construction. |

Item No. 3 & 7

| | |
|---|---|
| 1. Name | Shri Akil A. Rassai |
| 2. Date of Birth | 15th July, 1970 |
| 3. Profession | Business |
| 4. Qualification | B.Com, LL.B. |
| 5. List of other Directorship held excluding private companies | Beneficent Knowledge Parks & Properties Ltd. |
| 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 Finance, Accounts, Legal & Taxation Matters and Business Management |



DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 27th Annual Report of the Company along with the audited statements of accounts for the year ended March 31, 2012.

OPERATING AND FINANCIAL REVIEW

(Amount in Rs.)

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|------------------------------|------------------------------|
| Sales | 77,83,07,038 | 1,19,19,79,799 |
| Other Income | 1,98,22,273 | 1,94,03,819 |
| Total Expenditure | 74,43,22,007 | 1,16,91,16,610 |
| Depreciation | 139,757 | 61,579 |
| Profit before exceptional items | 5,36,67,547 | 4,22,05,829 |
| Exceptional Items | 2,95,05,533 | 39,713,737 |
| Prof before Tax | 2,41,62,014 | 24,92,092 |
| Provision for Taxes | | |
| Current | 3,55,306 | 3,37,813 |
| Deferred | 1,10,75,217 | 9,46,000 |
| MAT | 44,78,969 | - |
| Profit (Loss) after Taxes | 82,52,522 | 12,08,279 |
| Opening Balance (surplus) | (2,02,46,126) | (2,20,19,581) |
| <u>Appropriation</u> | | |
| Transferred from General Reserves | - | - |
| Excess Provision for Gratuity | - | (5,70,151) |
| Excess Provision for FBT | (100) | 4,975 |
| Short/(Excess) Provision for FBTA/Y08-09 | 1,04,720 | - |
| Short/(Excess) Provision for FBTA/Y09-10 | 52,343 | - |
| Balance Carried to Reserves & Surplus | (1,21,50,567) | (2,02,46,126) |

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 2011-12

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. 1,19,19,79,799 to Rs. 77,83,07,038. 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. 2,41,62,014/- during the year incomparision to profit of Rs. 24,92,092/- 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 2012-13 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. Moiz Bharmal Director of the Company resigned from the Board of Directors of the Company with effect from May 03, 2011 as he was shifting out of Mumbai as the result of which he would not be able to attend the Board /Committee meetings of the Board. The Board desires to place on record their appreciation for the efforts put in by him during his tenure as a Director of the Company.

Mr. Hussain A. Rassai & Mr. Akil A. Rassai 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, 2012 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, 2012.

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. 31,51,17,570/-

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: August 30, 2012

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.

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. Strond 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.

3. Indian Textile Industry - An overview

- 3.1 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.
- 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.
- 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.

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.



During the financial year 2011-12, cotton markets continued to be an area of significant interest. Encouraged by high prices in cotton marketing year FY 2010-11 farmers planted about 8% more acres for the next season. However, at the time of harvest, demand prospects in major consuming countries faltered. Downstream players in major processing centres across the globe lowered operating rates leading to huge stock piles. Consequently, cotton prices plunged by 10% in contrast to 100% increase witnessed in FY 2010-11. The Chinese reserve purchases by the government were also not enough to hold up the surge in supplies in most producing countries.

The high volatility in cotton prices and ambiguous outlook forced downstream players to opt for polyester due to lesser price volatility and greater reliability of steady supplies of polyester. Consumption of polyester fibre and yarn during 2011 thus increased by 7% to 39 MMT

During the year, polyester prices increased by 5-6% over the previous year, mainly owing to cost push from feed stock and energy. The unfriendly demand scenario kept markets unreceptive and pressures on margins increased, lowering delta by 24-30%. Producers turned cautious to keep plant operations in control to avoid piling of inventories. Polyester capacity additions were predominantly seen in PFY, accounting for about 70% of the total 4MMT. PSF witnessed restart of some idled capacity owing to the surge in demand, arising from fluctuations in cotton prices and better margins in PSF.

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. 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 Infrastructure field, company is also planning to enter into infrastructure field. Company could not enter in to the field of education due to adverse domestic conditions, government policies and unhealthy competition. The company is also planning to Develop Solar Park in Andhra Pradesh and is waiting for state policy to be finalized for power.

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 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 30, 2012



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, 2012 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) | 1 | - | - |
| Mr. Hussain A. Rassai (Executive Joint Chairman) | 2 | 1 | - |
| Mr. Akil A. Rassai (Managing Director) | 2 | - | - |
| 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 03rd, 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 2011-12, the Board met on 03rd May, 01st August, 03rd Sep, 31st October, all in 2011 and 30th January in 2012.

The 26th Annual General Meeting was held on September 30, 2011.

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 | 4 | Yes |
| Mr. Akil A. Rassai | 5 | Yes |
| Mr. Ramesh W. Lalwaney | 5 | -- |
| Mr. Parvez A. Master | 5 | -- |
| Mr. Moiz N. Bharmal* | 1 | -- |
| Mr. Hussain M. Cementwala* | 5 | - |

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

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



D. Directors Seeking Appointment/Re-appointment

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

MR. AKILABBAS RASSAI – MANAGING DIRECTOR

Mr. Akil A Rassai, aged 42 years is a qualified Law Graduate and has over 20 years of experience in fields of Finance Accounts, Legal & Taxation Matters & Business Management.

He is actively associated with a number of social, cultural, commercial and educational organisation. He is member of Indian Merchant Chambers.

MR. HUSSAIN ABBAS RASSAI – JOINT CHAIRMAN

Mr. Hussain Rassai is a science graduate and has also done his Bachelors in Architecture from the J.J. College of Architecture. He has also done his diploma in travel and tourism and import export management.

He has over 19 years of experience in the textile industry and was proprietor of Ms Ashar Thread Works (1989-2001) which was involved in manufacturing all kinds of threads and yarns. He is also the secretary of the Rotary Club of Bombay Pier and a member of the Indian council of Architecture and The Indian Institute of Interior Designers.

| Name of Company | Name of Committee | Position Held |
|------------------------|--|---------------|
| Vyapar Industries Ltd. | Shareholders & Investors Grievances Committee | Member |

II. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

As on March 31, 2012, Vyapar Audit Committee comprises of:

1. Mr. Parvez Master - Chairman (Non Executive Independent Director)
2. Mr. Hussain M. Cementwala - member (Non Executive Independent Director)
3. Mr. Ramesh Lalwancy - member (Non Executive Independent Director)
4. Mr. Anil Kumar Singla, Company Secretary will act as secretary of Audit Committee.

The Committee met five times during the year on May 03, 2011, August 01, 2011, September 03, 2011, October 31, 2011 and January 30, 2012. 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 2010-11 |
|-------------------------|-------------|---|
| Mr. Parvez Master | Chairman | 5 |
| *Mr. M. Bharmal | Member | 1 |
| Mr. Ramesh Lalwancy | Member | 5 |
| *Mr. Hussain Cementwala | Member | 4 |

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

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

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 ensure that the financial statement is correct, sufficient and credible.
2. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
3. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
5. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has reviewed the following information:

1. Management Discussion & Analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management
3. Internal Audit Reports relating to internal control weaknesses

**REMUNERATION COMMITTEE**

The Company Remuneration Committee as on 31st March 2012 consisting of non-executive directors, viz. Mr. Ramesh W. Lalwaney, Mr. Hussain M. Cementwala and Mr. Parvez Master and has been entrusted with the responsibility of determination of the remuneration payable to the executive directors, recommendation for appointment / re-appointment of the executive directors, revision in the remuneration of the existing executive directors of the company from time to time. Mr. Parvez Master is the Chairman of the Committee. The Committee met once during the year.

REMUNERATION TO DIRECTORS

During the year under review, the Executive Directors were paid an aggregate of Rs.36,30,000/- as remuneration distributed as under :-

| Directors | Remuneration paid during the year upto 31.3.2012 Rs. |
|----------------------|--|
| Mr. Abbas A.Rassai | 13,50,000 |
| Mr. Hussain A.Rassai | 11,40,000 |
| Mr. Akil A.Rassai | 11,40,000 |

Directors have voluntarily waived receipt of sitting fees for attending meetings of the Board / Committees of the Board of Directors of the Company. None of the non-executive directors are holding any shares/convertible instruments in the Company.

During 2011-12, the Company did not advance any loans to any of its directors. No stock options have been issued to any of the directors on the Board.

REMUNERATION POLICY

Remuneration committee recommends to the board the compensation package of the Executive Directors. The remuneration to the Executive Directors is subject to approval of the Board and shareholders as may be required. The non-executive directors are to be paid sitting fees for attending the meetings of the Board of Directors and Committees within the ceiling prescribed by the Central Government.

SHAREHOLDER'S & INVESTOR'S GRIEVANCE COMMITTEE :

The Shareholder's and Investor's Grievance Committee of your Company as on 31.03.2012 comprises of non-executive directors, viz. Mr. Ramesh W. Lalwaney, Mr. Hussain M. Cementwala and Mr. Hussain A. Rassai, Executive Director.

Mr. Ramesh W. Lalwaney is the Chairman of the Committee.

The Committee's objective is attending to investors' complaints pertaining to transfers / transmission of shares, non-receipt of dividend / interest, and any other related matters. The Committee met once during the year.

Compliance Officer:

Mr. Anil Kumar Singla, company secretary
Vyapar Industries Limited
145, S.V Road, Khar (W),
Mumbai-400052
Ph-022-66989111, Fax: 022-66987010
E-mail : vyapar@vyaparindustries.com

Status of Investors Complaints / Share transfers received during the period 1st April, 2011 to 31st March, 2012

| | |
|--|-----|
| 1. Number of complaints received from the investors comprising of Non-receipt of Dividend, Non-receipt of Shares lodged for transfer, Non-Receipt of Annual Report, etc. | Nil |
| 2. Number of complaints resolved | Nil |
| 3. Complaints Pending as at 31st March, 2012 | Nil |
| 4. Number of Share transfers pending for approval as at 31st March, 2012 | Nil |

GENERAL SHAREHOLDERS' INFORMATION
GENERAL SHAREHOLDER INFORMATION:
1. Twenty Sixth Annual General Meeting

Date : 29th September, 2012

Time : 3.00 p.m.

Venue : Vyapar Industries Limited 145, S.V Road, Khar (W), Mumbai-400052.

2. Dates of Book Closure :

Monday, 24th September, 2012 to Saturday, 29th September, 2012 (both days inclusive)

3. Financial Calendar of the Company:

The financial year covers the period from 1st April to 31st March.

Financial reporting for 2012-13 (Tentative):

| | |
|---|--|
| The First Quarter Results - 30.6.2012 | Between 31st July and 15th May 2012 |
| The Half Yearly Results - 30.9.2012 | Between 30th October and 15 th November 2012 |
| Third Quarter Results - 31.12.2012 | Between 30th January and 15 th February, 2013 |
| Approval of Annual Accounts - 31.3.2013 | 2nd week of May, 2013/ Last week of June, 2013 |

4. Registered Office

Vyapar Industries Limited
145, S.V Road, Khar (W),
Mumbai-400052.

5. Listing on Stock Exchanges
Code/Trading Symbol
A. Equity Shares

Bombay Stock Exchange Limited (BSE),
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai 400 001.

506142

B. GDRs

Singapore Exchange Ltd. (SGX)
Singapore

ISIN Code : US92921T1097

Overseas Depository

J P Morgan Chase Bank N.A.
Four, New York Plaza,
New York N.Y. UNITED STATES

Domestic Custodian

J P Morgan Chase Bank N.A.
6th Floor, Paradigm 'B' Wing,
Behind Toyota Showroom,
MindSpace, Malad (W), Mumbai- 400 064

**6. Stock Code**

Bombay Stock Exchange Limited

Equity Share (physical form)

(Demat Form)

: 506142 VYAPAR INDUSTRIES LTD.

: ISIN INE070G01012

7. BSE - Stock Price Data (for the period April, 2011 to March, 2012)

| Year | Month | High (Rs.) | Low (Rs.) | Monthly Volume |
|------|-----------|------------|-----------|----------------|
| 2011 | April | 27.00 | 20.75 | 2,86,995 |
| 2011 | May | 22.20 | 17.50 | 25,870 |
| 2011 | June | 21.00 | 13.35 | 2,99,825 |
| 2011 | July | 18.00 | 14.28 | 82,073 |
| 2011 | August | 18.25 | 11.25 | 55,002 |
| 2011 | September | 18.38 | 11.60 | 1,15,088 |
| 2011 | October | 16.94 | 12.50 | 71,854 |
| 2011 | November | 21.50 | 14.50 | 8,80,999 |
| 2011 | December | 17.98 | 13.55 | 29,063 |
| 2012 | January | 19.20 | 14.55 | 4,30,324 |
| 2012 | February | 28.80 | 21.20 | 1,88,903 |
| 2012 | March | 26.50 | 20.10 | 29,959 |

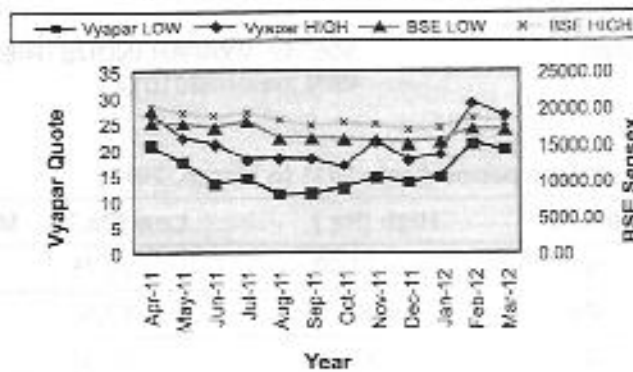
8. Performance in comparison to Broad Based BSE Sensex :
(for the period April 2011 to March 2012)

The performance of the Company's shares in comparison to broad based BSE sensex is given in the Charts below :

| Year | Month | VIL High | VIL Low |
|------|-----------|----------|---------|
| 2011 | April | 27.00 | 20.75 |
| 2011 | May | 22.20 | 17.50 |
| 2011 | June | 21.00 | 13.35 |
| 2011 | July | 18.00 | 14.28 |
| 2011 | August | 18.25 | 11.25 |
| 2011 | September | 18.38 | 11.60 |
| 2011 | October | 16.94 | 12.50 |
| 2011 | November | 21.50 | 14.50 |
| 2011 | December | 17.98 | 13.55 |
| 2012 | January | 19.20 | 14.55 |
| 2012 | February | 28.80 | 21.20 |
| 2012 | March | 26.50 | 20.10 |



Monthly High-Low Share Price / BSE Sensex



09. Registrar and Share Transfer Agents:
 BIGSHARE SERVICES PRIVATE LIMITED,
 A, 2/3 Ansa Industrial Estate,
 Sakivihar, Sakinaka,
 Andheri (East), Mumbai 400 072.
 Tel No. 022-28470652 /53, 40430200

10. Share Transfer System

Shares sent for transfer in physical form are registered and returned within a period of 15 days from the date of receipt of the documents, provided the documents are valid and complete in all respects.

As of date, there are no pending share transfers pertaining to the year under review.

11. Distribution of Shareholding as on 31st March, 2012:

| No. of Equity Shares | No. of Shareholders | % of Shareholders | No. of shares held | % of Shareholding |
|----------------------|---------------------|-------------------|--------------------|-------------------|
| 1 - 5000 | 1202 | 77.05 | 1733730 | 1.59 |
| 5001 - 10000 | 146 | 9.36 | 1224910 | 1.12 |
| 10001 - 20000 | 79 | 5.06 | 1203650 | 1.11 |
| 20001 - 30000 | 27 | 1.73 | 668300 | 0.61 |
| 30001 - 40000 | 20 | 1.28 | 702650 | 0.65 |
| 40001 - 50000 | 10 | 0.64 | 484440 | 0.45 |
| 50001 - 100000 | 38 | 2.44 | 2780920 | 2.55 |
| 100001 & above | 38 | 2.44 | 100151400 | 91.92 |
| TOTAL | 1,560 | 100.00 | 10895000 | 100.00 |

12. Shareholding pattern as at 31st March, 2012:

| Category | No of Shares | % of holding |
|--------------------------|-----------------|---------------|
| Promoters | 3355498 | 30.80 |
| Foreign Banks | 3621150 | 33.23 |
| Private Corporate Bodies | 1121913 | 10.30 |
| Indian Public | 2397888 | 22.01 |
| NRI/OCB's | 397785 | 3.65 |
| Shares in Transit | 766 | 0.01 |
| Total | 10895000 | 100.00 |



13. Dematerialisation of Shares

As on 31st March 2012, 1,08,78,031 (99.84%) of total equity capital was held in Electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares have to be compulsorily traded in the electronic form. Requests for dematerialisation of shares are processed and confirmed within 7 days.

14. Details of Public Funding obtained in the last three years:

The Company has not obtained any public funding in the last three years.

15. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.

GDR: 19100000 GDRs of the Company were converted into 47,75,000 Equity shares of the Company during last year.

16. Other offices of the Company

The Company has Offices at the following places:

Registered Office:

Vyapar Industries Limited
145, S.V Road, Khar (W),
Mumbai-400052.

Surat Branch Office:

Vyapar Industries Limited
Survey No. 33/1A, Plot No. 5,
Narendra Dyeing Mill Gali,
Behind Sub Jail, Khatodara,
Surat, Gujarat 394210

Varanasi Branch Office:

Vyapar Industries Limited
D 58/33, Krishi Export Plaza,
Sigra, Varanasi (U.P) -221010.

Bangalore Branch Office:

Vyapar Industries Limited
No.3, 13th Cross, Cubbonpet,
Bangalore- 560 002.

17. Address for Correspondence

(Registered Office)

Vyapar Industries Limited
145, S.V Road, Khar (W),
Mumbai-400052.

Ph: 66989111 , Fax: 66987010.

Email: vyapar@vyaparindustries.com

Shareholders may also correspond with the Registrars and Share Transfer Agents, at:
BIGSHARE SERVICES PRIVATE LIMITED.

A, 2/3 Ansa Industrial Estate,
Sakivihar, Sakinaka,
Andheri (East), Mumbai 400 072.
Tel No. 022-28470652/53

V. OTHER DISCLOSURE

1. Details of Annual/Extraordinary General Meetings:

Annual General Meetings held during the past 3 years

| Year | Date | Time | Venue |
|------|----------------------------------|-----------|-----------------------------------|
| 2009 | 18 th July, 2009 | 3.00 p.m. | Registered office Khar(W), Mumbai |
| 2010 | 30 th September, 2010 | 3.00 p.m. | Registered office Khar(W), Mumbai |
| 2011 | 30 th September, 2011 | 3.00 p.m. | Registered office Khar(W), Mumbai |

Extra Ordinary General Meetings held during the past 3 years

| Year | Date | Time | Venue |
|------|---------------------------------|-----------|-----------------------------------|
| 2009 | 9 th June 2009 | 3.00 p.m. | Registered office Khar(W), Mumbai |
| 2009 | 24 th August 2009 | 3.00 p.m. | Registered office Khar(W), Mumbai |
| 2009 | 30 th September 2009 | 3.00 p.m. | Registered office Khar(W), Mumbai |
| 2009 | 01 st December 2009 | 3.00 p.m. | Registered office Khar(W), Mumbai |

Details of special resolutions passed in previous 3 AGMs / EGMs :

| | |
|--|---|
| 26 th AGM | Regularisation of Additional Directors Mr. Hussain M. Cementwala appointed during the year. |
| 25 th AGM | NIL |
| 24 th AGM | Regularisation of Additional Directors Mr. Ramesh W. Lalwaney, Mr. Moiz Bhamal & Mr. Parvez Master appointed during the year. |
| 9th June 2009 | Special resolution was passed on 09 th June, 2009 for change of Auditors, Appointment of Salim A. Kantawala Chartered Accountant in place of M/s. Kantawala & Co. Chartered Accountants who resigned. |
| 24th August 2009 | Special resolution was passed on 24 th August, 2009 for Salary & Appointment of relatives of Directors Mrs. Shamima A.Rassai, Mrs. Yakuta H.Rassai and Mrs. Sakina A.Rassai u/s 314(1B) of Companies Act, 1956. |
| 30th September 2009 | Special Resolutions passed by Postal Ballot for Commencement of new business by addition of new objects in Main objects of Memorandum of Association of the Company u/s 17 of The Companies Act, 1956. |
| 01st December 2009 | Special Resolutions passed by Postal Ballot for Commencement of new business by addition of new objects in Main objects and putting the 3 old objects of Main Objects in Ancillary objects of Memorandum of Association of the Company u/s 17 of The Companies Act, 1956. |
| No other special resolution is proposed to be conducted through postal ballot. | |

2. Details of Non-compliance

There was no non-compliance by the Company on any matters related to capital markets during the last three years.

3. Code of Conduct

The Board of Directors of the Company has laid two separate Code of Conduct one for directors and other for senior management and employees. These codes are posted on the Company's website, www.vvaparindustries.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the Chairman is annexed to this report.

4. Means of Communication

The quarterly, half-yearly and yearly results are published in national and local dailies. These are not sent



individually to the shareholders. The Company also informs stock exchanges in a prompt manner, all price sensitive information or such other matters which in its opinion, are material and relevant for the shareholders.

5. The Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

6. CEO Certification

We hereby certify that, to the best of our knowledge and belief.

- a) We have reviewed the financial statements and cash flow statement for the year and that to the best of our knowledge and belief :
- i. These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that :
- i. there are no significant changes in internal control over financial reporting during the year
 - ii. there are no significant changes in accounting policies during the year; and
 - iii. there are no instances of significant fraud, of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's Internal Control Systems over financial reporting.

7. Disclosure of Accounting Treatment

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

8. Materially Significant Related Party Transactions

There are no materially significant related party transactions that may have potential conflict with the interests of Company.

9. Code for Prevention of Insider Trading Practices:

In compliance with the SEBI Regulation on Prevention of Insider Trading, the Company has instituted a comprehensive code of conduct for its designated employees. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautions them on consequences of violations. Mr. Anil Kumar Singla Company Secretary has been appointed as the Compliance Officer under this code.

Sd/-

Akil Rassai

Managing Director

Mumbai, 30th August, 2012

10. Compliance:

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49. Except as stated elsewhere in this report, the company has not adopted other non-mandatory requirements.

11. Non-mandatory Requirements:

I. The Board

At present there is no policy fixing for the tenure of independent directors.

II. Remuneration Committee

Particulars of constitution of Remuneration Committee and terms of reference thereof has been detailed earlier.

III. Shareholder's Rights

Half yearly financial results including summary of the significant events in last six months are presently, not being sent to shareholders of the company

IV. Audit Qualifications

The financial accounts of the company are unqualified

V. Training of Board Members

There is no formal policy at present for training of the Board Members of the company as the members of the Board are eminent and experienced professional persons.

VI. Mechanism for evaluating non-executive board members

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

VII. Whistle Blower Policy

The Company has not implemented the whistle blower policy.

Mumbai, 30th August 2012

Sd/-

Hussain A. Rassai
Joint Chairman

DECLARATION ON CODE OF CONDUCT

To

The Members of

VYAPAR INDUSTRIES LIMITED, Mumbai

I, Hussain Rassai, Joint Chairman of Vyapar Industries Limited declare that to the best of my knowledge and belief, all the members of the Board of Directors and the designated personnel in the senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2012.

For VYAPAR INDUSTRIES LIMITED

HUSSAIN A. RASSAI

Joint Chairman

Mumbai, 30th August, 2012



AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

VYAPAR INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Vyapar Industries Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

Salim A. Kantawala
(Chartered Accountant)
Membership No. 38859

Place: Mumbai
Date: 30th August, 2012.

For the Kind Attention of the Members

The Ministry of Corporate Affairs has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the companies and has issued circulars stating the service of notice / documents including annual report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their email address by sending their details to the registrar and share transfer agents, M/s. Bigshare Services Pvt. Ltd.



AUDITOR'S REPORT

To, the Members of VYAPAR INDUSTRIES LIMITED.

1. We have audited the attached Balance Sheet of Vyapar Industries Ltd., as at March 31st, 2012 and also the statement of Profit and Loss Account and Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Auditing Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) (Amendment) order 2004 issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956, of India (the act) and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the balance sheet, the statement of profit and loss and cash flow statement dealt with by this report.
 - (v) On the basis of the written representations received from the director, as on March 31st, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956
 - (vi) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with notes to accounts, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of Cash flow statement, of the cash flows for the year ended on that date.

For Salim A. Kantawala
Chartered Accountant
Membership No. 38859

Place: Mumbai

Date: 30th August, 2012.



ANNEXURE TO AUDITORS REPORT 31st March, 2012

Referred to in Paragraph 3 of our report of even date :

I In respect of Fixed Assets :

- a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, all the fixed assets have been physically verified by the Management of the Company at regular intervals during the year, which in our opinion is reasonable. According to the information and explanation given to us, no material discrepancies were noticed on such physical verification
- c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.

II In respect of Inventories :

- a) As explained to us the Inventory has been physically verified by the management during the year. In our opinion, having regard to the location of stocks, the frequency of verification of inventories is reasonable.
- b) In our opinion and according to the information and the explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business
- c) In our opinion and according to the information and explanation given to us, the company has maintain proper records of Inventory and has no material discrepancies were noticed on physical verification.

III According to the information and explanation given to us, the company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956. Consequently clauses (iii) (a) to (iii) (g) of paragraph 4 of CARO are not applicable.

IV In our opinion and according to the information and explanation given to us, there is an adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

V In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956

- a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements that needs to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the register maintained under section 301 of the companies act 1956 and exceeding the value of Rs. 5,00,000 in the respect of each party during the year have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at relevant time as per the information available with the company.

VI According to the information and explanation given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of clause (vi) of the paragraph 4 of the order are not applicable to the company.

VII In our opinion, the Company has an internal audit system commensurate with size of the company and nature of its business.

VIII In our opinion, and to the best of our knowledge and belief, having regard to the nature of the company's business and operations, there is no statutory requirement for maintenance of cost records under clause (d) of sub-section (1) of section 209 of the companies act, 1956. Further to the best of our knowledge and according to the information and explanation given to us, the central government has not prescribed the maintenance of cost records for any product of the company. Consequently, clause (viii) of the paragraph 4 of CARO is not applicable



IX. In respect of statutory Dues:

- a) According to the records of the company, and based on the information and explanation given to us, the company has been generally regular in depositing undisputed applicable statutory dues including income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues with the appropriate authorities during the year. According to the information and explanation given to us no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable.
 - b) According to the information and explanations given to us there were no such statutory dues which have not been deposited as on 31st March 2012 on account of disputes. Consequently, the requirement of clause (ix) (b) of paragraph 4 of the order is not applicable.
- X The Company has accumulated losses of Rs. 1,21,50,567/- which is less than 50% of its net worth at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by the audit and in the preceding financial year.
 - XI In our opinion and according to the information and explanations given to us, the company has not borrowed any money from banks, financial institution or issued any debentures. Consequently, the requirement of Clause (xi) of paragraph 4 of the order is not applicable.
 - XII In our opinion and according to the information and explanation given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by the way of pledge of shares, debentures and other securities.
 - XIII In our opinion and according to the information and explanation given to us and based on the information available, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable to the company
 - XIV The company has not dealt in shares, securities, debentures and other investments. Consequently, clause (xiv) of paragraph 4 of the order is not applicable.
 - XV According to the information and explanations given to us and based on the information available, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Consequently, the requirement of Clause (xv) of paragraph 4 of the order is not applicable.
 - XVI To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans outstanding at the beginning of the year and those raised during the year by the Company were, prima facie, applied by the Company for the purpose for which the loans were obtained.
 - XVII According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short-term basis have, prima facie, not been used during the year for long term investment.
 - XVIII The Company has not made preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the Companies Act, 1956.
 - XIX The Company did not issue any debentures during the year. Consequently, clause (xix) of paragraph 4 of the order is not applicable.
 - XX During the period covered by our audit report, the Company has not raised any money by public issue. Consequently, clause (xx) of paragraph 4 of the order is not applicable.
 - XXI To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, no fraud on or by the Company was noticed or reported during the year.

Mr. Salim A. Kantawala
(Chartered Accountant)
Membership No. : 38859

Place: Mumbai
Date: 30th August, 2012.



BALANCE SHEET AS AT 31ST MARCH, 2012

| Particulars | Note No. | As at 31st March 2012 | As at 31st March 2011 |
|--|----------|----------------------------|----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders Funds | | | |
| Share Capital | 1 | 10,89,50,000 | 10,89,50,000 |
| Reserves & Surplus | 2 | 63,10,99,433 | 62,30,03,874 |
| Non-Current Liability | | | |
| Long Term Borrowings | | - | - |
| Current Liabilities | | | |
| Short Term Borrowings | 3 | - | 5,42,91,873 |
| Trade Payables | 4 | 3,33,400 | 7,76,95,910 |
| Other Current Liabilities | 5 | 2,17,29,035 | 39,34,681 |
| Short Term Provision | 6 | 29,30,879 | 1,27,278 |
| Total | | <u>76,50,42,747</u> | <u>86,80,03,616</u> |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 7 | 5,96,86,980 | 8,95,232 |
| Intangible Assets | 7 | - | - |
| Capital Work-in-Progress | 7 | - | - |
| Intangible assets under Development | 7 | - | - |
| Non-Current Investment | 8 | 30,64,18,127 | 30,64,18,127 |
| Long Term Loans and Advances | 9 | 86,76,785 | 57,70,386 |
| Deferred Tax Assets (Net) | 10 | 11,29,68,783 | 12,40,44,000 |
| Current Assets | | | |
| Inventories | 11 | 1,28,86,823 | 8,80,53,730 |
| Trade Receivable | 12 | 4,80,82,292 | 3,53,02,666 |
| Cash and Bank Balance | 13 | 5,80,86,090 | 66,17,352 |
| Short Term Loans And Advance | 14 | 15,32,04,147 | 29,05,51,384 |
| Other Current Assets | 15 | 50,32,720 | 1,03,50,739 |
| TOTAL | | <u>76,50,42,747</u> | <u>86,80,03,616</u> |
| Significant Account Policies Notes to Financial Statement | 1 to 26 | | |

As per our Reports of even Date

Salim A. Kantawala
Chartered AccountantSalim A. Kantawala
ProprietorPlace : Mumbai
Date : 30 August, 2012Anil Singla
Company Secretary

For and on behalf of Board

Abbas A. Rassai
ChairmanAkil A. Rassai
Managing DirectorHussain M. Cementwala
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED

| Particulars | Note No. | 2011-12 | 2010-11 |
|--|----------|----------------------------|------------------------------|
| INCOME | | | |
| I. Revenue from Operations | 16 | 77,83,07,038 | 1,19,19,79,799 |
| II. Other Income | 17 | 1,98,22,273 | 1,94,03,819 |
| III Total Revenue | | <u>79,81,29,311</u> | <u>1,21,13,83,618</u> |
| EXPENDITURE | | | |
| Purchase of stock in Trade | | 58,26,55,994 | 92,13,30,508 |
| Change in Inventories of Finished Goods | 18 | 7,51,66,907 | 16,13,83,539 |
| Employees Benefits Expense | 19 | 32,36,844 | 29,91,245 |
| Finance Cost | 20 | 8,24,655 | 27,81,088 |
| Depreciation Expenses | | 1,39,757 | 61,579 |
| Other Expenses | 21 | 8,24,37,607 | 8,06,29,830 |
| IV Total Expenses | | <u>74,44,61,764</u> | <u>1,16,91,77,789</u> |
| V. Profit before exceptional items (III-IV) | | 5,36,67,547 | 4,22,05,829 |
| VI. Exceptional Items (Loss on damage to stock) | | 2,95,05,533 | 3,97,13,737 |
| VII. Profit before Tax (V - VI) | | 2,41,62,014 | 24,92,092 |
| VIII Tax Expenses | | | |
| Current | | 3,55,306 | 3,37,813 |
| Deferred | | 1,10,75,218 | 9,46,000 |
| MAT | | 44,78,969 | - |
| IX. Profit for the year (VII - VIII) | | <u>82,52,521</u> | <u>12,08,279</u> |
| X. Earnings per equity share of face value of Rs. 10 each | | 0.76 | 0.11 |
| Basic & Diluted (in Rs.) | | | |
| Significant Account Policies | | | |
| Notes to Financial Statements | 1 to 26 | | |

As per our Report of even Date

Salim A. Kantawala
Chartered Accountant

Salim A. Kantawala
Proprietor

Place : Mumbai
Date : 30 August, 2012

Anil Singla
Company Secretary

For and on behalf of Board

Abbas A. Rassai
Chairman

Akil A. Rassai
Managing Director

Hussain M. Cementwala
Director



CASH FLOW FOR THE YEAR ENDED

| | 31st March 2012 | 31st March 2011 |
|--|-----------------|-----------------|
| I Cash flow from Operating Activity | | |
| Net Profit / (Loss) Before Tax and Extra Ordinary Items / Prior Period Items | 2,41,62,014 | 24,89,361 |
| Adjustment for | | |
| Depreciation | 1,39,757 | 61,579 |
| Interest Received | (10,94,887) | (3,75,781) |
| Interest Paid | 8,24,855 | - |
| Loss (Profit) on Sale of Assets | 14,429 | - |
| Provision For Gratuity | 6,918 | 35,477 |
| Miscellaneous Expense w/off | 53,18,018 | 53,18,017 |
| Operating Profit / (Loss) before working capital changes | 2,93,70,904 | 75,28,653 |
| Adjustment for | | |
| Inventory | 7,51,66,909 | 16,14,33,539 |
| Trade Receivables | (1,27,79,627) | 2,30,32,995 |
| Other Receivables | 13,45,36,806 | (21,31,11,084) |
| Trade Payable and other liabilities | (5,95,68,156) | 4,21,33,516 |
| | 16,67,26,836 | 2,10,17,619 |
| Income Tax Paid | (22,90,522) | 47,678 |
| Cash flow before extraordinary item | 16,44,36,314 | 2,10,65,297 |
| Extraordinary Item and Prior period Adjustment (Net) | - | 2,731 |
| Net Cash (used) / generated from operating activities (A) | 16,44,36,314 | 2,10,68,028 |
| II Cash Flow from Investing activities | | |
| Purchase of Fixed Asset | (5,89,49,434) | (82,622) |
| Sale of Fixed Asset | 3,500 | - |
| Purchase of Investments | - | - |
| Disposal of Investment as Compensation | - | - |
| Interest Received | 10,94,887 | 3,75,781 |
| Net Cash from / (used) in Investing activities (B) | (5,78,51,047) | 2,93,159 |
| III Cash Flow from Financing activities | | |
| Miscellaneous Expenditure incurred | - | - |
| Dividend Including Dividend tax | - | - |
| Interest Paid | (8,24,855) | - |
| Unsecured Loans taken/(paid) during the year | (5,42,91,873) | (2,63,83,605) |
| Issue of Equity Shares | - | - |
| Net Cash from / (used) in Financing activities (C) | (5,51,16,528) | (2,63,83,605) |
| Net Increase in Cash and Cash Equivalent (A+B+C) | 5,14,68,739 | (50,22,418) |
| Add: Cash and Cash Equivalent at the beginning of the year | 66,17,351 | 1,16,39,769 |
| Cash and Cash Equivalent at the end of the year | 5,80,86,090 | 66,17,351 |
| Notes:- | | |
| 1) Cash and Cash Equivalent includes | | |
| Cash in hand | 1,58,985 | 11,636 |
| With Schedule Banks | | |
| On Current Account | 5,35,21,832 | 22,33,136 |
| On Deposit A/C | 44,05,273 | 43,72,579 |
| | 5,80,86,090 | 66,17,351 |

2) The above Cash Flow statement has been prepared under indirect method as set out in Accounting Standard 3 on Cash Flow statement issued by the Institute of Chartered Accountants of India

As per our Report of even Date

Salim A. Kantawala
Chartered Accountant

Salim A. Kantawala
Proprietor

Place : Mumbai
Date : 30 August, 2012

Anil Singla
Company Secretary

For and on behalf of Board

Abbas A. Rassai
Chairman

Akil A. Rassai
Managing Director

Hussain M. Cementwala
Director

Significant Accounting Policies

A. Basis of preparation of financial statements

The financial statements are prepared under the historical cost conventions on an accrual basis of accounting, in conformity with accounting principles generally accepted in India and complying in all material respects with the Accounting standards notified by companies (Accounting Standards) Rules, 2006 (As amended) and the relevant provisions of the companies Act, 1956. (the Act). The accounting policies have been consistently applied by the company and are consistent with those used in the previous years except for changes in accounting policies described in note 11 (c) below

b. Use of estimates

The preparation of the financial statements in conformity with the GAAP requires that the management to make estimates and assumption that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates, actual result could differs from those estimates.

c. Changes in accounting policy

Presentation and disclosure of financial statements.

During the year ended March 31, 2012 the revised schedule VI notified under the act has become applicable to the company for the preparation and presentation of its financial statement. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparations of financial statement. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI of the Act

Based on the nature of the services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current / non current classification of assets and liabilities.

D. Fixed Assets and Depreciation

Fixed Assets are stated at the cost of acquisition or construction less accumulated depreciation. The Company capitalizes all direct costs relating to the acquisition of respective fixed asset.

Depreciation on assets is provided using the written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is calculated on pro-rata basis from / till the date of installation / disposal (sale).

E. Impairment of Assets

An assets is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting is reversed if there has been a change in estimate of recoverable amount.

F. Foreign Currency Transactions

- a) Transaction denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts if applicable, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid/received on forward contracts is recognised over the life of the contract.
- c) Non monetary foreign currency items are carried at cost
- d) any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account

**G. Investments**

Current investments are carried at lower of cost and quoted / fair value, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary

H. Inventories

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence and damage, if any. Cost of inventories comprises of cost of purchase and other costs incidental to purchase.

I. Revenue Recognition

Revenue is recognized only when it can be reliably measures and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, sales tax, excise duty adjusted for discounts (net), Value Added Tax (VAT) and gain/loss on corresponding hedge contracts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

J. Sales Tax / Value Added Tax

Sales tax / value added tax paid is charged to profit and loss account

K. EMPLOYEE BENEFITS

a) short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

b) post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actual valuation techniques, actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

L. Borrowing Costs

All other borrowing costs are charged to the Profit and Loss account.

M. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provision of the income tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

N. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

The previous year figures have been regrouped/reclassified, wherever necessary to confirm to the current year presentation (Figures in Rs.)

| Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---|-------------------------------------|-------------------------------------|
| 1. SHARE CAPITAL | | |
| Authorised Share Capital | | |
| 1,20,00,000 Equity Shares of Rs. 10/- each [1,20,00,000] | 12,00,00,000 | 12,00,00,000 |
| TOTAL | <u>12,00,00,000</u> | <u>12,00,00,000</u> |
| Issued, Subscribed & Paid-up | | |
| 1,08,95,000 Equity shares of Rs. 10/- each fully paid [1,08,95,000] | 10,89,50,000 | 10,89,50,000 |
| TOTAL | <u>10,89,50,000</u> | <u>10,89,50,000</u> |
| 1.2 The detail of Shareholders holding more than 5% shares | | |
| | As at | As at |
| Name of Shareholders | No of Shares 31st March 2012 | No of Shares 31st March 2011 |
| Jp Morgan Chase Bank NA | 36,21,150 | 41,87,151 |
| Sunil Shroff | 6,53,223 | - |
| Husain Rassai | 15,99,741 | 13,36,056 |
| Akil Rassai | 15,98,741 | 13,35,056 |
| TOTAL | <u>69</u> | <u>63</u> |
| 1.3 The reconciliation of the number of shares is set out below: | | |
| Particulars | As at 31st March 2012 | As at 31st March 2011 |
| Equity shares at the beginning of the year | 1,08,95,000 | 1,08,95,000 |
| Add: Shares Issued | - | - |
| Less: Shares Cancelled | - | - |
| Equity Shares at the end of the year | <u>1,08,95,000</u> | <u>1,08,95,000</u> |
| 2. RESERVES & SURPLUS | | |
| A. Securities Premium Reserve | | |
| As per last Balance Sheet | 62,07,50,000 | 62,07,50,000 |
| TOTAL-A | <u>62,07,50,000</u> | <u>62,07,50,000</u> |
| B. Share Forfeiture A/c | | |
| As per last Balance Sheet | 2,25,00,000 | 2,25,00,000 |
| TOTAL-B | <u>2,25,00,000</u> | <u>2,25,00,000</u> |
| C. Profit and Loss Account | | |
| As per last Balance Sheet | (2,02,46,126) | (2,20,19,581) |
| Add: Profit for the year | 82,52,521 | 12,08,279 |
| | (1,19,93,604) | (2,08,11,302) |
| Less: Appropriations | | |
| Short/(excess) Provision for Gratuity | - | (5,70,151) |
| Short/(Excess) Provision for FBT | (100) | 4,975 |
| Short/(Excess) Provision for FBT AY 2008-09 | 1,04,720 | - |
| Short/(Excess) Provision for FBT AY 2009-10 | 52,343 | - |
| TOTAL-C | <u>(1,21,50,567)</u> | <u>(2,02,46,126)</u> |
| TOTAL A + B + C | <u>6,310,99,433</u> | <u>62,30,03,874</u> |



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

| Particulars | 31st March 2012 | 31st March 2011 |
|--|---------------------|---------------------|
| 3. SHORT TERM BORROWINGS | | |
| Unsecured | | |
| Other Loans and Advances | | 5,42,91,873 |
| Rupee Loans | - | - |
| TOTAL | - | 5,42,91,873 |
| 4. TRADE PAYABLES | | |
| Micro, Small and Medium Enterprises | - | - |
| Others | 3,33,400 | 7,76,95,910 |
| TOTAL | 3,33,400 | 7,76,95,910 |
| 5. OTHER CURRENT LIABILITIES | | |
| Outstanding Expenses | 9,58,220 | - |
| Advance from Customers | 1,46,86,678 | 39,32,815 |
| Other Payables* | 60,84,137 | 1,866 |
| TOTAL | 2,17,29,035 | 39,34,681 |
| * Includes Statutory dues and amount payable to Singapore Exchange Securities Trading Ltd. | | |
| 6. SHORT TERM PROVISIONS | | |
| Provision for Gratuity | 1,34,196 | 1,27,278 |
| Provision for Tax (Net of Advance Tax) | 27,96,683 | - |
| TOTAL | 29,30,879 | 1,27,278 |
| 8. NON CURRENT INVESTMENT | | |
| (Long Term Investments, Non quoted) | | |
| a) Trade Investments | | |
| In Equity Shares of Associate Companies | | |
| Unquoted, fully paid up | | |
| 20,60,000 Hindupur Vyapar Apparel Park of Rs. 10/- each [20,60,000] | 2,06,00,000 | 2,06,00,000 |
| 53,98,734 Beneficent Knowledge parks and properties ltd (53,98,734) of Rs. 10/- each | 28,58,18,127 | 28,58,18,127 |
| TOTAL | 30,64,18,127 | 30,64,18,127 |
| 9. LONG TERM LOANS AND ADVANCES | | |
| (Unsecured and Considered Good) | | |
| Advance Tax (Net of Provision) | - | 6,93,874 |
| Deposits with related parties | 48,90,000 | 48,90,000 |
| Other Deposits | 2,86,000 | 1,86,512 |
| Others | 35,00,785 | - |
| TOTAL | 86,76,785 | 57,70,386 |
| 10. DEFERRED TAX ASSETS (NET) | | |
| Deferred Tax Liability | | |
| On Depreciation | (40,734) | (4,500) |
| Deferred Tax Asset | | |
| Gratuity | 48,638 | 46,500 |
| Business loss | 11,77,19,996 | 12,37,61,117 |
| Unabsorbed Depreciation | 2,40,883 | 2,40,883 |
| TOTAL | 11,29,68,783 | 12,40,44,000 |



Note : 7

| Description | Gross Block | | Depreciation/Amortisation | | Net Block | |
|----------------------------------|------------------|--------------------|---------------------------|-----------------|--------------------|------------------|
| | As at 01/04/2011 | As at 31/03/2012 | For the Year | Upto 31/03/2012 | As at 31/03/2012 | As at 31/03/2011 |
| Tangible Assets | | | | | | |
| OWN ASSETS | | | | | | |
| Shop (Centaur Mercantile) | - | 5,65,04,739 | - | - | 5,65,04,739 | - |
| Land | 6,00,000 | 6,00,000 | - | - | 6,00,000 | 6,00,000 |
| Motor Car | - | 22,75,000 | 75,636 | - | 21,99,364 | - |
| Furniture & Fixtures | 1,52,276 | 1,52,276 | 7,153 | 1,19,870 | 32,407 | 39,569 |
| Computer & Printer | 1,91,500 | 80,045 | 19,436 | 1,44,071 | 50,809 | 37,629 |
| Air Condition & Office Equipment | 3,36,224 | 4,55,374 | 37,523 | 1,55,713 | 2,98,861 | 2,19,034 |
| TOTAL | 12,80,000 | 6,00,67,434 | 1,39,757 | 1,44,071 | 5,96,86,980 | 8,95,232 |
| Previous Year | 11,97,378 | 12,80,000 | 61,579 | 3,84,768 | 8,95,232 | 8,74,189 |



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| | | |
|--|---------------------|-----------------------|
| 11. INVENTORIES | | |
| Finished Goods (Yarn) | 1,28,86,823 | 8,41,19,523 |
| Finished Goods (Miscellaneous) | - | 39,34,207 |
| TOTAL | 1,28,86,823 | 8,80,53,730 |
| 12. TRADE RECEIVABLES | | |
| (unsecured and Considered Good) | | |
| Over six Months | 2,75,68,426 | 54,36,025 |
| Other | 2,05,13,866 | 2,98,66,641 |
| TOTAL | 4,80,82,292 | 3,53,02,666 |
| 13. CASH AND BANK BALANCE | | |
| Balance with Bank | 5,35,21,832 | 22,33,136 |
| Cash on Hand | 1,58,985 | 11,637 |
| Fixed Deposits with Bank | 44,05,273 | 43,72,579 |
| TOTAL | 5,80,86,090 | 66,17,352 |
| 14. SHORT TERM LOANS AND ADVANCES | | |
| (unsecured and Considered Good) | | |
| Prepaid Expenses | 43,309 | 39,047 |
| Advance to suppliers | 15,28,79,381 | 29,05,12,337 |
| Others* | 2,81,457 | - |
| TOTAL | 15,32,07,147 | 29,05,51,384 |
| *Includes primarily interest receivable on Fixed Deposit with banks. | | |
| 15. OTHER CURRENT ASSETS | | |
| New India Assurance Company | 5,032,720 | 50,32,720 |
| Miscellaneous Expenditure to the Extent not W/off | - | 53,18,019 |
| TOTAL | 50,32,720 | 1,03,50,739 |
| 16. REVENUE FROM OPERATIONS | | |
| Sales of Products | 77,83,07,038 | 1,19,19,79,799 |
| Less. Excise duty | - | - |
| TOTAL | 77,83,07,038 | 1,19,19,79,799 |
| Particulars of Sale of Products | | |
| | 2011-12 | 2010-11 |
| Particulars | | |
| Yarn | 77,83,07,038 | 1,19,19,79,799 |
| TOTAL | 77,83,07,038 | 1,19,19,79,799 |
| 17. OTHER INCOME | | |
| Discount | - | 1,92,604 |
| Interest on Fixed Deposit | 10,94,887 | 3,75,781 |
| Interest on Loan | - | 1,01,000 |
| Miscellaneous Income | 2,24,794 | 1,28,929 |
| Applicable profit on foreign currency transaction and translation | 91,90,293 | - |
| Interest on IT A/c (AY 2009-10) | 81,459 | - |
| SAD Refund (Custom Duty) | 92,30,840 | 1,86,05,505 |
| TOTAL | 1,98,22,273 | 1,94,03,819 |


NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012
18. CHANGE IN INVENTORIES OF FINISHED GOODS

| | | |
|-------------------------------|-----------------------------|------------------------------|
| Inventories (at close) | | |
| Finished Goods | 1,28,86,823 | 8,80,53,730 |
| Inventories (at commencement) | | |
| Finished Goods | 8,80,53,730 | 24,94,37,269 |
| TOTAL | <u>(7,51,66,907)</u> | <u>(16,13,83,539)</u> |

19. EMPLOYEE BENEFITS EXPENSE

| | | |
|------------------------|-------------------------|-------------------------|
| Salaries and wages | 31,93,644 | 28,95,783 |
| Staff welfare expenses | 43,200 | 95,462 |
| TOTAL | <u>32,36,844</u> | <u>29,91,245</u> |

20. FINANCE COST

| | | |
|--|------------------------|-------------------------|
| Interest Expenses | 8,24,655 | 14,72,857 |
| Applicable loss on foreign currency transactions and translation | - | 13,08,231 |
| TOTAL | <u>8,24,655</u> | <u>27,81,088</u> |

21. OTHER EXPENSES
Selling and Distribution Expenses

| | | |
|-----------------------------|----------------------|------------------------|
| Advertisement | 48,590 | 33,575 |
| Business Promotion Expenses | 46,462 | 5,56,288 |
| TOTAL | <u>95,052</u> | <u>5,89,863</u> |

Other Expenses

| | | |
|--------------------------|---------------------------|---------------------------|
| Bad Debts | 2,23,50,830 | 62,50,000 |
| Bank Charges | 89,656 | 30,49,359 |
| Charity & Donations | 25,000 | 30,500 |
| Derivative F&O Loss | - | 9,41,671 |
| Directors Remuneration | 36,30,000 | 36,30,000 |
| General Expenses | 26,28,442 | 89,93,236 |
| Import Expenses | 30,46,128 | - |
| Insurance | 1,45,125 | 1,27,748 |
| Loss on Sale of Computer | 14,429 | - |
| Motor Car Expenses | 9,05,262 | 5,79,051 |
| Misc. Expenditure W/off | 53,18,018 | 53,18,017 |
| Payment to Auditors | 6,96,350 | 4,96,350 |
| Packing Material | 37,972 | 83,477 |
| Professional Fees | 11,24,942 | 36,63,053 |
| Prior Period Expenses | - | 2,731 |
| Provision for Gratuity | 6,918 | 35,477 |
| Rates and Taxes | 46,908 | 73,303 |
| Rent | 56,51,000 | 60,96,000 |
| Sales Tax | 3,26,13,807 | 3,54,74,484 |
| Travelling Expenses | 23,48,018 | 25,32,469 |
| Transport Expenses | 16,63,750 | 26,63,041 |
| | <u>8,23,42,555</u> | <u>8,00,39,967</u> |
| TOTAL | <u>82,437,607</u> | <u>80,629,830</u> |



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

21.1 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF:

| | 2011-12 | 2010-11 |
|----------------|----------------|----------------|
| Stock in Trade | 38,51,55,492 | 86,59,98,296 |

21.2 PAYMENT TO AUDITOR AS:

| | 2011-12 | 2010-11 |
|----------------------|-----------------|-----------------|
| Statutory Audit Fees | 4,50,000 | 3,25,000 |
| Tax Audit Fees | 1,50,000 | 75,000 |
| Consultancy Fees | 96,350 | 96,350 |
| | <u>6,96,350</u> | <u>4,96,350</u> |

21.3 EXPENDITURE IN FOREIGN CURRENCY

| | 2011-12 | 2010-11 |
|-----------------------------|----------------|----------------|
| Import of Packing Materials | 31,51,17,570 | 86,59,98,296 |

22 EARNING PER SHARE (EPS)

| | 2011-12 | 2010-11 |
|---|----------------|----------------|
| Net Profit after tax as per statement of profit and loss attributable to Equity | | |
| i) Shareholders | 82,52,521 | 12,08,279 |
| Weighted Average number of equity shares | | |
| ii) used as denominator for calculating EPS | 1,08,95,000 | 1,08,95,000 |
| iii) Basis and Diluted earning per share | 0.76 | 0.11 |
| iv) Face value per equity share | 10 | 10 |

23 EARNING IN FOREIGN EXCHANGE

| | 2011-12 | 2010-11 |
|----------------------|----------------|----------------|
| FOB value of exports | NIL | NIL |

24 RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related party are given below
**List of related parties where share control exists and related parties with whom transactions
 i) have taken place and relationships:**

| Sr. No. | Name of the Related Party | Relationship |
|---------|--|--|
| 1. | Hindupur Vyapar Apparel Park | Associates |
| 2. | Beneficent Knowledge Parks and Properties Ltd. | |
| 3. | Mr. Abbas A. Rassai | Key Managerial Personnel |
| 4. | Mr. Hussain A. Rassai | |
| 5. | Mr. Akil A. Rassai | |
| 6. | Mr. Ramesh W. Lalwancy | |
| 7. | Mr. Parvez Master | |
| 8. | Mr. Hussain M. Cementwala | Enterprises over which Key Managerial Personnel are able to exercise significant influence |
| 9. | M/s. Noble Enterprises | |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012
ii) TRANSACTIONS DURING THE YEAR WITH RELATED PARTIES:

| Sr. No. | Nature of Transactions (Excluding reimbursements) | Associates | Key Managerial Personnel | Total |
|---------|--|-----------------|-----------------------------|--------------------|
| 1. | Salary | - | 36,30,000 | 36,30,000 |
| 2. | Rent | - | 56,51,000 | 56,51,000 |
| 3. | Interest on loan | 8,24,655 | - | 8,24,655 |
| | TOTAL | 8,24,655 | 92,81,000 | 1,01,05,655 |

25 CONTINGENT LIABILITIES AND COMMITMENTS

| Sr. No. | | As at 31st March 2012 | As at 31st March 2011 |
|---------|--|--------------------------|--------------------------|
| 1 | Guarantee in respect of SEZ unit | 2,21,19,676 | 2,21,19,676 |
| 2 | In respect of custom duty pending appeal | 23,30,000 | 23,30,000 |
| 3 | Service Tax Liability Pending appeal | 65,85,661 | 58,03,206 |
| | TOTAL | 3,10,35,337 | 3,02,52,882 |

- 26 Loss on account of damage stock amounts to Rs. 3,13,50,117/- (previous year Rs. 3,72,21,645/-) has been credited to purchase a/c and the loss actually suffered has been reflected in Profit & Loss after reducing sales proceeds from damaged stocks as Exceptional loss from ordinary activities which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period.

As per our reports of even Date

For and on behalf of Board

Salim A. Kantawala
Chartered Accountant

Abbas A. Rassai
Chairman

Salim A. Kantawala
Proprietor

Akil A. Rassai
Managing Director

Place : Mumbai
Date : 30 August, 2012

Anil Singla
Company Secretary

Hussain M. Cementwala
Director



Attendance Slip
VYAPAR INDUSTRIES LIMITED

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

Please fill attendance slip and hand it over at the entrance of the meeting hall.
Joint shareholders may obtain additional slip on request.

DP. ID*
Registered Folio
No.
Client ID*

Name and Address of the Shareholder : _____
No. of Share(s) held : _____

I hereby record my presence at the 27th Annual General Meeting of the Company held on Saturday, September 29, 2012 at 3.00 p.m. at 145, S.V. Road, Khar (W), Mumbai - 400 052.

Signature of the shareholder or proxy _____

*Applicable for investors holding shares in electronic form.

----- Tear Here -----

Proxy Form
VYAPAR INDUSTRIES LIMITED

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

DP. ID*
Registered Folio
No.
Client ID*

I/We _____
of being a member/members of Vyapar Industries Limited hereby appoint
_____ of _____ or failing him _____ of _____ as
my/our proxy to vote for me/us and on my/our behalf at the 27th Annual
General Meeting to be held on Saturday, September 29, 2012 at 3.00 p.m. or at any
adjournments thereof.

Signed this _____ day of _____ 2012
Place : _____

* Applicable for investors holding shares in electronic form.

Note : This form, 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 meeting. The proxy need not be a member of the Company.