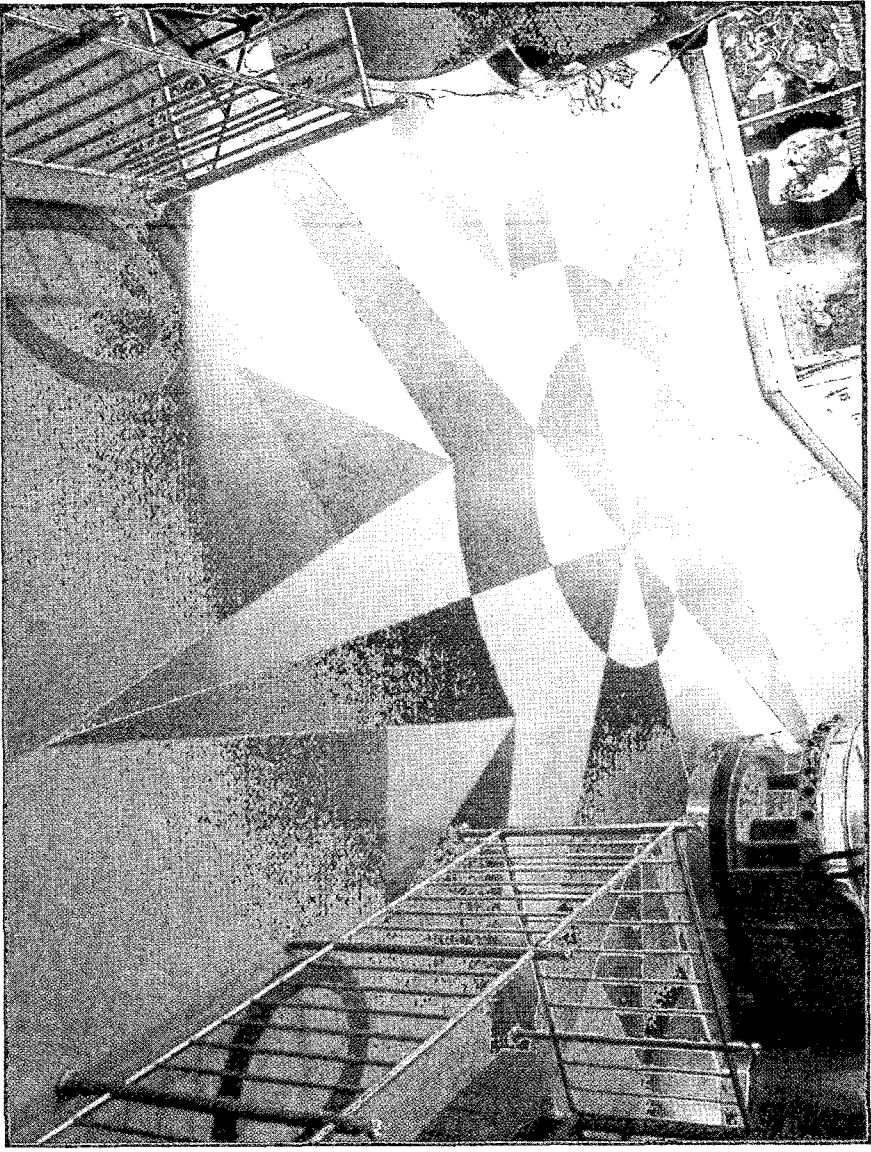




Royal Cushion Vinyl Products Limited



25th

ANNUAL REPORT

2008-2009



ROYAL CUSHION VINYL PRODUCTS LIMITED

BOARD OF DIRECTORS

- Shri M. K. Shah** - Chairman & Managing Director
Shri V. K. Shah - Executive Director
Shri A. V. Motasha
Shri D. A. Motasha
Shri M. A. Motasha - Executive Director
Shri J. A. Motasha

COMPANY SECRETARY

Shri H. K. Bijlani

AUDITORS

**M/s. CHANDRAKANT & SEVANTILAL
& J. K. SHAH & CO**

Chartered Accountants

301, Lalita Tower, Near Hotel Rajpath
Station Akota Road,

Vadodara 390 007

Tel: 0265-2353043/ 2353470

REGISTERED OFFICE

60 CD, Shlok, Govt.Ind. Estate,
Charkop, Kandivli (West),
Mumbai 400067

REGISTRAR & TRANSFER AGENTS

Mondkar Computers Pvt.Ltd.,

Unit: Royal Cushion Vinyl Products Ltd.,
21, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai 400 093

Tel : 28366620/ 28257641/62920

Fax : 28211996

BANKERS

Oriental Bank of Commerce

Standard Chartered Bank

The Saraswat Co-op.Bank Ltd

WORKS

Plot No.55, Village. GARADHIA

Taluka.Savli, Dist.Vadodara

Gujarat 391520

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ROYAL CUSHION VINYL PRODUCTS LIMITED

NOTICE

NOTICE is hereby given that the **25TH ANNUAL GENERAL MEETING** of the **Members** of **ROYAL CUSHION VINYL PRODUCTS LIMITED** will be held on **Tuesday, the 29th September, 2009, at 11.30 a.m.** at the Conference Room of **60 CD "SHLOK" Govt. Industrial Estate, Charkop, Kandivli (West), Mumbai 400 067**, for the purpose of transacting the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Profit & Loss Account for the financial year ended 31st March, 2009, the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
- To appoint a Director in place of Mr. Arvind V. Motasha who retires by rotation and being eligible, offers himself for re- appointment.

- To appoint a Director in place of Mr. Jayesh A. Motasha who retires by rotation and being eligible, offers himself for re- appointment.
- To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next ANNUAL GENERAL MEETING & to fix their remuneration , M/s. Chandrakant Sevantilal & J. K. Shah & Co, Chartered Accountant retiring Auditors are eligible for reappointment.

BY ORDER OF THE BOARD
For **ROYAL CUSHION VINYL PRODUCTS LTD.**

H. K. Bijlani
Gen. Manager Legal & Co. Secretary

Mumbai, 14th July, 2009
Registered Office
Shlok, 60 CD, Govt. Industrial Estate,
Charkop, Kandivli (West), Mumbai 400 067

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND & VOTE ON A POLL INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- The Register of Members and Share transfer books of the Company will remain closed from **Tuesday, the 15th September, 2009 to Thursday, the 17th September, 2009** (both days inclusive) for the purpose of annual book closure.
- Members are requested to notify any change in their address to the Company's registrar and share transfer agents at M/s. Mondkar Computers Private Limited, 21, Shakhil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093.
- Members desiring any information on the Accounts are requested to write to the Company at least one week before the Meeting so as to enable the management to keep the information ready at the Meeting.

- Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- As per the provisions of the Companies Act, 1956 facility for making nominations is available for Members in respect of the Shares, held by them. The members may take advantage of this amendment.
- The information details pertaining to the Directors retiring by rotation being eligible for re-appointment at the ensuing AGM are furnished as given below.

BY ORDER OF THE BOARD
For **ROYAL CUSHION VINYL PRODUCTS LTD.**

H. K. Bijlani
Gen. Manager Legal & Co. Secretary

Mumbai, 14th July, 2009
Registered Office
Shlok, 60 CD, Govt. Industrial Estate,
Charkop, Kandivli (West), Mumbai 400 067

Brief Resume of Directors proposed to be due to retire by rotation & being eligible to offer themselves for re-appointment. The details are as under:

Name	Mr. Arvind Motasha	Mr. Jayesh Motasha
Age	66 years	52 years
Nature of expertise	Commercial Matters	Finance
Name of Public Companies in which he holds Directorship	Nil	Nil
Name of companies in the committees of which he holds membership/chairmanship other than Royal Cushion Vinyl Products Ltd.	Nil	Nil

DIRECTORS' REPORT

To
**The Members of
 Royal Cushion Vinyl Products Limited,**

Your Directors have pleasure in presenting the 25th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2009.

1) FINANCIAL RESULTS:

(Rs.in Lacs)

Particulars	Current year ended 31.03.2009	Previous year ended 31.03.2008
Sales and operating income (includes changes in stocks)	5111	6715
Other Income	118	309
TOTAL INCOME	5229	7024
Total Expenditure	5260	6665
Profit/(loss) before interest and depreciation	(31)	359
Add: Finance & Bank Charges	1787	1185
Depreciation	808	801
Profit/(loss) before tax	(2626)	(1627)
Provision for fringe benefit tax	6	9
Profit/(Loss) after taxation	(2632)	(1636)
Prior year's expenses/(Income)	(9)	52
Bal. Brought forward from previous year	(38607)	(36919)
Balance carried forward to balance Sheet	(41230)	(38607)

2) PERFORMANCE:

The Company has achieved turnover of Rs.5111 lacs as against Rs. 6715 lacs in the previous year. The reduction in turnover is mainly due to overall slowdown in export and transport sector.

Arcil has taken over the debt from IDBI, BOI & Exim Bank. The company has submitted modified scheme to Arcil and the discussion is on. Further, the company has submitted Draft Rehabilitation Scheme to various bankers and the negotiation with these are in advance stage.

3) DIVIDEND:

In view of losses, the Board of Directors is unable to declare any dividend for the year 2008-2009.

4) STATUS WITH BIFR:

As reported in the earlier Annual Reports, the Company has been registered with BIFR since September, 2002. The IDBI, BOI, & EXIM Bank have transferred their debts to ARCIL. The company has already settled

entire dues of UBI under one time settlement and has initiated negotiation with rest of banks for One Time Settlement. On finalization of above, a Draft Rehabilitation Scheme (DRS) for the company will be recommended for approval to the Hon'ble BIFR. The matter is actively followed up.

5) FIXED DEPOSITS:

The Company has not received any deposit from Public during the year.

6) PARTICULARS OF EMPLOYEES:

Provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules 1975, are not applicable to the Company.

7) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plant and machinery, equipments and other assets and also for the sale of goods.

8) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/IND. RELATIONS FRONT.

The Company has cordial industrial relations at all levels during the year under review.

9) DIRECTORS:

Shri. Arvind V. Motasha and Shri Jayesh A. Motasha, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their reappointment. (Details are furnished under Notice).

Members are aware that at the 24th A.G.M held on 27th September, 2008 duly approved the re-appointment of Mr. Mahesh K.Shah (Managing Director), Mr. Vinod K.Shah (Executive Director) & Mr. Mukesh A. Motasha (Executive Director) for a period of 3 years w.e.f. 1.4.2008 to 31.3.2011) on a remuneration + perquisites subject to approval of Central Govt.). The Company has made an application to Central Govt. on 19.7.2008, 05.02.2009 respectively. The Company has received approval of Central Govt. for re-appointment of Mr. Mahesh K. Shah as Managing Director w.e.f 01.04.2008 to 31.3.2011 vide letter dt. 27.01.2009 & 22.06.2009 respectively. As regards approval of Mr. Vinod K. Shah & Mr. Mukesh A. Motashá, the same is under consideration of Central Govt. The Company has paid remuneration to Mr. Vinod K.Shah & Mr. Mukesh A Motasha on the existing approval of Central Govt. vide letter

dt. 05.05.2005. The Company Secretary is following with the Dept. for its approval.

10) DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2009 the applicable accounting standards/practices had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the accounts for the financial year ended 31st March, 2009 on a going concern basis.

11) CORPORATE GOVERNANCE:

A separate reports on Corporate Governance is annexed hereto as Annexure "A".

12) PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

The particulars of energy conservation, technology absorption and foreign exchange earning and outgo, as applicable to the Company are as per Annexure "B" attached to the report.

13) AUDITORS' REMARKS & APPOINTMENT:

As regards the remarks in the Auditor's Report, please refer to the Notes forming Part of the Accounts which are self-explanatory. M/s. Chandrakant & Sevantilal & J.K.Shah & Co., Chartered Accountants, Baroda will retire as Auditors at the ensuing Annual General Meeting and are eligible for re-appointment.

You are requested to appoint Auditors.

The Company has received a letter from them to the effect that their re-appointment, if made would be within the limits specified under Section 224(1B) of the Companies Act, 1956.

14) ACKNOWLEDGEMENT:

The Directors wish to place on record their appreciation for the co-operation and support received from Financial Institutions, Banks, BIFR, Customers and other Government agencies. Your Directors place on record their appreciation for the services rendered by Employees during the critical period of the Company.

On Behalf of the Board of directors
For **ROYAL CUSHION VINYL PRODUCTS LIMITED**

Place: Mumbai **MAHESH K. SHAH**
Date: 14th July, 2009 *Chairman & Managing Director*

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT:

The company is primarily engaged in manufacturing of PVC Vinyl Floorings, which are used in homes, offices, shops, health clubs, hotels, schools, railways, buses etc. The company has developed various high value added and Technical products for the transport application, mainly for railway and buses. The sales during the year to this sector were significantly lower compared to last year due to recession. The company is supplying these products to Tata Motors, Ashok Leyland, Volvo, Tata Marcopolo etc.

The Railway has upgraded the quality of vinyl flooring and the company got an opening for supply. Recently, we had developed a very high technical product which is to replace the existing aluminum chequered plates used in Mail trains and local trains. This product is technically very superior compared to aluminum-chequered plates. We expect that in coming year the company will be able to get substantial order for these products.

OPPORTUNITIES AND THREATS:

The company is a market leader in PVC vinyl flooring segment, particularly high technical products for transport and railway. In the later part of last financial year after the recession, the government has given substantial focus on revival of infrastructure and has launched Jawaharlal Nehru National Urban Renewal Mission (JNNURM). This scheme provides for subsidy to State government for replacement of buses. The company already have the product required as flooring for these buses in its product range and currently it is being supplied to all major bus body builders. The new buses coming under this scheme will give substantial boost to the company's sale to the transport sector.

The company has also developed product for commercial area for high traffic and safety floor. However, these are yet to be launched due to lack of working capital.

The lower end of vinyl flooring market has a tough competition from cheap imports including local market. Hence, the company is shifting its focus to high value added technical products.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

The Company's prime business is manufacture of PVC Vinyl floorings and therefore, there are no separate segments.

OUTLOOK:

With the introduction of high value added products for the transport and railway segment, the Company is optimistic about its growth in the coming years. However Working Capital is a constraint.

RISKS AND CONCERNS:

The main cause of concern is lower import duty on finished products. Cheaper imports of finished product are likely to impact margins of these products. The company is focusing on shifting the product mix towards the high end product for better realization.

As reported in last year's Annual Report, the Company is currently referred to BIFR. The ability of the Company at this stage to obtain working capital is a concern. Once the company's debt is restructured, the situation shall improve. Besides the competition between the unorganized sector & higher duties in VAT, etc. increased in prices of major raw materials causes a concern. Due to non availability of working capital limits from banks, the company performance will affect.

REPORT ON CORPORATE GOVERNANCE

(Annexure "A" forming part of Directors' report in terms of clause 49 of the listing agreement)

Corporate Governance

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the company's objective of enhancing shareholder value and discharge of social responsibility. The Corporate Governance Structure in the company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees etc.

1. Brief statement on company's philosophy on code of Corporate governance.

The Company will endeavor to continuously earn trust and respect of the Members, lenders and other stake holders, over a sustained period of time. Providing adequate information to the shareholders, effective control and management of Organisation with commitment for its growth.

2. Board of Directors

As on 31st March, 2009 the Board comprises three Executive Directors and three Non Executive Directors.

During the year 2008-09 the Board met 6 times on the following dates, namely 28th April, 2008, 30th June, 2008, 4th August, 2008, 22nd August, 2008, 31st October, 2008 & 30th January, 2009.

The attendance of each Director at the Board Meeting & the last AGM was as follows:

Sr. No.	Name of the Director	Category of Director	No. of Board	Attended Last AGM	Other Directorship	Sitting Fees	Committee Membership	Committee Membership Chairmanship
1.	Mr. Mahesh K. Shah	Executive, Promoter	6	Yes	9	-	Nil	Nil
2.	Mr. Vinod K. Shah	Executive, Promoter	6	No	12	-	Nil	Nil
3.	Mr. Arvind V. Motasha	Non-Executive, Promoter	6	No	10	-	2	1
4.	Mr. Deepak A. Motasha	Non-Executive, Promoter	3	No	5	-	3	Nil
5.	Mr. Mukesh A. Motasha	Executive, Promoter	5	Yes	4	-	Nil	Nil
6.	Mr. Jayesh A. Motasha	Non-executive, Promoter	6	Yes	10	-	1	2

As the company is under BIFR (Sick Company), the management was unable to attract and induct Professional and Independent Directors to meet the requirements of Clause 49 of the Listing Agreement. This fact has been reported to the Stock exchanges.

3. Audit Committee

The Audit Committee comprises 3 Non-Executive Directors and Company Secretary act as Secretary of the Committee. During the year 2008-09, the Audit Committee held 4 meetings on 30th June, 2008, 4th August, 2008, 31st October, 2008 & 30th January, 2009. The role and terms of reference of the Audit Committee are stipulated under clause 49 of the Listing Agreement and Section 292A of Companies Act, includes overseeing financial reporting process reviewing with the management & financial statement.

The Composition and other particulars of the attendance of the members of the committee held during the year are as under

Sr. No.	Name of the Member	Meeting Attended
1.	Mr. Jayesh A. Motasha – Chairman	4
2.	Mr. Arvind V. Motasha – Member	4
3.	Mr. Deepak A. Motasha – Member	3

Mr. H. K. Bijlani, Company Secretary acts as a Secretary of the Committee.

4. Shareholders' / Investors' Grievance Committee:

- (i) Composition - The Committee comprises Three Non-Executive Directors with Company Secretary of the Company to act as the compliance officer. During the year it held 4 Meetings on 30th June, 2008, 4th August, 2008, 30th October, 2008 & 30th January, 2009. All members of the committee attended the above meetings.
- (ii) Investors' complaints received and resolved during the year : The Company has received 6 complaints from investors and all have been resolved during the year. There were no major share transfers pending for registration for more than 30 days as on 31.03.2009.

5. Remuneration Committee:

The Remuneration Committee consist of three Non Executive Directors namely Mr. Jayesh A. Motasha, Mr. Arvind V. Motasha and Mr. Deepak Motasha. Broad terms of reference of Remuneration committee included recommendation to the Board towards salary/perquisites payable to the Managing Director / Whole time Directors. During the year i.e. 29th April, 2008 meeting was held for re-appointment of Mr. Mahesh K. Shah (Managing Director), Mr. Vinod K. Shah, (Executive Director) & Mr. Mukesh A. Motasha (Executive Director) on a remuneration + perquisites (subjects to approval of Shareholders and Central Government).

Details of Remuneration paid for the year 2008-09 are as under:

(Rs.in Lacs)

Sr. No.	Name	Salary	Perquisites
1.	Mr. Mahesh K. Shah	4.50	1.09
2.	Mr. Vinod K. Shah *	2.98	2.24
3.	Mr. Mukesh A. Motasha *	2.98	3.09

* subject to approval of Central Govt. Application is pending for approval.

Notice period for termination of appointment of Managing/ Executive Directors is three months on either side. Presently the Company does not have a scheme for grant of stock options either to the Executive Directors or employees.

No sitting fees is paid to any of the Directors for attending Board Meetings/ Audit Committee / Shareholders' grievance committee/ Investor Grievance Committee or Remuneration Committee as our Company is under BIFR.

6. Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all Board Members and senior Management of the Company. The Board Members and senior Management personnel have affirmed their compliance with the Code of Conduct for the year under review. Declaration to this effect signed by the CFO has been obtained.

7. General Body Meetings:

The details of the last three Annual General Meetings of the Company were held as under

Year	2005-06	2006-07	2007-08
Date	25.09.2006	27.09.2007	27.09.2008
Time	11:30 a.m.	11.30 a.m.	11.30 a.m
Venue	5D Banquets, Samruddhi Commercial Complex, Opp. Magnus Tower, Chincholi Bunder Road, Off.Link Road, Malad (West), Mumbai 400 064	Company's Registered Office 60 CD, Shlok, Govt. Ind. Estate, Charkop Kandivli (West), Mumbai 400 067.	Company's Registered Office at 60 CD, Shlok, Govt. Ind. Estate, Charkop Kandvli (W), Mumbai - 400 067.

* SPECIAL RESOLUTIONS: * No special resolutions were put through Postal Ballot last year.

Mr. H. K. Bijlani, Company Secretary is Compliance Officer.

The functions and powers of the Shareholders/Investors Grievance Committee include review and redressal of complaints received from Shareholders relating to transfers, non-receipt of balance sheet, etc.

Number of shareholders complaints received during the year	- Six
Number of Complaints solved to the satisfaction of shareholders during the year	- Six
Number of pending Complaint as on 31.03.09	- Nil
Number of Share Transfer pending for approval as at 31.03.09	- Nil

8. Disclosures

- a. The Company has not entered into any material significant transactions with its promoters, directors or the management or relatives etc. that may have potential conflict with the interest of the Company at large during the year.
- b. The Company has complied with the requirements of the regulatory authorities on matters related to capital markets and no penalties/strictures have been imposed against the Company by Stock Exchange or SEBI or any Statutory authority during the last three years.

9. Means of Communication

The quarterly Unaudited and Audited yearly results were published in Free Press Journal (English) & Navshakti (Marathi) newspapers.

The Management Discussion and Analysis Report has been covered in Director's Report

10. General Shareholder information

A. Annual General meeting

Date and Time	29th September, 2009 at 11.30 A.M.
Venue	At Conference Room of 60 CD "SHLOK" Govt. Ind. Estate, Charkop, Kandivli (West), Mumbai 400 067

B. Financial Calendar

Financial Reporting for 1 st Quarter ending 30 th June, 2009	On or before the 30 th July, 2009
Financial Reporting for 2 nd Quarter ending 30 th Sept, 2009	On or before the end of October, 2009
Financial Reporting for 3 rd Quarter ending 31 st Dec, 2009	On or before the end of January, 2010
Audited Results for the year ending March, 2010	On or before the end of June, 2010

C. Date of Book closure

Beginning Tuesday, the 15th September, 2009 to Thursday, the 17th September, 2009 (both days inclusive)

D. Dividend payment date

Not applicable

E. Listing on Stock Exchanges

Bombay Stock Exchange Ltd.

F. Stock Code

Bombay Stock Exchange Ltd.,
Mumbai : 526193

Demat ISIN No. CDSL & NSDL: INE618A01011

G. Market price data High, Low Market price on Bombay Stock Exchange during each month of the financial year.

Month	Price		
	High (Rs.)	Low (Rs.)	Total No. of Shares Traded
April' 2008	11.97	10.30	8680
May' 2008	12.61	10.02	11147
June' 2008	12.00	10.22	2409
July' 2008	11.76	9.56	584
August' 2008	12.27	10.31	6599
September' 2008	12.25	9.15	2705
October' 2008	12.15	9.32	3079
November' 2008	11.09	10.58	2400
December' 2008	11.00	8.98	560
January' 2009	8.54	5.32	46595
February' 2009	5.76	4.32	60581
March' 2009	4.89	3.55	7246

H. Address for correspondence
a. Registrar and Share Transfer Agent
M/s. Mondkar Computer Private Limited

21, Shakil Niwas, Mahakali Caves Road, Andheri (East) Mumbai 400 093.

Tel No. 022- 28366620/ 28257641/28262920

b. Company's Share Department and compliance officer for Investor Grievance Redressal:
Mr. H. K. Bijlani is the Company Secretary and compliance officer and will be available at the following Registered Office address:

Royal Cushion Vinyl Products Limited.

60 CD " SHLOK" Government Ind. Estate, Charkop, Kandivli (West), Mumbai 400 067

Tel No. 022-32655828 / 28603516, Fax No. 022-28603565

I. Share Transfer System

M/s. Mondkar Computers Private Limited has been the Registrar & Transfer Agents of the Company. The share transfers which are received in physical form are processed in the cycle of 15 days and the share certificates are returned within 30 days from the date of receipt, subject to the documents being valid and complete in all respect. The power to Share Transfer has been delegated to Registrar and Transfer Agents.

Demat requests are processed and completed within an average period of 15 days from the date of receipt provided they are in order.

J. Distribution of shareholding as on 31st March, 2009

Range No. of equity shares	No. of Shareholder	%	No. of Shares	%
Upto 500	3001	84.13	560767	4.65
501 – 1000	251	7.04	199194	1.65
1001 – 2000	121	3.39	183785	1.52
2001 – 3000	48	1.35	120043	0.99
3001 – 4000	20	0.56	68951	0.57
4001 – 5000	24	0.67	114386	0.95
5001 – 10000	31	0.87	219527	1.82
10001 and above	71	1.99	10600559	87.85
TOTAL	3567	100	12067212	100.00

K. Shareholding pattern as on 31.03.2009

Category	No. of Shares	Percentage of Shareholding
Promoters (Including Foreign Promoters)	7243769	60.03
Mutual Fund & UTI	5400	0.04
Banks, Financial Institutions, etc.	1576630	13.07
Private Corporate Bodies	490076	4.06
NRIs	46653	0.39
Indian Public	2704684	22.41
Grand Total	12067212	100.00

L. Dematerialisation of shares and liquidity

 70,04,594 (58.04%) of Equity Shares of Rs. 10/- each have been dematerialised as on 31st March, 2009

11. CFO CERTIFICATION:

As required under clause 49V of the listing agreement with the stock exchange, the Chief Financial Officer of the Company have certified to the board regarding the financial statements for the year ended 31st March, 2009.

12. COMPLIANCE

A Certificate has been obtained from the Statutory Auditor of the Company regarding Compliance of conditions of Corporate Governance & is attached to this report.

On Behalf of the Board of directors
For **ROYAL CUSHION VINYL PRODUCTS LIMITED**

MAHESH K. SHAH
Chairman & Managing Director

Place: Mumbai
Date: 14th July, 2009

ANNEXURE "B" TO THE DIRECTORS' REPORT

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUT GO:

1. CONSERVATION OF ENERGY

ENERGY CONSERVATION MEASURE TAKEN:

- Banbury III hydraulic power pack, Accumulator installed to rest the hydraulic pump motor, which was running continuously.
- Capacitor bank capacity increase to improve power factor from 0.94 to 0.97
- Conventional 3 Ø motor replaced by energy efficient motor for feed pump of steam boiler.
- Office lighting conventional 40 watt tube lights were replaced by 12 Watt CFL.

2. TECHNOLOGY ABSORPTION:

A) R & D was specifically carried out in designing & developing new products:

- For railway a special product SONATA SUPER for replacement of aluminum chaquered plate for Metro & suburban trains. This product has excellent wear resistance & Antiskid properties.
- The product ROYAL CLASSIC SUPER with designer look has print & chips below transparent wear layer was developed.
- New product for Railway with less dust pick up in BEIGE colour for AC coaches was developed with different embossing.
- As per industry requirement "ECO-PLUS - 3.0 MM" developed for HREC buses.

- "ALTIS " - New printing designs developed & introduced in printed flooring range.
- For railway foam back product of 4.0 & 6.0mm was developed meeting present fire resistance requirement. This product have sound reduction characteristics of minimum 16 dB. And excellent thermal resistance.

B) FUTURE PLANS:

- To increase share by introducing new designs and colour range in local product.
- To export commercial product in European market for bus flooring and domestic application.

3. FOREIGN EXCHANGE EARNING AND OUTGO:

(Rs. In Lacs)

Sr.	Particulars	Current Year ended on 31-3-09	Previous Year ended on 31-3-08
1	Fob value of Export	Nil	Nil
2.	Foreign exchange outgo	574.21	1784.20
	Import of Raw material		
	Stores & Spares	5.88	49.47
	Foreign Travels	5.74	7.08

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
ROYAL CUSHION VINYL PRODUCTS LIMITED
MUMBAI

We have examined the compliance of conditions of Corporate Governance by **ROYAL CUSHION VINYL PRODUCTS LIMITED** ("the Company") for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement,

except that the number of independent directors in the Board of Directors was lower than 50 percent of the total strength of the Board of Directors as also the number of independent directors in the Audit Committee did not have majority under the sub-clause 1(A) of Clause 49 of the Listing Agreement.

We state that no investor grievance(s) is pending for a period exceeding one month as on 31st March, 2009 against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

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

FOR CHANDRAKANT & SEVANTILAL & J.K.SHAH & CO.,

Chartered Accountants

(H.B.SHAH)

Partner

Place : Vadodara
Date : 14th July, 2009

Membership No. 16642

AUDITOR'S REPORT

We have audited the attached Balance Sheet of **ROYAL CUSHION VINYL PRODUCTS LIMITED**, as at 31st March, 2009 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those 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 disclosure 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, for we believe that our audit provides a reasonable basis for our opinion.

1) As required by the Companies (Auditors' Report) order, 2003 as amended by Companies (Auditor's Report) (Amendment) order, 2004 (together 'the order') issued by the Central Government of India in terms of sub-section (4A) of section-227 of the Companies Act, 1956, and on the basis of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

2) FURTHER AND SUBJECT TO OUR COMMENTS IN THE ANNEXURE REFERRED TO IN PARAGRAPH 1 ABOVE

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- b) **In our opinion, Subject to treatment of certain expenses as deferred revenue expenditure, non-provision for Gratuity liability and non ascertainment and non accounting of impairment loss in respect of its Assets of Unit – III, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.**
- c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
- d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009

from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- e) In our opinion the Balance Sheet, Profit and Loss Account, and the Cash Flow Statement dealt with by this report comply with the other Accounting Standards as referred to in the Section 211(3C) of the Companies Act, 1956 and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subjects to:
 - i) **Non compliance of Accounting Standard 26 " INTANGIBLE ASSETS " by treating certain expenditure as deferred revenue expenditure. (Refer Note No. 5)**
 - ii) **Non disclosure of amount(s) owned to small scale industrial undertakings (Refer Note No. 6)**
 - iii) **Non reconciliation of accounts and balances in respect of Loans from Banks / Financial Institutions. (Refer Note No. 11)**
 - iv) **Non provision for Gratuity liability as required by Accounting Standards 15 'Employee Benefits'. (Refer Note No. 17)**
 - v) **Non-ascertainment and non accounting of impairment loss of Assets of Unit – III as required by Accounting Standard 28 'Impairment of Assets'. (Refer Note No. 18)**

and read with the other notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) in the case of the Balance Sheet of the state of affairs, of the Company as at 31st March, 2009 and;
- ii) in the case of the Profit and Loss Account of the Loss for the year ended on that date.
- iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

FOR CHANDRAKANT & SEVANTILAL & J.K.SHAH & CO.,
Chartered Accountants

(H.B.SHAH)
Partner

Place : Vadodara
Date : 14th July, 2009

Membership No. 16642

**ANNEXURE TO THE AUDITORS' REPORT ON THE ACCOUNTS OF
ROYAL CUSHION VINYL PRODUCTS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2009.**

(Referred to in Paragraph 1 thereof)

1. a) The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets but, they need to be updated so as to include in the said register the addition made during each year as also allocation of the expenses capitalised to the relevant items of Fixed Assets and yearwise depreciation provided in respect of each Asset.
- b) As informed, the Fixed Assets have not been physically verified by the management, during the current year. Accordingly, discrepancies, if any, cannot be ascertained and reported.
- c) There has not been any substantial disposal of fixed assets during the year.
2. a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of Inventory (excepting inadequate/no prescribed procedure for identification and determination of non-moving, slow moving and/or unusable or non saleable items of stocks) followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
3. a) The Company had taken unsecured loan from Eight companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1029.40 Lacs and the year end balance of loans taken from such companies was Rs. 1029.40 Lacs. The company has granted unsecured loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 15.55 Lacs and the year end balance of loan granted to such company was Rs.15.55 Lacs.
- b) In our opinion, the rate of interest, where applicable, and other terms and conditions on which loans have been taken from/granted to Company, listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the Company except interest free advance in the nature of loan given to the Company during the year aggregating to Rs. 15.55 Lacs (Rs.15.55 lacs receivable at the end of the year).
- c) The Company is regular in repaying the principal amounts wherever stipulated and has been regular in the payment of interest wherever stipulated.
4. In our opinion and according to the information and explanations given to us, having regard to the fact that certain items purchased/sold are of unique and special nature and suitable alternative sources do not exist to obtain comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have neither observed nor have been informed of any continuing failure to correct major weaknesses in internal controls.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need 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, having regard to the fact that certain items purchase/sold are of unique and special nature and suitable alternative sources do not exist to obtain comparative quotations, the transactions made in pursuance of contracts or arrangements entered into the register in pursuance to Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 Lacs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time and at the prices at which the transactions for similar goods have been made with other parties.
6. During the year the Company has not accepted any deposits to which the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder would apply.
7. The Company does not have an Internal Audit System.
8. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

9. a) According to the records of the Company, the Company is generally not regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax deducted at source, Sales tax, Customs Duty, Cess and other statutory dues applicable to it with the appropriate authorities.
- b) According to the information and explanations given to us, undisputed amounts payable in respect of Wealth tax, Custom Duty, Sales tax, Excise Duty, Fringe Benefit Tax etc which have remained outstanding as at 31st March, 2009 for a period of more than six months from the date they become payable are as under:

Name of the Statute	Nature of the dues	Amount (Rs.)
Customs Act, (Refer Note No.8)	Custom Duty for the various years	58,01,09,316
Sales Tax Act	CST for the year ended 31/03/05 Local Sales Tax for the year 2008-2009	3,16,900 22,75,360
Income Tax	Fringe Benefit Tax for the quarter ended 30/09/08 For the year 2007-2008	3,17,667 8,44,149
Provident Fund	For the year 2008-2009	16,70,172

- c) According to the information and explanations given to us there are no dues outstanding in respect of Sales tax, Income tax, Customs duty, Wealth tax, and Cess on account of any dispute except the following disputed amount in respect of:

Name of the Status	Nature of Dues	Amount (Rs.)	Forum where dispute is pending
The Central Excise Act.	Excise Duty	117.58 Lacs	High Court, Mumbai
The Central Excise Act.	Excise Duty	28.35 Lacs	Appellate Tribunal, Mumbai
The Income Tax Act	Income Tax	17.24 Lacs	CIT (Appeal)

10. The accumulated losses of the Company as at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current financial year and in the immediately preceding financial year.
11. The company has defaulted in repayment of dues to the Financial Institution and Banks for the period exceeding Five years. The total amount due (including interest payable) to the Financial Institutions and Banks as on 31/03/2009 is about Rs. 125.90 Crores as per the books of account of the Company. The Company has not issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not carrying on the chit fund business, hence, the provisions of any special statute applicable to chit fund are not applicable.
14. The Company is not dealing in or trading in shares, securities, debentures or other investments.
15. In our opinion and according to the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
16. The Company has not raised any term loans from any party during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments. No long-term funds have been used to finance short-term assets.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. There are no debentures issued and outstanding during the year.
20. During the year, the Company has not raised money by public issue.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

FOR CHANDRAKANT & SEVANTILAL & J.K.SHAH & CO.,
Chartered Accountants

(H.B.SHAH)
Partner

Place : Vadodara
Date : 14th July, 2009

Membership No. 16642

BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	120,672,120	120,672,120
Share Application Money		78,915,000	78,915,000
Reserves & Surplus	B	728,408,311	728,408,311
		927,995,431	927,995,431
LOANS FUNDS			
Secured Loans	C	1,862,272,490	1,870,322,810
Unsecured Loans	D	509,242,667	497,499,027
		2,371,515,157	2,367,821,837
TOTAL....		<u>3,299,510,588</u>	<u>3,295,817,268</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	1,790,690,343	1,790,299,424
Less: Depreciation		1,034,089,546	954,169,118
		756,600,797	836,130,306
INVESTMENTS			
	F	2,034,340	2,085,564
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	161,081,749	169,770,534
Sundry Debtors	H	31,515,078	64,691,671
Cash & Bank Balances	I	2,804,767	12,977,897
Other Current Assets	J	782,108	364,778
Loans & Advances	K	60,023,521	67,462,794
		256,207,223	315,267,674
Less: Current Liabilities and Provisions			
Current Liabilities	L	1,266,445,584	1,190,125,930
Provisions	M	583,089,159	545,612,675
		1,849,534,743	1,735,738,605
NET CURRENT ASSETS (LIABILITIES)			
Miscellaneous Expenditure (to the extent not written off or adjusted)	N	(1,593,327,519)	(1,420,470,931)
Profit and Loss Account (as per annexed accounts)		11,242,641	17,422,622
		4,122,960,329	3,860,649,707
TOTAL....		<u>3,299,510,588</u>	<u>3,295,817,268</u>
Significant Accounting Policies and Notes on Accounts	X		

As per our report of even date

For **CHANDRAKANT & SEVANTILAL
& J. K. SHAH & CO.**
Chartered Accountants

(H.B.SHAH)
Partner

VADODARA.
DATE: 14th July, 2009

MUMBAI
DATE: 14th July, 2009

For **ROYAL CUSHION VINYL PRODUCTS LTD.**

M.K.SHAH
Chairman & MD

J.A.MOTASHA
(Director)

H.K. BIJLANI
(Company Secretary)



ROYAL CUSHION VINYL PRODUCTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
INCOME			
Sales & Operating Income	O	511,134,244	692,296,894
Other Income	P	11,758,457	30,900,442
		522,892,701	723,197,336
Change in stocks	Q	(29,350)	(20,796,203)
Total Income.....		522,863,351	702,401,133
EXPENDITURE			
Raw materials consumed	R	353,113,456	461,230,201
Manufacturing Expenses	S	88,225,045	98,376,650
Employees Cost	T	45,291,048	48,530,960
Administrative, Selling & other expenses	U	39,375,339	58,319,116
Finance & bank charges	V	178,704,567	118,457,270
Depreciation		80,758,955	80,184,989
Total Expenditure		785,468,410	865,099,186
Loss before Tax		262,605,059	162,698,053
Provision for Fringe Benefit Tax		628,867	844,149
Loss after Tax		263,233,926	163,542,202
Prior years (Net of Income / Expenses)	W	(923,304)	5,245,558
		262,310,622	168,787,760
Loss Brought Forward from Previous Year		3,860,649,707	3,691,861,947
Balance Loss carried to Balance Sheet		4,122,960,329	3,860,649,707
Earning Per Share:			
Basic / Diluted EPS Rs.		(21.74)	(13.99)
Significant Accounting Policies and Notes on Accounts	X		

As per our report of even date

For **CHANDRAKANT & SEVANTILAL
& J. K. SHAH & CO.**
Chartered Accountants

(H.B.SHAH)
Partner

VADODARA.
DATE: 14th July, 2009

For **ROYAL CUSHION VINYL PRODUCTS LTD.**

M.K.SHAH
Chairman & MD

J.A.MOTASHA
(Director)

H.K. BIJLANI
(Company Secretary)

MUMBAI
DATE: 14th July, 2009

SCHEDULES A TO N AND X FORMING PART OF THE BALANCE SHEET

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE A: SHARE CAPITAL		
AUTHORISED:		
30,000,000 (Previous year 30,000,000) equity shares of Rs 10 - each	<u>300,000,000</u>	<u>300,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP:		
12,067,212 (Previous Year 12,067,212) equity shares of Rs10/- each fully paid up of the above shares:	<u>120,672,120</u>	<u>120,672,120</u>
a) 259,072 (P.Y. 259,072) Equity Shares of Rs.10/- each are allotted as fully paid, without payments being received in cash		
b) 4,600,000 (P.Y. 4,600,000) Equity Shares of Rs.10/- each are allotted as fully paid up by way of bonus shares by Capitalisation of		
General Reserve Rs. 15,798,821/-		
Share Premium Rs. 10,168,919/-		
Capital Reserve Rs. 5,737,150/-		
and balance in		
Profit and Loss Account Rs. 14,295,110/-		
c) Out of 259,072 equity shares 7,212 shares (P.Y.7,212) are allotted as fully paid up pursuant to the scheme of amalgamation.)		
	<u>120,672,120</u>	<u>120,672,120</u>
SCHEDULE B: RESERVES & SURPLUS		
CAPITAL RESERVE:		
Balance as per last Balance Sheet	<u>649,080</u>	<u>649,080</u>
INVESTMENT ALLOWANCE RESERVE:		
Balance as per last Balance Sheet	<u>4,534,000</u>	<u>4,534,000</u>
SHARE PREMIUM ACCOUNT:		
Balance as per last Balance Sheet	<u>723,225,231</u>	<u>723,225,231</u>
	<u>728,408,311</u>	<u>728,408,311</u>
SCHEDULE C: SECURED LOANS (Refer Note No.11)		
TERM LOANS		
From Banks / Institutions:		
Industrial Development Bank of India	<u>1,257,545,415</u>	<u>1,257,545,415</u>
(Including interest accrued & due Rs. 10169.61 Lacs P.Y. Rs. 10169.61 Lacs)		
Bank of India	<u>150,717,884</u>	<u>150,717,884</u>
Saraswat Co-Op Bank Ltd.	<u>81,479,490</u>	<u>81,479,490</u>
(Including interest accrued & due Rs. 354.51 Lacs P.Y. Rs. 354.51 Lacs)		
Exim Bank	<u>18,272,560</u>	<u>18,272,560</u>
	<u>1,508,015,349</u>	<u>1,508,015,349</u>
Working Capital Term loan:		
Saraswat Co-op Bank Ltd.	<u>9,830,277</u>	<u>9,830,277</u>
(Including interest accrued & due Rs. 48.80 Lacs P.Y. Rs. 48.80 Lacs)		
Bank of India	<u>58,000,000</u>	<u>58,000,000</u>
	<u>67,830,277</u>	<u>67,830,277</u>
Other Term Loan From Banks / Institutions	<u>36,097,521</u>	<u>36,380,945</u>
(Including interest accrued & due Rs. 46.28 Lacs (P.Y. Rs.46.50 Lacs)		
(Total Installment Payable within one year Rs. 4439.00 lacs		
Previous Year Rs. 3021.93 lacs)		
WORKING CAPITAL LOANS:		
From Banks		
Cash Credit Facility / Demand Loan	<u>203,246,125</u>	<u>211,013,021</u>
Packing Credit Facility	<u>47,083,218</u>	<u>47,083,218</u>
	<u>250,329,343</u>	<u>258,096,239</u>
	<u>1,862,272,490</u>	<u>1,870,322,810</u>

... Term Loans from Industrial Development Bank of India, Bank of India, Saraswat Co-operative bank and Exim Bank are secured by way of first charge ranking pari - Passu on all movable and immovable properties, present and future subject to the prior charge on specified movable created / to be created in favour of Bankers, by way of security for borrowings for working capital and further secured by personal guarantees of Promoters / Directors of the Company.

... Other Secured Term Loans (Including hire purchase loan) from Banks / Institutions are secured by hypothecation of respective machineries, equipments / vehicles and collateral security and personal guarantees of the Directors, wherever required as per the letter of sanction.

... Working Capital Loans from banks are secured by hypothecation of Raw material, Semi-Finished and Finished Goods and personal guarantees of Promoters / Directors and Collaterally secured by way of second charge ranking Pari-Passu with the other consortium Banks, over the entire Fixed Assets of the Company.

As at
31.03.2009
Rs.

As at
31.03.2008
Rs.

SCHEDULE D: UNSECURED LOANS

TERM LOANS: (Refer Note No.11)

From banks	400,302,443	388,558,802
From Others	108,940,224	108,940,225
	509,242,667	497,499,027

SCHEDULES FORMING PART OF ACCOUNTS:

SCHEDULE E: FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2008 (Rs.)	Additions 2008-09 (Rs.)	Deduction 2008-09 (Rs.)	As at 31.3.2009 (Rs.)	As at 1.4.2008 (Rs.)	Addition 2008-09 (Rs.)	Deduction 2008-09 (Rs.)	As at 31.3.2009 (Rs.)	As at 31.3.2009 (Rs.)	As at 31.3.2008 (Rs.)
Land (Freehold)	4,870,698	-	-	4,870,698	-	-	-	-	4,870,698	4,870,698
Buildings										
- Factory/Office/Canteen	169,253,632	556,968	-	169,810,600	60,568,442	5,208,935	-	65,777,377	104,033,223	108,685,189
- Guest House	203,625	-	-	203,625	74,809	3,319	-	78,128	125,497	128,816
- Internal Roads & Tube Well	5,894,029	-	-	5,894,029	915,074	96,073	-	1,011,147	4,882,882	4,978,955
Plant and Machinery	1,567,735,461	497,619	-	1,568,233,080	859,879,074	73,799,372	-	933,678,446	634,554,634	707,856,386
Vehicles	15,322,400	-	838,527	14,483,873	11,610,333	441,659	838,527	11,213,465	3,270,408	3,712,067
Furniture and Fixtures										
- Office	11,393,553	126,527	-	11,520,080	8,891,518	487,447	-	9,378,965	2,141,115	2,502,035
- Guest House	408,643	-	-	408,643	376,279	3,400	-	379,679	28,964	32,364
Office & Other Equipments	15,217,384	48,332	-	15,265,716	11,853,588	718,751	-	12,572,339	2,693,377	3,363,797
SUB TOTAL (A)	1,790,299,424	1,229,446	838,527	1,790,690,343	954,169,118	80,758,955	838,527	1,034,089,546	756,600,797	836,130,306
PREVIOUS YEAR	1,729,389,470	63,156,849	2,246,894	1,790,299,424	875,814,602	80,184,989	1,830,473	954,169,118	836,130,306	853,574,868
Capital Work in Progress including Advance Payments & Incidental expenses	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)	-	-	-	-	-	-	-	-	-	-
PREVIOUS YEAR	33,900,058	-	33,900,058	-	-	-	-	-	-	-
GRAND TOTAL (A+B)	1,790,299,424	1,229,446	838,527	1,790,690,343	954,169,118	80,758,955	838,527	1,034,089,546	756,600,797	836,130,306
PREVIOUS YEAR	1,763,289,528	63,156,849	36,146,952	1,790,299,424	75,814,602	0,184,989	,830,473	54,169,118	36,130,306	87,474,926



SCHEDULES A TO N AND X FORMING PART OF THE BALANCE SHEET

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE F: INVESTMENTS (Long Term)(At Cost)		
Trade, Unquoted:		
Investment in Shares of Subsidiary Company: 4,50,200 Shares (P.Y.4,50,200) in Euro Royal Flor Limited (U.K.) of STG. pound 1 (one) each fully paid up. Less: provision for diminution in value of investment (Refer Note No. 3)	25,931,404 <hr/> 25,931,404 <hr/> -	25,931,404 <hr/> 25,931,404 <hr/> -
Non Trade, Quoted:		
In shares:		
38,800 (P.Y.38,800) equity shares in Industrial Development Bank of India of Rs.10/- each Less: Allotment money payable	5,044,000 <hr/> 4,212,147 <hr/> 831,853	5,044,000 <hr/> 4,212,147 <hr/> 831,853
Less: Provision for Diminution in value of Investment	831,853	831,853
Unquoted		
1) In shares:		
50,000 (P.Y. 50,000) equity shares in Amitabh Bachchan Corporation Ltd of Rs.10/- each fully paid up. (declared as sick company) Less: Provision for Diminution in value of Investment 5,010 (P.Y.5,010)	4,125,000 <hr/> 4,125,000 <hr/> -	4,125,000 <hr/> 4,125,000 <hr/> -
Shares in Swaminarayan Co-op Bank Ltd. of Rs.25/- each fully paid up. 12,500 (P.Y.12,500) shares in Baroda Peoples Co-op Bank Ltd. of Rs.10/- each fully paid up. 3,000 (P.Y.3,000) shares in Baroda City Co-op Bank Ltd. of Rs.25/- each fully paid up. 1,000 (P.Y.1,000) shares in Saraswat Co-op Bank Ltd. of Rs.10/- each fully paid up. 1,083 (P.Y.1,083) shares in Mandvi Co-op Bank Ltd. of Rs.10/- each fully paid up.	125,250 125,000 75,000 10,000 10,830	125,250 125,000 75,000 10,000 10,830
2) In Government Securities:		
- 7 years National Savings Certificates (Pledged with Excise authorities)	2,000	2,000
- Contribution as a beneficiary to Trust Fund (Trustee:Gujarat Venture Finance Ltd)	-	75
3) Investment by way of capital in a partnership firm	1,686,260	1,737,409
	<hr/> 2,034,340	<hr/> 2,085,564
SCHEDULE G: INVENTORIES		
(As taken, valued and certified by management)		
Raw Materials	72,557,096	80,888,845
Raw Materials (in-transit)		
Work in Process	49,960,760	49,376,597
Finished Goods	31,080,393	31,693,906
Packing Materials	694,622	962,409
Fuel	15,736	-
Consumable Stores	6,773,142	6,848,777
	<hr/> 161,081,749	<hr/> 169,770,534
SCHEDULE H: SUNDRY DEBTORS		
(Unsecured, Considered good subject to confirmation)		
Debt outstanding for a period exceeding Six Months	240,388,298	238,024,746
Less: Provision for Doubtful Debts (Refer Note No.3)	234,574,220	234,574,220
	<hr/> 5,814,078	<hr/> 3,450,526
Others	25,701,000	61,241,145
	<hr/> 31,515,078	<hr/> 64,691,671

SCHEDULES A TO N AND X FORMING PART OF THE BALANCE SHEET

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE I: CASH AND BANK BALANCES		
Cash on hand	239,710	136,246
Balances with scheduled banks: (Refer Note: 11)		
... in current accounts	1,053,363	3,507,861
... in deposit accounts	1,510,000	9,221,896
	<u>2,563,363</u>	<u>12,729,757</u>
Balance with Co-op Bank:		
In current Account:	1,694	1,694
(Maximum amount outstanding at any time during the year Rs. 1,694/- (P.Y. Rs.1,694/-)		
In Fixed Deposit A/c:	-	110,200
(Maximum amount outstanding at any time during the year Rs.110200 (P.Y. Rs. 110200)		
	<u>2,804,767</u>	<u>12,977,897</u>
SCHEDULE J: OTHER CURRENT ASSETS		
Export Incentive Recievable	417,330	-
Advance Import Licence Disposed/Receivable	364,778	364,778
	<u>782,108</u>	<u>364,778</u>
SCHEDULE K: LOANS AND ADVANCES		
(Unsecured, considered good)		
Balances with Customs, Excise Departments	3,014,081	4,046,425
Advances recoverable in cash or in Kind or for value to be received	13,708,403	21,053,531
Interest accrued on Deposits (See Note: 11)	3,162,716	2,733,013
Income Tax	270,921	4,767,825
Deposits	14,967,400	14,862,000
Amount Paid to ARCIL towards Re-Construction package (Refer Note No. 15)	24,900,000	20,000,000
	<u>60,023,521</u>	<u>67,462,794</u>
SCHEDULE L: CURRENT LIABILITIES		
Sundry Creditors (Refer Note No. 6)	294,752,769	360,087,734
Interest payable [(Refer Note No. 11(b))	659,085,485	600,187,283
Other liabilities	312,607,331	229,850,913
	<u>1,266,445,584</u>	<u>1,190,125,930</u>
SCHEDULE M: PROVISIONS		
Provision for taxation	1,473,016	1,187,612
Provision for Custom duty including Interest (Refer Note No.7)	580,109,316	542,284,242
Provision for Leave Encashment	1,506,827	2,140,821
	<u>583,089,159</u>	<u>545,612,675</u>
SCHEDULE N : MISCELLANEOUS EXPENDITURE		
Defered Revenue Expenditure:		
Balance as per last Balance Sheet	17,422,622	14,361,632
Add: Expenses incurred during the year	-	9,240,971
	<u>17,422,622</u>	<u>23,602,603</u>
Less : Expenses written off during the year	6,179,981	6,179,981
	<u>11,242,641</u>	<u>17,422,622</u>

SCHEDULES O TO X FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
SCHEDULE O: SALES AND OPERATING INCOME		
Sales (Net of Returns)	558,389,551	758,347,829
Less: Excise Duty	<u>50,856,973</u>	<u>67,609,698</u>
	507,532,578	690,738,131
Operating Income:		
Sale of scrap (Net of Excise)	3,601,666	1,544,253
Miscellaneous income	<u>-</u>	<u>14,510</u>
	3,601,666	1,558,763
	<u>511,134,244</u>	<u>692,296,894</u>
SCHEDULE P: OTHER INCOME		
Dividend (on non trade Investment)	2,832	2,557
Interest on Fixed Deposits [Refer Note No. 11 (c)] (TDS Rs.Nil, P.Y.Rs.1,256/-)	735,363	429,703
Intrest on Income tax Refund	841,215	-
Other Interest	432,246	372,810
Unclaimed Liabilities written back	8,557,304	21,573,639
Provision for Doubtful debts Written Back	-	6,309,068
Income Tax Refund	1,112,497	2,113,114
Profit on sales of Fixed Assets	77,000	-
Share of profit from partnership firm	<u>-</u>	<u>99,551</u>
	11,758,457	30,900,442
SCHEDULE Q: CHANGES IN STOCKS		
Closing Stock		
Finished Goods	31,080,393	31,693,906
Work in Progress	<u>49,960,760</u>	<u>49,376,597</u>
	81,041,153	81,070,503
Opening Stock:		
Finished Goods	31,693,906	44,810,113
Work in Progress	<u>49,376,597</u>	<u>57,056,593</u>
	81,070,503	101,866,706
	<u>(29,350)</u>	<u>(20,796,203)</u>
SCHEDULE R: RAW MATERIALS CONSUMED		
Opening stock	80,888,845	76,741,620
Purchases & Expenses	<u>344,781,707</u>	<u>465,377,426</u>
	425,670,552	542,119,046
Closing stock	<u>72,557,096</u>	<u>80,888,845</u>
	353,113,456	461,230,201
SCHEDULE S: MANUFACTURING EXPENSES		
Power & Fuel	57,551,865	60,653,003
Consumable Stores	6,474,898	11,650,646
Design & Development	-	410,868
Packing Materials	15,083,123	16,571,795
Repairs and Maintenance for		
... Buildings	14,935	147,345
... Plant and machinery	2,100,327	2,944,324
... Others	<u>503,227</u>	<u>532,503</u>
Rent Forklift	455,861	678,431
Labour / Granulation Charges	4,531,211	3,080,156
Other Manufacturing Expenses	<u>1,509,598</u>	<u>1,707,579</u>
	88,225,045	98,376,650

SCHEDULES O TO X FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended 31.03.2009 Rs.	Year ended 31.03.2008 Rs.
SCHEDULE T : EMPLOYEES' COST		
Salaries, Wages, Allowances & Bonus	41,589,895	44,243,389
Contributions to Provident Fund	1,485,393	1,565,899
Contributions to ESIC	87,053	101,695
Gratuity	808,557	1,053,745
Staff & Workers Welfare	1,320,150	1,566,232
	<u>45,291,048</u>	<u>48,530,960</u>
SCHEDULE U : ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Travelling Expenses	2,307,021	2,487,806
Insurance Charges	1,281,895	2,100,396
Telephone Expenses	1,440,087	1,838,970
Lease Rent	2,105,043	2,211,952
Rates & Taxes	141,254	670,529
Donation	10,000	48,100
Auditors' Remuneration -		
... audit fees	184,000	184,000
... tax audit fees	33,000	33,000
... Other services	62,500	33,708
Legal & Professional fees	2,155,494	3,199,009
Freight Outward	4,129,083	4,582,675
Export Expenses	-	48,472
Directors' Remuneration	1,687,819	1,564,749
Commission On Sales	2,180,730	3,408,934
Sales Promotion Expenses	751,658	1,619,831
Deffered Revenue Expenses written off (Refer Note No.5)	6,179,981	6,179,981
Cash Discount	-	13,980
Bad Debts	-	11,054,865
Loss on Sales of Fixed Assets	-	231,888
Exchange rate difference	-	53,796
Loss on Share in partnership Firm	51,149	-
Miscellaneous expenses	14,674,625	16,752,475
	<u>39,375,339</u>	<u>58,319,116</u>
SCHEDULE V: FINANCE AND BANK CHARGES		
Interest:		
Term Loans	46,549,059	46,554,619
Other Loans	80,928,386	70,408,795
Bank Charges	660,728	587,370
Exchange rate difference	48,548,526	-
Bill Discounting Charges	2,017,868	906,486
	<u>178,704,567</u>	<u>118,457,270</u>
SCHEDULE W: PRIOR YEARS' EXPENSES (NET OF INCOME)		
Sales	-	(63,327)
Discount / Rate difference	35,000	-
Salary & Wages	59,294	196,937
Other Expenses	(509,840)	176,673
Raw Material	16,891	5,594,725
Service tax credit on import bill	(532,861)	-
Interest	-	(93,418)
Repairs & Mntc to P&M	18,150	-
Legal and Professional Fees	-	(674,485)
Travelling expenses	(7,075)	-
Import /Export Expenses	75,569	279,483
Entertainment Expenses	(83,649)	(171,030)
Miscellenious expenses	5,217	-
	<u>(923,304)</u>	<u>5,245,558</u>

**SCHEDULE X:
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON
31 st MARCH, 2009**

01. SIGNIFICANT ACCOUNTING POLICIES:

1.1 GENERAL:

The financial statements have been prepared on historical cost basis and in accordance with the applicable provisions of the Companies Act, 1956 and Accounting Standards referred therein.

1.2 REVENUE RECOGNITION:

- (i) All revenue and expenses are accounted on accrual basis, except to the extent stated otherwise.
- (ii) Export Incentives granted by Government or other authorities to encourage exports are accounted on acceptance of the claims by the authorities and/or when there is reasonable certainty that the claims would be accepted.

1.3 USE OF ESTIMATES:

The preparation of financial statements in conformity with the generally accepted accounting principles often requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. Any differences between the actual result and estimates are recognized in the period in which the results are known/materialised.

1.4 FIXED ASSETS:

- (i) Fixed assets are stated at cost of acquisition as reduced by CENVAT and VAT credits as available under the respective laws and accumulated depreciation. The cost of fixed assets comprises direct/indirect and incidental cost incurred to bring them in to their present location and working condition for the intended use or purpose. All costs, including financial costs till fixed assets are put to use are capitalized.
- (ii) All Indirect expenses incurred during project implementation and on trial run are treated as incidental expenditure during construction and capitalised.

1.5 DEPRECIATION:

- (i) Depreciation is provided on Straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except on certain Plant & Machineries which have commenced commercial production during 1992-93 and 1993-94, on which depreciation has been provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Freehold land is not amortised/depreciated.
- (iii) Intangible assets are amortised over their estimated useful life on straight line method basis.

1.6 INVENTORIES:

- (i) Inventories are stated at the lower of cost or net realizable value. Cost is determined on FIFO basis and is reduced by CENVAT & VAT credits available under the respective laws. Net realizable value is determined after reducing the estimated selling cost from the estimated selling price.
- (ii) The cost of work in progress and finished goods comprises direct material, direct labour, other direct cost and related production overheads. Excise duty is included in the value of the finished goods inventory.
- (iii) Raw Materials, stores and spares, parts and components are valued at cost or below the cost.

1.7 INVESTMENTS:

Long term investments are carried at cost. However, when there is a diminution in value other than temporary, the provision for diminution in value is made and the carrying amount of long term investments is reduced to recognise the decline. Current investments are stated at lower of cost or fair value.

1.8 PROVISION FOR DOUBTFUL DEBTS/ADVANCES:

Provision is made in accounts for doubtful debts/advances which in the opinion of the management are considered doubtful of recovery.

1.9 RETIREMENT BENEFITS:

- (i) Company's contribution to Provident Fund and Employee's Pension Scheme, 1995 are charged to Profit & Loss Account.

- (ii) For Liabilities in respect of staff gratuity, the Company had entered into an agreement with the Life Insurance Corporation of India (LIC) under group gratuity scheme and the periodical payments towards the premium on the policy is charged to the profit and loss account. The additional liability, if any, in respect of the above arising on retirement and not covered/not funded are paid/provided and accordingly, charged to the profit and loss account in the year of retirement/payment or otherwise.
- (iii) Leave Encashment liability is determined based on the number of days of encashable leave to the credit of each employees as on the balance sheet date and provided in accounts on accrual basis.

1.10 FOREIGN CURRENCY TRANSACTIONS:

- (i) A transaction in foreign currency is recorded at the exchange rate prevailing on the date of the transaction
- (ii) Gains or losses upon settlement of the transactions during the year are recognised in the Profit & Loss Account
- (iii) Foreign Currency transactions remaining unsettled at the end of the year are revalued at the exchange rate prevailing at the end of the year except disputed liabilities & doubtful debts.
- (iv) Gains or Losses arising as a result of the above are adjusted in the Profit & Loss Account.
- (v) Non monetary foreign currency items are carried at cost.

1.11 BORROWING COSTS:

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalised as part of the cost of the assets, up to the date, the asset is put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

1.12 LEASES:**a) Operating Lease:**

Lease of assets under which all the risk and rewards of ownership are effectively retained by the Lessor is classified as operating leases. Lease payments under operating leases are recognized as an expenses on accrual basis in accordance with respective lease agreements.

b) Finance Lease:

Assets acquired under leases where Company has substantially all the risks and rewards of ownership are classified as finance lease.

Assets acquired under finance lease are capitalized and corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease. Initial costs incurred in connection with the specific leasing activities directly attributable to activities performed by the Company are included as part of the amount recognized as an asset under the lease.

1.13 DEFERRED REVENUE EXPENDITURE:

One time significant expenditure, the benefit of which is likely to accrue over longer period as per the management's judgment is treated as deferred revenue expenditure and written off within a period of not exceeding five years including year of incurrence of expenditure.

1.14 IMPAIRMENT OF ASSETS:

Where there is an indication that if any Asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognised as an expense in the profit and loss account to the extent carrying amount exceeds recoverable amount. Impairment loss recognized in earlier accounting period is reversed if there is any improvement in recoverable amount.

1.15 ACCOUNTING FOR TAXES ON INCOME:

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.16 PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

- (i) A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date, these are reviewed at each year end date & adjusted to reflect the best current estimate.
- (ii) Disclosure of contingent liabilities is made when there is a possible obligation or present obligation that may, but probably will not require an outflow of resources.
- (iii) Contingent asset is neither recognized nor disclosed in the financial statements.

02. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

31.03.2009 (Rs.in Lacs)	31.03.2008 (Rs.in Lacs)
Refer note below	Refer note below
Refer note below	Refer note below
150.42	153.42

- a) Guarantee/Letter of credit given by Company's Bankers
- b) Foreign Bills Discounted with Banks
- c) Show cause/Demand raised/Appeal filed by Excise Authorities & disputed by the Company
- d) Custom duty payable on Import of duty free capital goods amounts unascertainable.
- e) Penalties, if any, in respect of custom duty liabilities for import of raw materials under advance license scheme and of capital goods under EPCG Scheme amount unascertainable.
- f) Income Tax demand, disputed by the Company Rs. 17.24 Lacs (P.Y. Rs. 17.24 Lacs)
- g) Suits filed against the Company for recovery of dues amount unascertainable.

Note: Not ascertained by the Company as the relevant details are not received from the Banks.

03. The Company has made an investment of Rs. 259.31 Lacs (£ 450.200) in Euroroyal Floors Ltd. ("ERF") wholly owned subsidiary in U.K. The subsidiary also owes Rs. 2,333.75 Lacs (Net of commission payable Rs. 106.19 Lacs) towards supply of goods made to it.

The principal customers of ERF in CIS Countries could not honour the debts, due to devaluation of Russian currency. Due to this, ERF in turn, could not pay its debts owed to its creditors. The Company has been informed by the ex-local Directors of ERF that one of the creditors had filed a suit for winding-up of ERF pursuant to which the High Court of Justice of U.K. made a winding-up order dated 11th June, 2001 against ERF and the official receiver has been appointed to liquidate the assets of ERF. However, ERF does not have any asset except debtors, which are doubtful of recovery or bad. Under the circumstances and as a matter of prudence, the Management had provided for diminution in value of investment made in ERF in the year 2000-01. As also, provision against the debt of Rs. 2333.75 Lacs due from ERF had been made during the earlier year. In view of the above, the accounts of the Subsidiary Company could not be prepared & attached.

04. The Company is a partner in M/s. Creative Investment The details of the partners, their share in profit/loss and total capital of the partners of the firm as on 31.03.2009 are as under.

Sr.No.	Name of Partners	Share
i	Shri P.C.Raval	0.50%
ii	Shri S. P. Jariwala	0.50%
iii	M/s. Royal Cushion Vinyl Products Ltd.	99.00%
		<u>100.00%</u>

- b) The total Capital of the Partners is **Rs. 12.47 Lacs.**
- c) The above details about investment and names of partners are based on the information, as certified by a partner.

05. The Company had incurred, during the current and previous year, revenue expenditure on fees to IDBI, ARCIL and legal consultant for restructuring of financial debt with bank, financial institution and creditors; and lease line charges for internet facilities, which it was considered, will give long term benefits. The Company had decided to treat the same as deferred revenue expenditure and to write off the same over a period of five years including the year of incurrence of such expenditure in equal installment, and accordingly:

- a) A sum of Rs. 61,79,981 being 1/5th of expenditure towards legal fees to IDBI and ARCIL for restructuring of financial debts with bank, and lease line charges for internet facilities incurred during the previous years is written off during the year.
- b) The balance of Rs. 11,242,641 is carried forwarded as deferred revenue expenditure and shown under the head Miscellaneous Expenditures.

06. Under the Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act") which came into force effective from 2nd October, 2006, certain disclosures relating to amounts due to micro, small and medium enterprises and remained unpaid after the appointed date etc. of principal and interest amounts are required to be made. The Company is in the process of compiling the relevant information. As the relevant information is not yet readily available and/or not given or confirmed by such enterprises, it is not possible to give required information in the accounts. However, in view of the management, the impact of interest, if any, which may subsequently become payable to such enterprise in accordance with the provisions of the Act, would not be material and the same, if any, would be disclosed in the year of payment of interest.

07. Under the Duty Exemption Scheme of Advance Licence (as well as similar other licence scheme) pursuant to Import & Export Policy of Government of India, duty free imports of raw materials are permitted and they are required to

be used in manufacture of goods for export, as well as, export of goods has to be effected within the time allowed, in terms of the scheme. The Company has availed of such licences from time to time. In the past, it had fulfilled its export obligations. However, although, the Company had imported duty free raw material under certain licences, it could not effect export within the time allowed due to circumstances beyond the control of the Company. Company has evaluated its obligations under the scheme and it has been advised that in view of non fulfillment of export obligations, the authorities are bound to recover the import duty and mandatory interest thereon. The liability for such duty & interest as on 31.03.2009 is estimated at **Rs. 5,801.09 Lacs.** (P.Y. Rs. 5,422.84 Lacs) In terms of accounting policy followed by the Company, the sum of Rs. 5,422.84 Lacs had been provided in earlier years & the balance sum of Rs. 378.25 Lacs being interest on custom duty has been provided in the current year.

- 08. A. Loans & Advance includes: a) Rs 21.23 Lacs(P.Y 21.18 Lacs) due from a Company under the same management Rs. 43.00 Lacs (P.Y 33.00 Lacs) due from other parties.
- B. Sundry Debtors includes Rs. 19.12 lacs (P.Y. Rs. 15.51 lacs) due from a company under the same management. Maximum outstanding during the year is Rs. 19.12 lacs.
- 09. The Company has suffered substantial losses and due to this, the entire net worth has been eroded. However, since operations are continued, the accounts of the Company have been prepared on the basis that the Company is a going concern.
- 10. Sundry Debtors & Creditors (Including foreign suppliers) are subject to confirmation.
- 11. a) As in the past, in current year also, due to non-receipt of the Bank statements/Bank advices/Balance certificates from the financial institutions/banks, book entries pertaining to Banks and financial institutions transactions could not be reconciled. Further, in absence of such details and information, the amount payable also could not be estimated or ascertained. Thus, Bank balances and balances of such financial Institutions as on 31.03.2009 are subject to adjustments if any, to be carried out on receipt of the relevant statements/ Bank Advices/Certificates from banks/financial institutions.
- b) Many Banks/Financial Institutions have not charged interest for the year. However, the Company has provided interest at the normal rate applicable on the closing balance of loan amount appearing in the books of account (except on outstanding Loan balance of IDBI, Exim Bank and Bank of India,) (Ref. Note No. 15) and shown as interest payable under the head Current Liabilities.
- c) Due to non receipt of Bank advices/balance certificates in respect of Fixed Deposits, with the Banks, entries pertaining to Fixed Deposits and interest thereon, if any, could not be reconciled. The Company has accounted interest income on closing balance of Fixed Deposits with the bank as on 31.03.2009, as appearing in the books of account. Thus Interest income on fixed deposits with banks and balances as on 31.03.2009 are subject to adjustment, if any, to be carried out on receipt of bank advices and balance confirmations.

12. Segment Reporting:

The Company has one segment of activity namely Calender products (PVC floor covering, Leathercloth).

13. Accounting for Taxes on Income:

In view of loss in current year, as well as having substantial brought forward losses and the fact that there would not be taxable income in the near future, the deferred tax assets is not recognized. Deferred tax liability, if any would arise in the year in which the claim giving rise to timing difference is made. Accordingly, deferred tax asset/liability is not recognized.

14. Accounting for Lease:

The Company has entered into agreements/arrangements for taking certain assets on leave and licence basis. The specified disclosure in respect of these arrangements is given below:

Particulars

- 1) Lease payment recognised in Profit and Loss Account for the year.
- 2) Future MLP under the Leases in the aggregate and for each of the following periods
 - i) Not later than one year
 - ii) Later than one year & not later than Five Years.

	2008-09 Rs. in lacs	2007-08 Rs. in lacs
	25.61	28.90
	4.19	7.18
	-	4.19

15. BIFR status and advance share application money:

The Company has been registered with Board for Industrial and Financial Reconstruction (BIFR) since September, 2002. Assets Reconstruction Company India Ltd.(ARCIL) vide letter dated 12/09/2006, has agreed to restructure the debts acquired by them from IDBI, Exim Bank and Bank of India. The Company has submitted a Draft rehabilitation schemes (DRS) dated 05.10.2007 to BIFR and others and has initiated negotiation with other bankers for one time settlement. As per restructuring package the Company has to pay to ARCIL an amount aggregating to Rs. 37.75 crores by September, 28th 2009. Out of this, company has paid Rs. 2.49 crores till 31-03-2009.

The promoters of the Company is also required to bring additional fund. Accordingly the promoters have started contributing fund as advance share application money and unsecured Loan. The shares shall be issued in the manner approved by BIFR and subject to and other approval that may be required. As the IDBI, BOI and Exim bank have transferred their debts to ARCIL, no provision for interest has been made for Rs. 2,708.06 lacs (P.Y Rs. 2708.06 Lacs) on outstanding balance of Loan of the said banks.

16. The Directors/employees of the Company have acquired motor cars in their names from and out of the loans obtained by them from the banks, pursuant to an arrangement between the Directors/employees for use of the company. Accordingly, the company has accounted the said cars & the said loans in the name of the Directors/employees, as the assets & the liabilities of the Company, including the transactions in respect of repayments, payment of interest etc.
17. In respect of the staff gratuity, under the group gratuity scheme with Life Insurance Corporation of India (LIC) for the payment of Gratuity in respect of its several employees, the Company has discontinued effecting the payment in respect of periodical premium contribution towards the said scheme from accounting year 2005-06 onwards. The present liability for future payment of gratuity as on 31st March,2009 is not actuarially determined and has not been provided in the accounts. The liability in respect of uncovered employees/unfunded or shortfall amount would be accounted in the year of payment.
18. The operation of Unit - III of the Company for manufacture of 4 Metre Floor Covering has been discontinued from 2001-02, except few trial run carried out by the Company. The Company has not carried out assessment of assets particularly plant and machinery having book value of Rs. 2592.85 Lacs as on 31.03.2009 and ascertained recoverable amount of assets of the above Unit - III and accordingly has not ascertained impairment loss. The same would be carried out in the ensuing financial years and impairment loss, if any will be accounted in that year.

19. NAME OF RELATED PARTIES AND RELATIONS

<p>(A) SUBSIDIARY COMPANY</p> <p>a) EuroRoyal Floors Ltd.</p>	<p>(B) ASSOCIATES CONCERN/TRUST</p> <p>a) Vinyroyal Plasticoates Pvt.Ltd. b) Vijayjyot Seats Pvt. Ltd. c) National Leathercloth Manufacturing Co. d) Royal Knitting Pvt.Ltd. e) Royal Spinwell Pvt.Ltd. f) Royal Jerfeb Pvt.Ltd. g) Bharat Motor accessories h) Nityanand Overseas Trading I) Royal Wellknit Pvt. Ltd. j) Sumukh Trading & Consultancy Services Pvt. Ltd. k) Trilokesh Trading & Consultancy Services Pvt. Ltd. l) Shreeshaha Trading & Consultancy Services Pvt. Ltd. m) Vishwamurthy Trading & Consultancy Services Pvt. Ltd. n) M.V.Trust Properties o) Vijay knitting Pvt.Ltd.</p>	<p>(C) KEY MANAGEMENT PERSONNEL</p> <p>a) Mahesh Kantilal Shah b) Vinod Kantilal Shah c) Mukesh Amrutlal Motasha</p>
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RELATED PARTY TRANSACTIONS

(Rs. in Lacs)

Sr. No.	Nature of transaction	2008-09			2007-08		
		Subsidiary	Associates	Key Management Personnel	Subsidiary	Associates	Key Management Personnel
1	Sales of Finished Goods	-	1,157.06	-	-	2,392.38	-
2	Purchase of Raw materials	-	463.59	-	-	319.50	-
3	Purchase of Plant & Machinery	-	0.26	-	-	286.45	-
4	Remuneration	-	-	16.88	-	-	14.65
5	Lease rent paid	-	-	-	-	1.20	-
6	Bad Debts	-	-	-	-	24.45	-
7	Finance Given	-	-	-	-	27.68	-
8	Finance/Advance Received	-	-	-	-	62.77	-
9	Repayment of Loan Received	-	-	-	-	34.92	-
10	Receivable as on 31-03-2009	2333.75*	3.57	-	2333.75*	15.51	-
11	Payable as on 31-03-2009	-	2721.76	-	-	1,854.99	1.49
12	Deposit against Rented Property on 31-03-2009	-	60.00	-	-	60.00	-
13	Advance for purchase of Assets	-	21.23	-	-	21.18	-
14	Loan Payable as on 31-03-2009	-	1,029.40	-	-	1029.40	-
15	Loan receivable as on 31-03-2009	-	15.55	-	-	-	-

Notes:

* In respect of above parties, there is no provision for doubtful debts as on 31st March'2009 except Rs. 2333.75 Lacs provided in respect of due from the Subsidiary Company in earlier year end.

20. Finance charges includes Rs. 4,82,20,765 being exchange rate difference in respect of advances received from customers for exports of goods through third party.
Unclaimed liabilities written back includes Rs. 2,93,873 being provision of wealth tax liabilities made in earlier year now reversed.

21. The amount of Excise Duty disclosed as deduction from turnover is the Excise duty for the year, except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed in the (Increase)/decrease in stock and the other expenses respectively. (Increase)/decrease in stock includes excise duty on finished goods (net) Rs. 23.66 lakhs (Previous year Rs. 36.77 lakhs)

22. Earning per Share

- (a) Net profit/(Loss) after tax available for equity shareholders (Rs. in Lacs)
- (b) Average number of Equity shares of Rs. 10/- each outstanding during the year (No. of Shares)
- (c) Basic/Diluted Earnings per Share (Rs.) (a/b)

2008-09	2007-08
(2,623.11)	(1,687.88)
12067212	12067212
(21.74)	(13.99)

23. Capital Work in Progress includes incidental expenditure pending allocation:

Particulars

- a) Opening Balance
- b) Design Consultancy Charges
Less: Capitalised during the year

TOTAL

2008-09	2007-08
-	24,050,158
-	-
-	24,050,158
-	-

24. **DIRECTORS' REMUNERATION:**

Salaries
Perquisites

2008-09 Rs.	2007-08 Rs.
1,046,049	940,110
641,770	524,889
1,687,819	1,464,999

25. **DETAILS OF CAPACITY & PRODUCTION:**

Item	Unit	Licensed Capacity	Installed Capacity	Production
Cushion Vinyl Flooring	Lac Sqm	Not * Applicable	220.00 (220.00)	0.00 (0.00)
PVC Laminated Sheet/Tile	Lac Sqm	Not * Applicable	215.00 (215.00)	88.11 (108.81)
PVC Leather Cloth	Lac LM	Not * Applicable	30.00 (30.00)	0.21 (0.30)

* As certified by the management

26. **DETAILS OF TURNOVER:**

Item		2008-09		2007-08	
		Qty. (Lacs)	Rs. lacs	Qty. (Lacs)	Rs. lacs
Cushion Vinyl Flooring	SQM	-	-	-	-
PVC Rigid Film	MT	-	-	0.14	0.86
PVC Laminated Sheet/Tiles	SQM	87.95	5,580.47	109.91	7,577.55
PVC Leather Cloth	LM	0.21	3.44	0.30	5.06
			5,583.91		7,583.47

27. **DETAILS OF INVENTORIES**

Item		2008-09		2007-08	
		Qty. (Lacs)	Rs. lacs	Qty. (Lacs)	Rs. lacs
Cushion Vinyl Flooring	SQM	0.01 (0.01)	0.40 (0.43)	0.01 (0.01)	0.43 (0.43)
PVC Rigid Film	MT	- (-)	- (-)	- (0.05)	- (0.11)
PVC Laminated Sheet/Tiles	SQM	2.67 (2.63)	310.40 (315.20)	2.63 (4.02)	315.20 (446.83)
PVC Leather Cloth	LM	- (0.01)	- (1.31)	0.01 (0.01)	1.31 (0.73)
			310.80 (316.94)		316.94 (448.10)

28. RAW MATERIAL CONSUMED

Item	2008-09		2007-08	
	Qty. (MT)	Value Rs. lacs	Qty. (MT)	Value Rs. lacs
PVC Resin	4,216.23	1,908.04	5,359.32	1,987.91
Plastisizers	1,401.40	868.12	2,672.91	1,656.29
Others	-	754.97	-	968.11
		3,531.13		4,612.31

29. CONSUMPTION OF RAW MATERIALS, STORES & SPARES

Raw Materials	2008-09		2007-08	
	Rs. lacs	%	Rs. lacs	%
Imported	784.37	22	1,856.67	40
Indigenous	2,746.76	78	2,755.64	60
	3,531.13	100	4,612.31	100
Stores & Spares				
Imported	5.88	9	49.47	42
Indigenous	58.86	91	67.03	58
	64.74	100	116.50	100

30. CIF VALUE OF IMPORTS:

	2008-09 Rs. lacs	2007-08 Rs. lacs
Raw Materials	574.21	1,927.58
Stores & Spares	5.88	49.47
	580.09	1,977.05

31. EXPENDITURE IN FOREIGN CURRENCY:

(on accrual basis)

	2008-09 Rs. lacs	2007-08 Rs. lacs
Stores & Spares	5.88	49.47
Foreign Travel	5.74	7.08

32. COMPARATIVE FIGURES:

The figures of previous year have been regrouped / reclassified / recast wherever necessary to compare with the current year's figures.

Signature to Scheduled A to X

For **CHANDRAKANT & SEVANTILAL & J. K. SHAH & CO.**
Chartered Accountants

(H.B.SHAH)
Partner

VADODARA.

DATE: 14th July, 2009

For **ROYAL CUSHION VINYL PRODUCTS LTD.**

M.K.SHAH
Chairman & MD

J.A.MOTASHA
(Director)

H.K. BIJLANI
(Company Secretary)

MUMBAI

DATE: 14th July, 2009



ROYAL CUSHION VINYL PRODUCTS LIMITED

CASH FLOW STATEMENT

	Year ended 31.03.2009	Year ended 31.03.2008
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, extra-ordinary items & Prior Period Expenses/Income	(262,605,059)	(162,698,053)
Adjustment for:		
Depreciation	79,920,428	80,184,989
(Profit)/Loss on sales of assets	-	231,883
Finance & Bank Charges	178,704,567	118,457,270
Interest Received	(1,576,578)	(802,513)
Provision for Doubtful Debts written back	-	(6,309,068)
Dividend Received	(2,832)	(2,557)
Operating profit before working capital changes	(5,559,474)	191,760,009
Adjustment for:		29,061,956
Inventories	8,688,785	17,292,615
Trade & Other Receivables	33,176,593	(31,717,184)
Loans & Advances	7,439,273	(25,840,778)
Other current assets	(417,330)	9,025,142
Trade Payables	76,319,654	93,352,537
Provisions	37,476,484	37,757,679
Cash generated from operation	157,123,985	128,931,967
Misc. Expenditure (Net)	6,179,981	3,060,990
Cash before Extraordinary items & prior Period Expenses	163,303,966	125,870,977
Prior period expenditure (Net of Income)	923,304	(5,245,558)
Cash after Extraordinary items & prior Period Expenses	164,227,270	120,625,419
Less: Income Tax Paid	-	134,871
Fringe Benefit Tax Paid	628,867	959,035
Net Cash from operating activities	163,598,403	119,531,513
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (net)	(390,919)	(63,156,849)
Sale of Fixed Assets	-	184,534
Capital work in progress added	-	33,900,058
Sales/Purchase of Investment	51,224	(99,551)
Interest Received	1,576,578	802,513
Dividend Received	2,832	2,557
Net Cash Used in Investing Activities	1,239,715	(28,366,738)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing	3,693,320	13,889,099
Share Application Money	-	16,600,000
Interest paid	(178,704,567)	(118,457,270)
Net Cash in Financing Activities	(175,011,247)	(87,968,171)
Net Increase in cash and cash collection (A+B+C)	(10,173,129)	3,196,604
Cash & Cash Equivalentents at the beginning of the year	12,977,897	9,781,293
Cash & Cash Equivalentents at the end of the year	2,804,767	12,977,897

For **CHANDRAKANT & SEVANTILAL**
& **J. K. SHAH & CO.**
Chartered Accountants

For **ROYAL CUSHION VINYL PRODUCTS LTD.**

M.K.SHAH
Chairman & MD

J.A.MOTASHA
(Director)

(H.B.SHAH)
Partner

H.K. BIJLANI
(Company Secretary)

VADODARA.
DATE: 14th July, 2009

MUMBAI
DATE: 14th July, 2009

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

1	Registration Details	
	Registration Numbers	31395
	State Code	11
	Balance Sheet Date	31.03.2009
2	Capital Raised during the year	
	Public issue	NIL
	Right issue	NIL
	Bonus issue	NIL
	Private placement	NIL
3	Position of Mobilisation and Deployment of funds	(Rs.)
	Total Liabilities	3,299,510,588
	Total Assets	3,299,510,588
	SOURCES OF FUNDS	
	Paid - up Capital	120,672,120
	Reserve & Surplus	728,408,311
	Share application money	78,915,000
	Secured loans	1,862,272,490
	Unsecured Loans	509,242,667
	APPLICATION OF FUNDS	
	Net Fixed Assets	756,600,797
	Investments	2,034,340
	Net Current Assets	(1,593,327,519)
	Misc. Expenditure	11,242,641
	Accumulated Losses	4,122,960,329
4	Performance of Company	
	Turnover (Income - after changes in stock)	522,863,351
	Total Expenditure	785,468,410
	Profit / (Loss) Before Tax	(262,605,059)
	Profit / (Loss) After Tax	(262,310,622)
	Earning per share (Rs.)	(21.74)
	Dividend Rate @ %	NIL
5	Generic Names of two Principal Products / Services of company	
	(As per Monetary Terms)	
	Item Code No. (ITC code)	39209929
	Product Description	PC Laminated Sheet
	Item Code No. (ITC code)	39181000
	Product Description	Cushion Vinyl Flooring

For **ROYAL CUSHION VINYL PRODUCTS LTD.**

M.K.SHAH
Chairman & MD

J.A.MOTASHA
(Director)

H.K. BIJLANI
(Company Secretary)

MUMBAI
DATE: 14th July, 2009



ROYAL CUSHION VINYL PRODUCTS LTD
Registered Office: 60 CD "SHLOK" Govt.Ind. Estate, Charkop,
Kandivli (West), Mumbai 400 067



PROXY FORM

I/ We _____
of _____

Being a Member of the above named Company, hereby appoint _____
failing him/he _____

of _____
as my/our proxy to vote for me/us on my/our behalf at the 25TH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 29th September, 2009 at 11.30 a.m. at 60 CD, Shlok, Govt. Ind. Estate, Charkop, Kandivli (West), Mumbai 400067 and at any adjournment thereof.

Membership Folio No. _____

DPID No. _____ Signed _____ day of _____ September 2009

Client ID No. _____

No. of shares held _____ (Signature of Member)



Important:

- (a) The form should be signed across the stamp as per specimen signature registered with the Company/Depository participant.
- (b) The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited not less than FORTY EIGHT HOURS before the time for holding the meeting at the Registered Office of the Company situated at 60 CD, SHLOK, GOVT.IND.ESTATE, CHARKOP, KANDIVLI (WEST),MUMBAI 400067.



ROYAL CUSHION VINYL PRODUCTS LTD
Registered Office: 60 CD "SHLOK" Govt.Ind. Estate, Charkop,
Kandivli (West), Mumbai 400 067



ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall.

Name of the attending Member/Proxy(in Block Letters)	Membership Folio No
	DPID No
	Client ID No
	Number of Share held

I hereby record my presence at the 25th ANNUAL GENERAL MEETING of the Company being held on Tuesday, the 29th September, 2009 at 11.30 a.m at 60 CD, Shlok, Government Ind. Estate, Charkop, Kandivli (West), Mumbai 400 067.

Members/Proxy's Signature
(TO BE SIGNED AT THE TIME OF
HANDING OVER THE SLIP)

BOOK POST

If undelivered return to:

ROYAL CUSHION VINYL PRODUCTS LIMITED

60 CD, Shlok, Govt.Ind. Estate,

Charkop, Kandivli (West),

Mumbai 400067