



**VINYOFLEX LIMITED**  
**16TH ANNUAL REPORT**  
**2008-2009**

# 16th ANNUAL REPORTS

## 2008-2009

VINYOFLEX LIMITED

: Regd. office : 307, Silver Chambers,  
Tagore Road,  
Rajkot - 360 002.

Factory : Survey No. 241, N H, 8-B,  
Néar G.E.B. Sub-Station,  
Shaper (Taluka Kotda Sangani)

BOARD OF DIRECTORS

: **Shri Mansukhlal Premji Patel** (Chairman & M.D.)  
**Shri Bhupatlal Lalji Tilva**  
**Shri Vinod Khimji Tilva**

AUDITORS

: **M/s. Gadhia Karachiwala & Co.**  
Chartered Accountants  
307, Hira-Panna, 3rd Floor,  
Dr. Yagnik Road,  
Rajkot - 360 001.

BANKERS

: **State Bank of Saurashtra**  
Gymkhana,  
Rajkot - 360 001.

SHARE TRANSFER AGENT

: **M.C.S. LTD.**  
101, Shatdal Complex,  
1st Floor, Opp. Bata Show Room,  
Ashram Road, Ahmedabad - 380 009.  
Phone : (079) 26582878

DIRECTORS APPOINTED  
AS PER SEBI RULE

: **Shri Mansukhlal Jeramdas Patel** (Independent)  
**Shri Kelvin A. Makdia** (Independent)  
**Shri Dineshlal D. Nadapra** (Independent)  
**Shri Chimanlal R. Chapla** (Independent)  
**Shri Hiralal Patel** (Independent)

**NOTICE**

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of VINYOFLEX LIMITED will be held at 307, Silver Chambers, Tagore Road, Rajkot on 21<sup>st</sup> September, 2009 at 11.00 A. M. to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2009 and Profit and Loss Account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To Appoint a Director in place of Shri Bhupatlal L. Tilva, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To Appoint a Director in place of Shri Mansukhlal Patel, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. All documents referred to in the accompanying Notices are open for inspection at the Regd. Office of the Company during the office hours on all working days between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.
3. Members are requested to intimate the change, if any, in their registered address at the earliest, quoting their folio number.
4. Members are requested to quote Folio Number(s) in their correspondence.
5. Members are requested to send their queries, if any atleast ten days before the date of meeting so that the information can be made available at the meeting.
6. The Register of Members and Share Transfer Book will remain closed from 18th September 2009 To 21<sup>st</sup> September 2009 (Both days inclusive)
7. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
8. Members are requested to bring their Attendance Slip along with the copy of the Annual Report at the meeting. The Members are further requested to send all their communication relating to the share registry work to the Share Transfer and Registrar Agent of the Company M/s. M. C. S. Ltd., 1<sup>st</sup> Floor, Opp: Bata Show Room, Ashram Road, Ahmedabad - 380 009. Ph. 079 - 26582878

Date: 20.06.2008

For and on behalf of Board of Directors  
Sd/-

Place: Rajkot

**Mansukhlal Patel**  
Managing Director**FORM NO. 29B (See rule 40B)**

Report under section 115JB of the Income-tax Act, 1961 for computing the book profits of the Company

1. We have examined the accounts and records of M/S. VINYOFLEX LIMITED, 307, Silver Chambers, 3rd floor, Tagore Road, Rajkot - 360 001 (Permanent Account No. AACV7130M) engaged in the business of manufacturing P.V.C. in order to arrive at the book profits during the year ended 31st March, 2009.
2. (a) We certify that the book profit has been computed in accordance with the provisions of this section. The tax payable under section 115J of the Income Tax Act in respect of the assessment year 2009-10 is Rs. 380969/- which has been determined on the basis of the details in Annexure "A" to this Form.
3. In our opinion and to the best of my/our knowledge and according to the explanations given to us the particulars given in Annexure A are true and correct.

Date : 20-6-2009

Place : RAJKOT

For Gadhia Karachiwala & Co.  
Chartered Accountants(C.V. Gadhia)  
Partner  
M. No. 11504

**DIRECTORS' REPORT**

To,  
The Members,  
**VINYOFLEX LTD.**  
FOR FLEXIBLE VINYL FILM

The Directors of the company have pleasure in presenting their **SIXTEENTH ANNUAL REPORT** together with the Audited Statement of Accounts of your Company for the Financial Year ended on 31<sup>st</sup> March 2009.

**1. FINANCIAL PERFORMANCE:**

The financial performance for the year ended on 31<sup>st</sup> March 2008 is summarized as under:

Particulars	31/03/2009	31/03/2008
<b>Profit/Loss before Depreciation,</b>		
<b>Interest Taxes</b>	10768529	11292997
Less: Interest	4359003	4301065
Depreciation	2599833	2526616
<b>Profit before Tax</b>	<b>3809693</b>	<b>4465316</b>
Provisions for Taxation	433880	495000
<b>Profit after Tax</b>	<b>3375813</b>	<b>3970316</b>
Add: Bal. brought forward from previous year	9739464	6808072
Less: Deferred Tax Liability	189632	1028854
Less: Tax Adjustments of Previous Year	7365	10070
Balance Carried to Balance Sheet	13297544	9739464

**2. DIVIDEND:**

In view of the Company's profitable performance, the Board of Directors desire to retain the profit for the purposes of the plugging back into the business operations and hence do not recommend dividend for the year 2008-2009.

**3. PERFORMANCE:**

Members would be pleased to note that the company has achieved significant growth for the year under review. During the year company has achieved the sales of Rs. 1942.75 Lacs and Net Profit After Tax Rs. 35.65 Lacs however there is period of recession in the Market in India. Your company hopes to increase its presence in the business in whole market in the coming years, which will significantly increase the top line and also its profitability.

**4. DIRECTORS:**

In terms of the provisions of the Companies Act, 1956 and the Article of Association of the company, Shri Bhupatlal L. Tilva and Shri Mansukhlal Patel, Directors of the company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**5. AUDITORS OBSERVATION:**

Relevant notes to the accounts concerning Auditors Observations thereon are self-explanatory.

**6. AUDITORS:**

M/s. Gadhia Karachiwala, Chartered Accountants, the Auditors of the company, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**7. COMPLIANCE CERTIFICATE:**

In terms of Section 383A(1) of the Companies Act, 1956 and companies (Compliance Certificate) Rules, 2001 the certificate issued by Company Secretary in Whole Time Practice certifying that the company has complied with all the provisions of Companies Act, 1956 is annexed to the Report.

**8. PARTICULARS OF EMPLOYEES:**

Since there are no employees drawing salary as specified in Section- 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, the particulars is not given.

**9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**

Information in accordance with the provision of Section 217(l)(e) of the Companies Act, 1956, read with companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

**10. RESPONSIBILITY STATEMENT:**

As required under Section-217 (2AA) of the Companies Act, 1956, the Directors of the company hereby state and confirm

- i. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure
- ii. That the Directors have 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 the affairs of the company at the end of the financial year ended 31.03.2008 and of the profit of the company for that period
- iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- iv. That the Directors had prepared the annual accounts on a going concerns basis.

**11. CORPORATE GOVERNANCE:**

A detailed report on Corporate Governance along with Auditor's Certificate on its compliance is attached as a part of the Annual Report.

**12. APPRECIATION:**

Your Directors take this opportunity to thank all investors, banks, regulatory and the governmental authorities for their continued co-operation during the year. Your Directors sincerely acknowledges the significant contribution made by all the employees for their dedicated services to the Company.

Date: 20.06.2009

Place: Rajkot

For and on behalf of Board of Directors

Mansukhlal Patel  
Managing Director

**ANNEXURE TO THE DIRECTOR REPORT**

**FORM "A"**

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

**A. Power and Fuel Consumption 2008-2009**

1. Electricity	
Total unit Consumed	<b>20,26,368</b>
Total amount (Rs.)	<b>1,18,44,266</b>
Rate/Unit (Rs.)	<b>5.84</b>
2. G.N. Husk and Lignites	
Total Quantity Consumed	<b>14,32,135 Kgs.</b>
Total amount paid	<b>34,84,127.</b>
Rate per Kgs.	<b>2.43</b>

b) Own Generation

1) Through Diesel	
Generator Unit (Nos.)	<b>Nil</b>
Unit per ltr. of diesel Oil (Nos.)	<b>Nil</b>
Cost/Unit (Rs.)	
2) Through wind turbine/generator	
Units / Nos.	<b>Nil</b>
Total Cost (Rs. In thousands)	
Average Rate (Rs.)	
3) Coal (Specify quality and where used)	
Units/Nos.	<b>Nil</b>
Cost/Unit (Rs.)	
Amount (Rs.)	
4) Furnace Oil	
Quantity (k.litres.)	
Total Amount	<b>Nil</b>
Average Rate	
5) Others / internal generation (please give details)	
Quantity	
Total cost	<b>Nil</b>

**B. Consumption per unit of production**

Products (with details) unit  
For the production of 1 kg. PVC Film

I. Electricity	
Production PVC Film Kg. (Approx)	: 3014.068
Total Electricity Unit Consumed	: 2026368
(2026368/3014068) =	: 0.67
II. G.N. Husk and Lignites	
Production PVC Film Kg. (Approx)	: 3014.068
Total G.N. Husk and Lignites Kg. Consumed	: 1432135
(1432135/3014068)=	: 0.47
III. Furnace Oil	
Coal (Specify quality)	
Others (Specify)	Not Applicable

**FORM "B"**

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

Research and Development **NIL**

**A. Technology Absorption, Adoption and Innovation**

The company has great emphasis on saving of energy. Achieving reduction of energy per unit of production is an ongoing exercise in the company. The company shall take effective measures to minimize the loss of energy at the factory.

**B. Benefits derived as a result of the above efforts**

The costs of the project go down.

**C. Foreign Exchange Earning & Outgo**

The Company earned Foreign Exchange income of Rs.6166169/- The Company expanded Foreign Exchange of Rs.3184275/- during the financial year 2008-2009.

**ANNEXURE TO DIRECTORS' REPORT**  
**Corporate Governance**

The Securities and Exchange Board of India (SEBI) has instituted mandatory standards of Corporate Governance for Companies listed on Indian Stock Exchanges. These standards have been enshrined in the Clause-49 of the Listing Agreement with the Stock Exchanges.

**THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability, and equity in all facets of its operations and all in its interactions with its stakeholders, employees and the Government. The company considers good Corporate Governance to be a pre-requisite for attaining the long-term goals.

**BOARD OF DIRECTORS: Composition of the Board of Directors**

The Board of Directors of the company as on 31<sup>st</sup> March 2009 consists of eight members. The Board comprises of 1 (one) Executive Director and 7 (Seven) are Non-Executive Directors. The composition of the Board and other relevant details relating to Directors are given below: -

Name of Director	Category	No. of other Director Ship	No. of membership of other Board Committees	No. of other Board Committees of with the Director is a Chairperson	No. of Board meeting attended	Whether attended last AGM	Remarks
Mansukhlal P. Patel	Ex-Chairman	5	NIL	2	22	Yes	
Vinod K. Tilwa	N.Nx.	4	NIL	NIL	15	Yes	
Bhupat L. Tilwa	N.Ex.	1	NIL	NIL	22	Yes	
Mansukhlal J. Patel	N.Ex.-IND	1	NIL	NIL	14	No	
Kelvin A. Makadia	N.Ex.-IND	0	2	NIL	14	No	
Dineshlal D. Nadapra	N.Ex.-IND	0	2	NIL	18	No	
Chimanlal R. Chapla	N.Ex.-IND	0	2	NIL	18	Yes	
Hiralal Patel	N.Ex.-IND	0	NIL	NIL	18	No	

Ex-Chairman means Executive Chairman, N.Ex.-NI means Non-Executive Non Independent Director, N.Ex.-IND means Non-Executive Independent Director.

**Board Meetings**

The Board of Directors met 22 times during the year.

**Audit Committee:**

The composition of the Audit Committee and details of the meetings as attended by the Members of the Committee are as given below:

Name	Designation	No. of Committee meetings attended
Shri Mansukhlal P. Patel	Executive (Chairman)	4
Shri Kelvin Makadia	Executive (Independent)	4
Shri Dineshchandra Nadapra	Non Executive (Independent)	4
Shri Chimanlal Chapla	Non Executive (Independent)	4

The minutes of the Audit committee is noted and considered by the Board of directors at the subsequent Board meetings. The Audit Committee met 5 times during the year.

**Shareholders Committee**

i. Composition:

Your company has constituted Shareholders Committee, for looking after and redressing the shareholders' complaints. The members of the committee are as follows:

Name of Member	Designation	Category
Shri Mansukhlal P. Patel	Executive (Chairman)	Promoter
Shri Kelvin Makadia	Non Executive (Independent)	Non-Exe. Independent Director
Shri Dineshchandra Nadapra	Non Executive (Independent)	Non-Exe. Independent Director
Shri Chimanlal Chapla	Non Executive (Independent)	Non-Exe. Independent Director

ii. There was no Transfer/ Transmission pending as on 31.03.2009.

**General Body Meetings:**

The details of the date, location and time of the last three Annual General Meeting (AGM) of the company are given below:

Fin. Year	Date of AGM	Time	Venue
2005-06	20.09.2006	11.00 am	307-Silver Chambers, Tagore Road, Rajkot - 360 002
2006-07	20.09.2007	11.00 am	307-Silver Chambers, Tagore Road, Rajkot - 360 002
2007-08	20.09.2008	11.00 am	307-Silver Chambers, Tagore Road, Rajkot - 360 002

The company has not passed any Resolution through the Postal Ballot during the year 2008-2009.

**Disclosures:**

- i. Significant related party transactions:  
There were no materially significant related party transactions, during the year-ended 31.03.2009 that may have any potential conflict with the interest of the company at large. Attention of the Members is drawn to the Disclosures of Transactions with Related Parties set out in Schedule-22 to the Accounts, forming part of the Annual Report.

**Means of Communications:**

The Quarterly Results of the company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. The results are published in English and Gujarati edition of Western times.

**General Shareholders information :**

- i. **Annual General Meeting**  
Date : 21<sup>st</sup> September, 2009  
Time : 11.00A.M.  
Venue : 307-Silver Chambers, Tagore Road, Rajkot - 360 002.
- ii. **Dividend for the year 2008-2009**  
The Board of Directors of your company do not recommend Dividend for the year 2007-2008.
- iii. **Listing on the Stock Exchange**  
(1) The Stock Exchange, Mumbai (2) The Ahmedabad Stock, Ahmedabad  
(3) The Saurashtra-Kutch Stock Exchange, Rajkot
- iv. **Listing Fees:** The Company has paid Listing Fees to all the Stock Exchanges where securities are listed.
- v. **Registrar and Share Transfer Agent**  
M/s. M.C.S. Ltd., 101-Shatdal Complex, 1<sup>st</sup> Floor, Opp. Bata Show Room,  
Ashram Road, Ahmedabad-380 009. Ph-079-26582878
- vi. **Distribution of Shareholding as on 31<sup>st</sup> March, 2009**

Number of Shareholders	% to Total	Share Holding of Nominal Value of Rs.	No. of Shares	Amount in Rs.	% To Total
3213	97.2457	Up to 5,000	1322300	13223000	30.6159
31	0.9383	5,001 to 10,000	233000	2330000	5.3948
51	1.5436	10,001 to 50,000	1097800	10978000	25.4179
5	0.1513	50,001 to 100000	422300	4223000	9.7777
4	0.1211	And Above	1243600	12436000	28.7937
<b>3304</b>	<b>100.00</b>	<b>TOTAL</b>	<b>4319000</b>	<b>43190000</b>	<b>100.00</b>

**VII. Outstanding GDRs/ADRs/Warrants:**

There are no outstanding GDRs/ADRs/Warrants as on 31<sup>st</sup> March, 2009

**VIII. Facility Location :**

1. Survey No. 241, National Highway 8-B, Near GEB Sub-Station Shapar (Veraval) Dist. Rajkot.
2. 307-, Silver Chambers, Tagore Road, Rajkot-360 002

**ix. Address for Correspondence:**

The shareholders may correspond to the RTA on the above mentioned address and/or to the Company at Registered office of the company, as given below quoting Folio No./Client ID:

**The Company Secretary, Vinyoflex Limited.**

307-, Silver Chamber, Tagore Road, Rajkot-360 002

Phone -(0281) 246 0692, 246 8776 Fax: (0281) 246 8839

Email: [rotoadl@sancharnet.in](mailto:rotoadl@sancharnet.in)

## COMPLIANCE CERTIFICATE U/S-383A

To,  
The Members -  
VINYOFLEX LIMITED

I have examined the registers, records, books and papers of VINYOFLEX LIMITED as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure "A"** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met **Twenty Two (22)** times in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members once in the financial year and duly complied with compliance of section 154 of the Act.
6. The Annual general meeting for the financial year ended on **31st March, 2008** was held on **20<sup>th</sup> September 2008** after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has entered contract falling within the purview of section 297 of the Act and have complied with the provision of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were instances falling within the purview of Section 314 of the Act, the Company has obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company;
  - (i) has not made any allotment of shares during the financial year. Has made transfer of share during the Financial year under review.
  - (ii) has not deposited the amount of dividend in a separate Bank Account as no dividend was declared.
  - (iii) was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
  - (iv) was not required to transferred any amounts to Investor protection and education fund,
  - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies.
15. The Company has not appointed any Managing Director/ Whole time director/ Managers during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. As informed the Company was required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms & companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Shares, debentures or other securities during the financial year.
20. The Company has not bought back any Shares during the financial year.
21. There was no redemption of preference shares during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited /accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has not made any borrowing during the financial year attracting the provisions of Section-293(1)(d).
25. The Company has not made loans and advances, or given guarantees or provided securities to other bodies corporate during the year under scrutiny and consequently no entries have been made in the register kept for the purpose.



26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to Share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. As informed there was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. As informed the Company has not established any provident fund u/s 418 of the Companies Act, 1956 and hence not applicable.

Date : 30-6-2009,

Place : AHMEDABAD

**MANUPARASAD PATEL**  
*Company Secretaries*  
 C.P. No. 6357

**Annexure A**

**Registers as maintained by the Company**

**STATUTORY REGISTERS**

- Register of Members u/s 150 and Index of Members u/s 151
- Register and Returns u/s 163
- Minutes books of Board meeting and the annual general meeting for the year 2008-09
- Books of Accounts u/s 209
- Register of Directors, Managing Directors, Manager and Secretary u/s 303
- Register of Directors Shareholding u/s 307
- Register of firms/company in which directors are interested u/s 301

**Annexure B**

**Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March 2009.**

Sr. No.	Form No./ Return	Filed U/s.	Date Of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fees paid Yes/No
01.	Balance Sheet (Form 23 AC & Form 23ACA)	220	30.06.2008	Yes	No
02.	Annual Return (Form 20B)	159	30.06.2008	Yes	No
03.	Form 62 Return of Deposit	Rule 10	30.06.2008	Yes	No

**AUDITORS CERTIFICATE  
ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE  
UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

**TO THE SHAREHOLDERS OF VINYOFLEX LIMITED**

- a. We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Vinyoflex Limited ("the Company") for the year ended 31/03/2009, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges,
- b. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the "Guidance Note on Certification Corporate Governance" issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof adopted by the Company of ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to expression an opinion on the financial statement of the Company.
- c. In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
  - a. We state that in respect of investor grievances received during the ended 31<sup>st</sup> March, 2009, no investor grievance was pending as per the records maintained by the Company.
  - b. 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.

**REPORTS OF THE AUDITOR'S TO THE SHARE HOLDERS**

We have audited the attached Balance sheet of VINYOFLEX LIMITED as at 31<sup>st</sup> March 2008, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on those 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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 277(4A) of the Companies Act, 1956 and on the basis of such checks of books and records as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said order. 1. Further to our comments in the Annexure referred to in para 1 above:

- a. We have obtained all the information and explanation which to the best of our knowledge and belief where necessary for the purpose of our audit.
- b. In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.
- c. The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with books of accounts of the Company.
- d. In our opinion and to the best of our information the Balance Sheet, Profit & Loss Account and Cash Flow Statement of the Company dealt with by this report have been prepared in compliance with the applicable Accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- e. As per the information and explanation given to us, none of the directors of the Company is disqualified from being appointed as director under clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes 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 :
  - (1) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
  - (2) In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date and;
  - (3) In the case of Cash Flow Statement, of the Company for the year ended on that date.

Date : 20-6-2009

Place : RAJKOT

**For Gadhia Karachiwala & Co.**  
Chartered Accountants  
**C.V. GADHIA**  
Partner

ANNEXURE TO AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of VINYOFLEX LIMITED on the accounts for the year ended 31st March, 2009

The comments given herein below are based on the data compiled by the Company in order to comply with the requirements of the new order from the effective date. On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) The fixed assets have been physically verified by the management as per the policy of conducting the verification. No material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regards to the size of the Company and nature of its business.
- (c) During the year Company has not disposed off any substantial/major part of fixed assets.
- (ii) (a) Physical verification of inventories has been conducted at reasonable intervals during the year by the management.
- (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of inventory as compared to book records were not material and they have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

The Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The number of parties and amount involved in the transactions is as follow :-

Number of parties	Amount of loans given Rs. Lacs	Amount of loans taken involved (Balance as at 31.03.09)
1	Rs. 35 lac	Rs. 30 lac

- (b) In our opinion, the rate of interest and other terms and conditions of unsecured loans taken by the Company, are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of unsecured loans taken by the Company, where stipulations have been made, the repayments of the principal amount and interest have been regular.
- (d) There is no overdue amount outstanding of the unsecured loans taken by the Company or interest thereon as at the date of the Balance Sheet.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
- (v) (a) According to information and explanation given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under Section 301, of the Companies Act, 1956 have been recorded in the register.
- (b) According to information and explanation given to us, the transactions referred to under sub clause (a) above, which exceeds Rs. 500000/- in each case have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vii) The Company has an internal audit system, which in our opinion, commensurate with the size and the nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956
- (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date those became payable.
- (x) The Company does not have any accumulated loss as on 31st March, 2009. The Company has not incurred any cash losses during the financial year covered by our audit and in immediately preceding financial year.
- (xi) Based on our audit procedure and on the information and explanations given by the management, we are of opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore the question of maintenance of documents and records in respect thereof does not arise.
- (xiii) Clause (xiii) of the Order is not applicable to the Company as the Company is not a chit fund company or nidhi/ mutual benefit fund society.
- (xiv) Clause (xiv) of the Order is not applicable as the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) 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 institution.
- (xvi) According to information and explanations given to us no fresh term loan has been obtained by the Company during the year.

**BALANCE SHEET AS AT 31st March 2009**

PARTICULARS	SCHE DULE	Amount Rs.	31.03.2009 Rs.	31.03.2008 Rs.
<b>SOURCES OF FUNDS :</b>				
<b>SHAREHOLDER'S FUNDS</b>				
Share Capital	1	43190000.00		43190000.00
Reserve & Surplus	2	<u>13297543.52</u>		<u>9739463.74</u>
			56487543.52	52929463.74
<b>LOANS :</b>				
Secured Loans	3	15825058.48		27013687.71
Unsecured Loans	4	<u>13442839.61</u>		<u>13592839.61</u>
			29267898.09	40606527.32
<b>DEFERRED TAX LIABILITY:</b>	6		6273576.00	6463208.00
	TOTAL Rs.		<u>92029017.61</u>	<u>99999199.06</u>
<b>APPLICATION OF FUNDS :</b>				
<b>FIXED ASSETS:</b>				
Gross Block	5	58245129.00		57393733.00
Less: Depreciation		<u>26275855.00</u>		<u>23676022.00</u>
Net Block			31969274.00	33717711.00
<b>INVESTMENT :</b>	7		17000.00	17000.00
<b>CURRENT ASSETS, LOANS AND ADVANCES:</b>				
Inventories	8	17395061.00		37846080.00
Sundry Debtors	9	52530877.87		66197623.21
Cash and Bank Balance	10	4394602.26		5547770.06
Loans and Advances	11	<u>4465003.00</u>		<u>8330517.00</u>
Less :		<u>78785544.13</u>		<u>117921990.27</u>
<b>CURRENT LIABILITIES AND PROVISION</b>				
Sundry Creditor	12	14784122.00		47464022.00
Other Liabilities		2130155.52		425878.26
Provision		1138749.00		2870025.95
Statutory Liabilities		<u>689774.00</u>		<u>897576.00</u>
		<u>18742800.52</u>		<u>51657502.21</u>
			60042743.61	66264488.06
	TOTAL Rs.		<u>92029017.61</u>	<u>99999199.06</u>
Notes To The Accounts	22			

Schedules referred to above and notes attached there to form an integral part of the Profit & Loss Account.

As per our report of even date

For **Gadhia Karachiwala & Co.**  
Chartered Accountants  
**C.V. Gadhia**  
Partner

Place : Rajkot  
Date : 20 JUN 2009

For and on behalf of the Board  
**M.P. Patel** Chairman  
**Vinod K. Tilva** Director  
**B.L. Tilva** Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

PARTICULARS	SCHE DULE	Amount Rs.	31.03.2009 Rs.	31.03.2008 Rs.
<b>INCOME</b>				
Sales	13		194275298.53	219404981.75
Interest	14		139345.00	171568.24
Other Income	15		3077713.52	363203.32
Increase/decrease in stock	16		(12667004.00)	8413162.00
		TOTAL Rs.	184825353.05	228352915.31
<b>EXPENDITURE :</b>				
Raw Material Consumption	17	148962425.50		191805954.00
Power & Fuel	18	15328392.99		15590829.19
Manufacturing Expenses	19	6180930.00		6131448.00
Administrative & Other Exp.	20	3585075.78		2610129.17
Interest	21	4359003.00		4301065.00
Excise Expenses		0.00		921558.00
Depreciation	5	2599833.00		2526616.00
			181015660.27	223887599.36
<b>Profit before Tax</b>			3809692.78	4465315.95
<b>Provision for</b>				
-Income Tax		400000.00		470000.00
-Deffered Tax (Net)		(189632.00)		1028854.00
-Fringe Benefit Tax		33880.00		25000.00
			244248.00	1523854.00
<b>Profit after tax</b>			3565444.78	2941461.95
Tax adjustments of previous years			(7365.00)	(10070.00)
			3558079.78	2931391.95
Add: Surplus Brought forward			9739463.74	6808071.79
Balance carried to Balance Sheet			13297543.52	9739463.74

Notes To The Accounts 22

Schedules referred to above and notes attached there to form an integral part of the Profit & Loss Account.

As per our report of even date

For **Gadhia Karachiwala & Co.**  
Chartered Accountants

**C.V. Gadhia**  
Partner

Place : Rajkot  
Date : 20 JUN 2009

For and on behalf of the Board  
**M.P. Patel** Chairman

**Vinod K. Tilva** - Director

**B.L. Tilva** Director

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009

PARTICULARS	Amount Rs.	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE -01 : SHARES CAPITAL</b>			
<b>AUTHORISED :</b>			
5000000 Equity shares (Previous year 5000000) of Rs. 10/- each		<u>50000000.00</u>	<u>50000000.00</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP :</b>			
4319000 Equity shares (Previous year 4319000) of Rs. 10/- each fully paid up		<u>43190000.00</u>	<u>43190000.00</u>
<b>SCHEDULE -02</b>			
<b>RESERVE &amp; SURPLUS</b>			
-Profit and loss Account		<u>13297543.52</u>	<u>9739463.74</u>
<b>SCHEDULE -03</b>			
<b>SECURED LOANS</b>			
<b>-CASH CREDIT &amp; BOOK DEBTS</b>			
From State Bank of Saurashtra (Against hypothecation of Raw materials, finished goods. work-in-process & guaranted by all directors)		<u>15825058.48</u>	<u>27013687.71</u>
<b>SCHEDULE -04 : UNSECURED LOANS</b>			
Deposit from shareholders	10355000.00		10005000.00
From Corporate Body	3000000.00		3500000.00
Loan from Shareholders	<u>87839.61</u>		<u>87839.61</u>
		<u>13442839.61</u>	<u>13592839.61</u>

SCHEDULE -05 : FIXED ASSETS

VINYOFLEX LIMITED - RAJKOT

ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31-3-2009

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 31.03.2008	Addition/Transfer	Sold/Transfer	Balance as at 31.03.2009	Up to 31.03.2008	For the Year	On sold/Transfer	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
1. Land & Development	534960.00	0.00	0.00	534960.00	0.00	0.00	0.00	0.00	534960.00	534960.00
2. Building	13430102.00	0.00	0.00	13430102.00	5202105.00	448565.00	0.00	5650670.00	7779432.00	8227997.00
3. Plant & Machinery	38998057.00	187534.00	0.00	39185591.00	16121963.00	1847864.00	0.00	17969827.00	21215764.00	22876094.00
4. Electric Installation	3398576.00	0.00	0.00	3398576.00	1930542.00	161432.00	0.00	2091974.00	1306602.00	1468094.00
5. Vehicles	787408.00	636677.00	0.00	1424085.00	371958.00	125115.00	0.00	497073.00	927012.00	415450.00
6. Furniture & Fixtures	41138.00	0.00	0.00	41138.00	25484.00	2563.00	0.00	28047.00	13091.00	15654.00
7. Computer	134862.00	0.00	0.00	134862.00	15226.00	8537.00	0.00	23763.00	111099.00	119636.00
8. Air Condition	41800.00	235000.00	0.00	65300.00	6613.00	3928.00	0.00	10541.00	54759.00	35187.00
9. Telephone Instrumer	26830.00	3685.00	0.00	30515.00	2131.00	1829.00	0.00	3960.00	26555.00	24699.00
Total Rs.	57393733.00	851396.00	0.00	58245129.00	23676022.00	2599833.00	0.00	26275855.00	31969274.00	33717711.00
Previous Year	(56720527.00)	(679574.00)	(6368.00)	(57393733.00)	(21149406.00)	(2526616.00)	0.00	(23676022.00)	(33717711.00)	(35571121.00)

**VINYOFLEX LIMITED**

PARTICULARS	Amount Rs.	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE -06</b>			
Deferred Tax Liability	<u>6273576.00</u>	<u>6273576.00</u>	<u>6463208.00</u> <u>6463208.00</u>
<b>SCHEDULE -07: INVESTMENTS (AT COST)</b>			
UNQUOTED			
200 Equity shares of B.O.B	<u>17000.00</u>	<u>17000.00</u>	<u>17000.00</u> <u>17000.00</u>
<b>SCHEDULE -08 : INVENTORIES.</b>			
-Finished goods	1815633.00		11659850.00
-Goods in process	2055970.00		4860757.00
-Raw Materials	13339919.00		20949934.00
-Stock of other items	<u>183539.00</u>	<u>17395061.00</u>	<u>375539.00</u> <u>37846080.00</u>
(Raw material and goods in process is valued at cost and estimated cost respectively or net realisable value which ever is lower. Finished goods is valued at selling price or net realisable value which ever is lower As per inventory taken, valued & certified by the Directors.			
<b>SCHEDULE -09 : SUNDRY DEBTORS (Unsecured considered good)</b>			
-Debts outstanding for more than six months	1718772.87		1751892.00
-Other debts	<u>50812105.00</u>	<u>52530877.87</u>	<u>64445731.21</u> <u>66197623.21</u>
<b>SCHEDULE -10 : CASH &amp; BANK BALANCES</b>			
Cash on Hand	109294.00		91908.39
State Bank of Saurashtra-FD	5000.00		5000.00
State Bank of Hyderabad-Bombay	6000.00		6000.00
IDBI Bank	1841308.26		3943861.67
State Bank of Saurashtra F.D.	<u>2433000.00</u>	<u>4394602.26</u>	<u>1501000.00</u> <u>5547770.06</u>
<b>SCHEDULE -11: LOANS AND ADVANCES (Unsecure considered good)</b>			
Telephone Deposits	19000.00		19000.00
G.E.B.Deposits	379008.00		379008.00
G.E.B.Deposits	1749288.00		1488173.00
Gas Deposits	3900.00		3900.00
Advances to others	<u>2313807.00</u>	<u>4465003.00</u>	<u>6440436.00</u> <u>8330517.00</u>
<b>SCHEDULE -12 : CURRENT LIABILITIES &amp; PROVISION</b>			
<b>Current Liabilities:</b>			
Sundry Creditors for goods	14784122.00		47464022.00
Other liabilities	2130155.52		425878.26
Statutory Liabilities	<u>689774.00</u>	<u>17604051.52</u>	<u>897576.00</u> <u>48787476.26</u>
<b>Provisions:</b>			
For Expenses	1090749.00		2816275.95
For Audit Fees	<u>48000.00</u>	<u>1138749.00</u>	<u>53750.00</u> <u>2870025.95</u>

**VINYOFLEX LIMITED**

PARTICULARS	Amount Rs.	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009</b>			
<b>SCHEDULE -13 : SALES</b>			
-P.V.C. Film -		<u>194275298.53</u>	<u>219404981.75</u>
<b>SCHEDULE -14 : INTEREST INCOME</b>			
-Intrest		<u>139345.00</u>	<u>171568.24</u>
<b>SCHEDULE -15 : OTHER INCOME</b>			
- Rebate Kasar	525.52		686.32
-Early Payment Incentive	955763.00		0.00
-Other sale	788589.00		361317.00
- Excise Expenses	1331236.00		0.00
- Dividend	1600.00		1200.00
		<u>3077713.52</u>	<u>363203.32</u>
<b>SCHEDULE -16</b>			
(Increase) \decrease in finished goods and Work in process			
Closing stock:-			
Finished Goods	1815633.00		11659850.00
Work in Process	2055970.00		4860757.00
Stock of other items	24000.00		42000.00
		<u>3895603.00</u>	<u>16562607.00</u>
Less:-			
Opening Stock			
Finished Goods	11659850.00		3872514.00
Work in Process	4860757.00		4240931.00
Stock of other items	42000.00		36000.00
		<u>16562607.00</u>	<u>8149445.00</u>
		<u>(12667004.00)</u>	<u>8413162.00</u>
<b>SCHEDULE -17 : RAW MATERIAL CONSUMPTION</b>			
Openning stock	20949934.00		13273220.00
Add; Purchases	141352410.50		199482668.00
	<u>162302344.50</u>		<u>212755888.00</u>
Less:Closing stock	13339919.00		20949934.00
		<u>148962425.50</u>	<u>191805954.00</u>
<b>SCHEDULE -18 : POWER &amp; FUEL</b>			
- Electric Power	11844265.99		13445960.19
-Fotari	3484127.00		2144869.00
		<u>15328392.99</u>	<u>15590829.19</u>
<b>SCHEDULE -19 : MANUFACTURING EXPENSES:-</b>			
-Freight	1956978.00		2131134.00
-Import Kharajat	594503.00		484687.00
-Wages	1804189.00		1498613.00
-Bonus	102446.00		91232.00
-Insurance	187951.00		235653.00
-Factory Exps.	864097.00		873737.00
-Repairs & Maintenance	670766.00		816392.00
		<u>6180930.00</u>	<u>6131448.00</u>



# VINYOFLEX LIMITED

PARTICULARS	Amount Rs.	31.03.2009 Rs.	31.03.2008 Rs.
<b>SCHEDULE -20 : ADMINISTAT1VE &amp; OTHER EXPS.</b>			
-Salary to Director	60000.00		60000.00
-Postages & Telegram	161673.00		191906.00
-Telephone	121516.68		127637.19
-Vehicles	206112.00		191658.00
-Travelling(Including Rs. Nil for directors. Previous Year Rs. Nil)	1030.00		63650.00
-Security Service	153600.00		146400.00
-Printing & Stationery	59973.00		83350.00
-Bank Commision & charges	141508.48		140468.98
-Legal & Professional fees	114768.00		233893.00
-Advertisement	46359.00		39049.00
-Office Rent	15000.00		15000.00
-Listing fees	29511.00		147700.00
-Freight outward	119865.00		100726.00
-Export Kharajat	274532.00		192159.00
-Other Expenses	312952.00		442148.00
- Sales Tax	92624.00		92200.00
-Share Transfer Agent fees	26968.00		24000.00
-Cash discount	255958.00		204702.00
-Quality Allowance	310384.00		116825.00
-Ele. Charges	6750.00		24887.00
-Sales Tax-2002-03	18081.00		0.00
-Exchange Rate Diff.	222006.11		0.00
-Commission	37856.51		0.00
-Bad debts W/O.	746575.00		0.00
-Service Tax Interest	473.00		1000.00
-Central Excise Penalty	1000.00		0.00
-Payment to Auditor's			
-Audit Fees	38000.00		40000.00
-Fees for other services	10000.00		13750.00
		<b>3585075.78</b>	<b>2610129.17</b>

## SCHEDULE-21 : INTEREST

On w.c.	2629879.00	2680465.00
On deposit	1242600.00	1200600.00
Interest to Suppliers	486524.00	420000.00
		<b>4359003.00</b>

## SCHEDULE - 22 : NOTES AND ADDITIONAL INFORMATION FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31.03.2009

### 1 Accounting Policies :

- [a] FIXED ASSETS :All fixed Assets are valued at Historical cost less depreciation.
  - [b] DEPRECIATION :Depreciation is provided on Straight Line Basis at the rate provided by schedule XIV of the Companies
  - [c] INVENTORIES : Raw Materials are valued at cost or net realisable value whichever is lower, but net of Cenvat..Goods in process is valued at estimated cost or net realisable value whichever is Finished goods are valued at sales price or net realisable value^ which ever is lower and include excise duty payable.
  - [d] SALES : Sales are stated net of excise duty and sales tax.
  - [e] EXCISE DUTY : Liability for excise duty on finished good is duly accounted for.
  - [f] CENVAT : Cenvat benefit is accounted for on purchases of raw material and appropriated against payment of excise duty on clearance of finished goods. Purchases, stock of raw materials etc. are exclusive of such
  - [g] PRELIMINARY & PUBLIC ISSUE EXPENSES : Preliminary and public issue expenses are shown under the head Miscellaneous Expenditure to the extent not written off / 10th is written off every year to the profit and loss account.
  - [h] INVESTMENTS: Investments are valued at cost,
  - [i] GRATUITY:No provision for gratuity has been made in the books of account,
  - [j] RECOGNITION OF INCOME & EXPENDITURE: The company is following accrued method of accounting except bonus, non rcurring & misc. income and expenditures as the impact of non provision is not material on the profit and loss of the Company.
- 2 Previous year figures have been regrouped where ever necessary.
  - 3 Sundry debtors, Creditors and Loans and Advances are shown as appearing in the accounts and same are subject to confirmation.
  - 4 Installed production capacity is as per certified by the directors and has not been verified by Auditors, this being technical matter.
  - 5 Dues to SSI Unots:Sundry creditors include Rs. 1769120/- being amount payable to SSI undertakings in excess of Rs. 1.00 lacs and outstanding for more than 30 days. This amount has been determined to the extent such parties are identified by the company on the basis of information available with them and has been relied upon by the auditors.
  - 6 Director's Remuneration : Salary to managing Director 63500.00 (Rs. 63500/-)

7 Auditor's Remuneration.

	<u>2008-09</u>	<u>2007-08</u>
For Audit fees	38000.00	40000.00
For Other Matters	10000.00	13750.00
	<u>48000.00</u>	<u>53750.00</u>

8 Computation of Earning per share:

		<u>2008-09</u>		<u>2007-08</u>
Net profit for the year	=	<u>3558080.00</u>	0.82	<u>2931392.00</u>
No. of Shares		<u>4319000.00</u>		<u>4319000.00</u>

9 Related Party Transactions are, as follows :

			<u>2008-09</u>	<u>2007-08</u>
Name of the Party	Relationship	Nature of transactions	Amount	Amount
Shri. M.P. Patel	Director	Salary Bonus	63500.00	63500.00
Shri K.L. Tilva	See note no. 1	Salary Bonus	75500.00	67100.00
Inova Cast Pvt. Ltd.	See note no. 2	Purchase	84345.00	0.00
Inovative Technocast Pvt. Ltd.	See note no. 2	Purchase	306841.00	0.00
Roto Screentech pvt. ltd.	See note no. 2	Reit	15000.00	15000.00
Roto Screentech pvt. ltd.	See note no. 2	Interest	485918.00	420000.00
Rahul M. Patel	See note no. 1	Interest	90000.00	90000.00
Dipa R. Patel	See note no. 1	Interest	36000.00	36000.00
Nirmala M. Patel	See note no. 1	Interest	54000.00	54000.00
Bhupatlal Lalji	See note no. 1	Interest	36000.00	36000.00
Shanta B. Tilva	See note no. 1	Interest	42000.00	42000.00
Uday Ranchoddas	See note no. 1	Interest	36000.00	36000.00
Nila Udaykumar	See note no. 1	Interest	102000.00	96000.00
Jayaben Ranchoddas	See note no. 1	Interest	60000.00	54000.00
Mitul D. Tilva	See note no. 1	Interest	66000.00	60000.00
Rishit D. Tilva	See note no. 1	Interest	66000.00	60000.00
Narmada K. Tilva	See note no. 1	Interest	192000.00	174000.00
Kasturben Ratilal	See note no. 1	Interest	36000.00	36000.00
Ratilal Premji	See note no. 1	Interest	66000.00	66000.00
Dharmishthaben	See note no. 1	Interest	66600.00	66600.00
Bharat Ratilal	See note no. 1	Interest	36000.00	36000.00

- Note: 1. Relative of some of the directors of the Company.  
2. Some the directors of the Company are director in the Company.

10 Income Tax Provision:

- a. Income tax provision has been made on the basis of Minimu Alternative Tax.  
b. Deferred Taxation:  
Beak-up of net deferred tax assets/ liabilities into major compnents of the respective balances are as follows

	<u>As at</u> <u>01.04.2008</u>	<u>Curent</u> <u>year</u>	<u>As at</u> <u>31.03.2009</u>
<b>Deferred Tax Liability:</b>			
Excess of net block of assets over written down value as per Provisions of Income Tax Act, 1961.	6463208.00	(189632.00)	6273576.00
Sub -total	<u>6463208.00</u>	<u>(189632.00)</u>	<u>6273576.00</u>
<b>Deferred Tax Assets:</b>			
Unabsorbed Depreciation	0.00	0.00	0.00
Unabsorbed Losses	0.00	0.00	0.00
P. & P. and Public Issue Exps.	0.00	0.00	0.00
Sub -total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Net Deferred Liability</b>	6463208.00	(189632.00)	6273576.00

## VINYOFLEX LIMITED

11 Since the Company operates in a single Segment i.e. "P.V.C. Film", Accounting Standard (AS) 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

**12 Foreign Exchange Transactions :**

Foreign Exchange transactions are accounted for at the rates prevailing on the day of transactions and the difference on the actual realisation through bank is transferred to foreign exchange difference account. The amount outstanding, if any, as at 31.03.2009 is translated at the rate as on that day.

13 Information pursuant to the provision of paragraph 3 & 4 of the part II of the Schedule IV of the Companies Act is as under:

**I. Particulars of Licence capacity, Installed capacity and production.**

	Particulars	Class of Goods	Mtrs.
(a)	Licence Capacity	PVC Film	No licence is required
(b)	Installed Capacit	PVC Film	6000 Mts. P.A. on triple shift basis
(c)	Production	PVC Film	(4102.586 Mts.) 3014.068 Mtrs.

**II. Particulars of Opening stock, Production, Turnover and Closing Stock of Finished Product.**

Class of Goods	Opening Stock		Production		Sales		Closing Stock	
	Qty. (Mts.)	Value	Qty.(Mt)	Value	Qty.(Mt)	Value	Qty.(Mt)	Value
PVC Film	186.75 (61.61)	11659850.00 (3872514.00)	3014.068 (4102.586)	---	3166.745 (3977.446)	194275299.00 (219404982.00)	34.08 (186.75)	1815633.00 (11659850.00)

Note : The above quantity of Mts. Production, Sales and Closing stock which includes quantity of certain items produced and measured as meters but the same is converted into MTS. [Kgs.] on approximate basis for uniformity.

**III Particulars of Raw-materials consumed :-**

Class of Raw Materials	Unit	Opening Stock		Purchases		Consumption		Closing Stock	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
P.V.C. Resin	M.T.	194.125 (48.405)	9627781.00 (2178957.00)	1311.250 (2096.05)	59325667.00 (94702970.00)	1390.38 (1950.330)	64784158.00 (87254146.00)	115.00 (194.125)	4169290.00 (9627781.00)
Plastisizers	M.T.	23.548 (40.020)	1844353.00 (3186939.00)	558.000 (698.296)	40317470.00 (52768955.00)	534.265 (714.768)	39718190.00 (54111541.00)	47.283 (23.548)	2443633.00 (1844353.00)
Stabilisers	M.T.	12.295 (11.955)	1626352.00 (1173108.00)	52.285 (73.270)	7036114.00 (8510215.00)	56.445 (72.930)	7548989.00 (8056971.00)	8.135 (12.295)	1113477.00 (1626352.00)
Colours	M.T.	10.255 (10.59)	3498147.00 (3230130.00)	17.006 (27.85)	6654790.00 (8305588.00)	21.134 (28.19)	7927996.00 (8037571.00)	6.127 (10.26)	2224941.00 (3498147.00)
Titanium Dioxide.	M.T.	8.175 (5.075)	850772.00 (544294.00)	15.000 (27.000)	1716428.00 (2597161.00)	17.075 (23.900)	1869177.00 (2290683.00)	6.100 (8.175)	698023.00 (850772.00)
Other Chemicals	M.T.	9.257 (10.325)	1523281.00 (1488226.00)	62.093 (82.058)	6041749.00 (7307344.00)	65.089 (83.126)	6566049.00 (7272289.00)	6.261 (9.257)	998981.00 (1523281.00)
Cloronated parafm	M.T.	3.344 (8.099)	128744.00 (247020.00)	155.995 (197.080)	6226851.00 (7115856.00)	154.336 (201.835)	6205505.00 (7234132.00)	5.003 (3.344)	150090.00 (128744.00)
Calcium Carbonate	M.T.	47.900 (41.750)	369660.00 (376447.00)	638.000 (836.500)	5738925.00 (7154783.00)	642.150 (830.350)	5699810.00 (7161570.00)	43.750 (47.900)	408775.00 (369660.00)
PVC Waste	M.T.	26.420 (19.300)	528400.00 (386000.00)	221.173 (331.882)	4939042.00 (6679489.00)	234.393 (324.762)	5187970.00 (6537089.00)	13.200 (26.420)	279472.00 (528400.00)
Other Misc. Items	—	0.00 0.00	952444.00 (462099.00)	0.00 0.00	3355374.00 (4340307.00)	0.00 0.00	3454581.00 (3849962.00)	0.00 0.00	853237.00 (952444.00)
		335.319 (195.515)	20949934.00 (13273220.00)	3030.802 (4369.990)	141352410.00 (199482668.00)	3115.262 (4230.186)	148962425.00 (191805954.00)	250.859 (335.319)	13339919.00 (20949934.00)

- The above Quantity details of purchases and Closing stock does not includes the quantity and value of stock in transit, if any, as at 31.03.2009
- Purchases includes Rs. 970013/- of sales return.

12.0 Since the Company operates in a single Segment i.e. " P.V.C. Film", Accounting Standard (AS) 17 " Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

IV. Value of Imported n Inigeneous Raw-Materials and Stores & Spares consumed and percentage there of :-

A. RAW-MATERIALS	VALUE		PERCENTAGE	
(1) Imported	2291311.00	(4602016.00)	1.54%	[2.40%]
(2) Indigenious	146671114.00	(187203938.00)	98.46%	[97.60%]
	<u>148962425.00</u>	<u>(191805954.00)</u>	<u>100%</u>	<u>(100%)</u>
<b>B. STORES &amp; SPARES</b>				
(1) Imported	Nil	(Nil)	Nil	(Nil)
(2) Indigenious	Nil	(Nil)	Nil	(Nil)
	<u>Nil</u>	<u>(Nil)</u>	<u>Nil</u>	<u>(Nil)</u>

V. GIF value of import.

a, Raw Materials	3184275.00	(4657327.00)
b, Capital Goods	Nil	(Nil)

VI. Earning in foreign currency.  
FOB Value of export.

6166169.00 (6807000.00)

VII. Expenditure incurring in Foreign Currency.

Nil (Nil)

VIII. Remittance in Foreign Currency.

Nil (Nil)

IX. Salary & Wages included salary to Managing Director

63500.00 (63500.00)

X. Breakup of Expenditure on employee :-

(1) Employees who are in receipt of remuneration at rate which in aggregate was not less than Rs. 24000000\per year when employed throughout the financial year.	Nil	(Nil)
(2) Employee who were employed for the part of the year and whose remuneration was not less than Rs. 200000\per month.	Nil	(Nil)

For **Gadhia Karachiwala & Co.**  
Chartered Accountants  
**C.V. Gadhia**  
Partner

For and on behalf of the Board  
**M.P. Patel** Chairman

**Vinod K. Tilva** Director

Place : Rajkot  
Date : 20 JUN 2009

**B.L. Tilva** Director

Statement pursuant to Part IV of Schedule VI of Companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

1. **Registration Details:-** State Code:- 04  
 Registration no.:- 19830  
 Balance Sheet Date:- 31 03 2009  
 Date Month Year

2. **Capital Raised During the year (Amount in Rs. Thousand):-**  
 Public Issue Nil Right Issue Nil  
 Bonus Issue Nil Private Placement Nil  
 Nil Nil

3. **Position of Mobilisation Fund and Deployment of Funds:-**  
 (Amount in Rs. Thousand)

Total Liabilities	Total Assets
92029	92029
Sources of Funds	
Paid up Capital	Reserve & Surplus
43190	13298
Secured Loans	Unsecured Loans
15825	19716

Application of Funds

Net Fixed Assets	Investments
31969	17
Net Current Assets	Misc. Expenditure
60043	Nil
Accumulated Losses	
Nil	

5. **Performance of Company ( Amount in Rs. Thousands ) :-**

Turnover	Total Expenditure
197492	193682
Profit \Loss Before Tax	Profit \Loss After Tax
3810	3565

6. **Generic Names of Three Principal Product \ Services of Company.**  
 (As per monetary terms )

Items Code no. (ITC Code):- 3920.11 to 3920.19

Products Description :- PVC Sheet/ Film

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH, 2009

	2008-2009		(Figures Rs. in Lacs )	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit after tax as per Profit and Loss Account				
Adjustment for :				
Tax Provision of Income Tax & Fringe Benefit Tax	4.34	33.76	4.95	39.70
(Profit)/ Loss-on Sale of Discarded Assets	0.00		0.00	
Depreciation	26.00		25.27	
Effect of Exchange Rate Change	2.22		0.00	
Profit on sale of Investments	0.00		0.00	
Interest income	(1.39)		(1.72)	
Dividend	(0.02)		(0.01)	
Interest & Finance Charges	43.59	74.74	43.01	71.50
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE:</b>		<b>108.50</b>		<b>111.20</b>
Adjustment for :				
Trade & other receivable	136.66		(65.34)	
Inventories	204.51		(161.48)	
Trade payable and other liabilities	(329.15)		159.59	
		12.02		(67.23)
<b>CASH GENERATED FROM OPERATION</b>		<b>120.52</b>		<b>43.97</b>
Net Prior year Adjustment	(0.07)			(0.10)
Taxes Paid	(4.34)	(4.41)		(4.95)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>116.11</b>		<b>38.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets and others		(8.51)		(6.80)
Sales of Fixed Assets/Modvat utilised on Capital Goods		0.00		0.06
Change in Loans and Advances		38.66		(47.62)
Purchase of Investments		0.00		0.00
Sales of Investements		0.00		0.00
Movement in investment Management Account		1.39		1.72
Interest/ Investment Income				
<b>NET CASH USED IN INVESTING ACTIVITIES:</b>		<b>31.54</b>		<b>(52.64)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital (net)		0.00		0.00
Dividend income		0.02		0.01
Issue of warrant Equity shares		0.00		0.00
Increase in Securities premium Account		0.00		0.00
Proceeds from Long Term Borrowings		0.00		0.00
Repayment of Long Term, Borrowings		0.00		0.00
Short term Loans		(111.89)		75.68
Unsecured Loans		(1.50)		5.00
Interest & Finance charges		(43.59)		(43.01)
Effect of exchange rate change		(2.22)		0.00
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(159.18)</b>		<b>37.68</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS(A + B + C )</b>		<b>(11.53)</b>		<b>23.96</b>
CASHE 86 CASH EQUIVALENTS AS AT 1ST APRIL(Opening Balance)		55.48		31.52
CASH & CASH EQUIVALENTS AS AT 31ST MARCH (Closing Balance)		43.95		55.48

Notes : 1 The above cash flow statement has been prepared pursuant to Clause-32 of Listing Agreement with Stock Exchange and under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India. 2. Figures in the bracket indicates cash out flow. 3. Notes and additional information ( Schedule No. 24 ) form a integral part of the Cash Flow Statement. 4 Previous year figures have been regrouped/reclassified to confirm current year's classification.

This is the Cash Flow Statement referred to in our report of even date.

For **Gadhia Karachiwala & Co.**

Chartered Accountants

**C.V. Gadhia**

Partner

Rajkot

20 JUN 2009

For and on behalf of the Board

**M.P. Patel** Chairman

**Vinod K. Tilva** Director

**B.L. Tilva** Director

**VINYOFLEX LIMITED**

Regd. Office : 307, Silver Chambers, Tagore Road  
Rajkot - 360 002.

**PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_ being  
a Member/ Members of VINYOFLEX LIMITED hereby appoint Shri/Smt. \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ or failing  
him/her Shri/Smt \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for

me/us and on my/our, behalf at the Annual General Meeting of the Company, to be held at : 307  
Silver Chamber, Tagore Marg, Rajkot on 21st of September, 2009 at 11:00 a.m. and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2009

Affix  
30 Paise  
Revenue  
Stamp

Registered Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signature (s) of Member (s)

Notes : This instrument of Proxy, after being duly filled in must be deposited at the Registered Office  
of the Company not later than 48 hours before the time for holding the meeting.

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

**VINYOFLEX LIMITED**

Regd. Office : 307, Silver Chambers, Tagore Road  
Rajkot-360 002.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING  
HALL ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Full Name of Shareholder / Proxy : \_\_\_\_\_  
( IN BLOCK LETTER)

If Proxy, fill name of Shareholder: \_\_\_\_\_  
(UN BLOCK LETTER)

I hereby record my presence at the Annual General Meeting of the Company at : 307, Silver Chamber, Tagore  
Road, Rajkot on 21st day of September, 2009 at 11:00 a.m.

Registered Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signature of the  
Shareholder / Proxy-holder

Tear Here

BOOK-POST  
PRINTED MATTER

*If undelivered please return to :*

**VINYOFLEX LIMITED**

307, Silver Chamber, 3rd Floor,  
Tagore Road,  
Rajkot-360 002.

OM OFFSET - 9824485552