



NOTICE

NOTICE is hereby given that the 26TH ANNUAL GENERAL MEETING of the Members of **ROYAL CUSHION VINYL PRODUCTS LIMITED** will be held on **Wednesday, the 29th September, 2010 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:

1. To receive, consider and adopt the Audited Profit & Loss Account for the financial year ended 31st March, 2010, the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Deepak A Motasha who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jayesh A. Motasha who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 Accountants retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modifications, the following as a **'Special Resolution'**:

"RESOLVED THAT subject to the approval of the Central Government, and other consents, permissions and approvals as may be required and pursuant to the provisions of Sections 198,269,309,310 and 311 and all other applicable provisions of the Companies Act, 1956(hereinafter referred to as the "Act") read with Schedule XIII of the Act, the Company hereby approves the re-appointment of Mr. Mahesh K. Shah as Managing Director of the Company for a period of 3 (three) years commencing from 1st April, 2011 upon the terms and conditions and the Remuneration, perquisites to be paid or granted to him in the manner & limit as set out in the Explanatory Statement & draft Agreement between the Company & Mr. Mahesh K. Shah placed before this Meeting & initialed by the Chairman of the Board for the purpose of identification given below & the same is hereby approved.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government and Schedule XIII to the Companies Act, 1956 the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, perquisites, allowances etc. within such prescribed limit or ceiling be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in the General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to enter into an Agreement and to do all such acts, deeds, matters for and on behalf of the Company for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT Mr. H. K. Bijlani, Company Secretary be and is hereby authorized to file necessary forms with ROC including making application to the Central Government as required under Companies Act, 1956."

6. To consider and, if though fit, to pass with or without modifications, the following Resolutions as a **'special resolution'**.

"RESOLVED THAT subject to the approval of the Central Government, and other consents, permissions and approvals as may be required and pursuant to the provisions of Sections 198,269,309,310 and 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the "Act") read with Schedule XIII of the Act, the Company hereby approves the re-appointment of Mr. Vinod K. Shah as Executive Director of the Company for a period of 3 (three) years commencing from 1st April, 2011 upon the terms and conditions and the Remuneration, perquisites to be paid or granted to him in the manner & limit as set out in the Explanatory Statement & draft Agreement between the Company & Mr. Vinod K. Shah placed before this Meeting & initialed by the Chairman of the Board for the purpose of identification given below be & the same is hereby approved.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government and Schedule XIII to the Companies Act, 1956 the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, perquisites, allowances etc. within such prescribed limit or ceiling be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in the General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to enter into an Agreement and to do all such acts, deeds, matters for and on behalf of the Company for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT Mr. H. K. Bijlani, Company Secretary be and is hereby authorized to file necessary forms with ROC including making application to the Central Government as required under Companies Act, 1956."

7. To consider and, if though fit, to pass with or without modifications the following as a **'special resolution'**:

"RESOLVED THAT subject to the approval of the Central Government and other consents, permissions and approvals as may be required and pursuant to the provisions of Sections 198,269,309,310 and 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the "Act") read



with Schedule XIII of the Act, the Company hereby approves the re-appointment of Mr. Mukesh A. Motasha, Executive Director of the Company for a period of 3 (three) years commencing from 1st April, 2011 upon the terms and conditions and the Remuneration, perquisites to be paid or granted to him in the manner & limit as set out in the Explanatory Statement & draft Agreement between the Company & Mr. Mukesh A. Motasha placed before this Meeting & initialed by the Chairman of the Board for the purpose of identification given below be & the same is hereby approved.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government and Schedule XIII to the Companies Act, 1956 the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, perquisites, allowances etc. within such prescribed limit or ceiling be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in the General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to enter into an Agreement and to do all such acts, deeds, matters for and on behalf of the Company for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT Mr. H. K. Bijlani, Company Secretary be and is hereby authorized to file necessary forms with ROC including making application to the Central Government as required under Companies Act, 1956."

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

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

Mumbai, 30th July, 2010
Registered Office
Shlok, 60 CD, Govt. Industrial Estate,
Charkop, Kandivli (West), Mumbai 400 067

NOTES:

- a. 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.
- b. AN EXPLANATORY STATEMENT as required under Section 173(2) of the Companies Act, 1956 relating to the Item No. 5 to 7 of the Notice is annexed hereto.
- c. The Register of Members and Share transfer books of the Company will remain closed from **Tuesday, the 14th September, 2010 to Thursday, the 16th September, 2010** (both days inclusive) for the purpose of annual book closure.
- d. 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, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093. Tel No. 28257641.
- e. 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.**
- f. 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.
- g. 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.
- h. The information or 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, 30th July, 2010
Registered Office
Shlok, 60 CD, Govt. Industrial Estate,
Charkop, Kandivli (West), Mumbai 400 067

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

Name	Mr. Deepak Motasha	Mr. Jayesh Motasha
Age	57 years	53 years
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

EXPLANATORY STATEMENT PERSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.5

The members of the Annual General Meeting held on 24th September, 2008 and Govt. of India, Ministry of Company Affairs, New Delhi (Central Govt) vide letter dt. 27th Jan, 2009 & 22nd June, 2009, **had approved the Appointment of Mr. Mahesh Shah, as Managing Director w.e.f. 1st April, 2008 to 31st March, 2011.** The Board of Directors / Remuneration Committee of the Company at its' meeting held on 30th July, 2010 reappointed Mr. Mahesh K.Shah as Managing Director for a further period of 3 years w.e.f. 1st April, 2011 to 31st March, 2014 subject to approval of shareholders and Central Govt. under Section 198, 269, 309, 310 & 311 & schedule XIII of the Co's Act, 1956.

Mr. Mahesh K.Shah is one of the promoters of the Company and Managing Director since its inception. He is playing a prominent role in the Company's future endeavors and activities. The Board of Directors consider that services of Mr. Mahesh K.Shah as Managing Director will be valuable asset for the Company. The Draft Agreement to be entered into by the Company with the Managing Director contain the following terms & conditions:

1. **Mr. Mahesh K. Shah be appointed as Managing Director of the Company with effect from 1st April, 2011 to 31st March, 2014.**
2. The Company shall pay to Mr. Mahesh K.. Shah in consideration of the performance of his duties as Managing Director, the following Remuneration.
 - a. Salary: Rs. 75,000/- per month.
 - b. Other Perks: Company will give other perks such as H.R.A, Reimbursement of Electricity, medical expenses leave travel allowances & other perks to the extent of Rs. 50,000/- p.m.
 - c. Leave: As per rules of the Company.
 - *d. Gratuity: As per rules of the Company.
 - *e. Provision of Cars & Telephones: For use on Company's business and telephones at residence. Personal long distance calls shall be billed by the Co to Mr. Mahesh K. Shah.
 - *f. Provident fund and Superannuation fund: Contribution to Provident Fund and Superannuation Fund to the extent these singly or put together are not taxable under the Income Tax Act.
 - g. Personal Accident Insurance: For self and family
 - h. Minimum Remuneration: Notwithstanding the above where in any financial year during the currency of the term of office as Managing Director, the Company has made no profits or its profits are inadequate, the Company will pay the same remuneration as minimum remuneration by way of salary and other and perquisites to the extent of Rs. 1,25,000/- per month.

* The perquisites shall be evaluated as per the actual cost or Income Tax Rules, as applicable.

Mr. Mahesh K. Shah so long as he functions as a Managing Director **shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.**

The Agreement shall be terminable at any time either party by giving 3 months notice of such termination without assigning any reason and neither party will have any claim by reason of such termination. In any event the Managing Director shall not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act,1956.

Mr. Mahesh K.Shah is concerned & interested in the Resolution Item No.5. Mr. Vinod K.Shah, brother is also be regarded as concerned & interested in the above Resolution. None of other Directors shall be deemed to be concerned or interested in the resolution.

The draft agreement between the Company and Mr. Mahesh K.Shah is available for inspection to the members of the Company at its Registered Office between 11.00 a.m and 5.00 p.m on any working days of the Company.

The Board recommends approval of the re-appointment of Mr. Mahesh K.Shah as Managing Director of the Company. This may be treated as an abstract under Section 302 of the Act of the terms of the appointment and remuneration payable to the Managing Director with effect from 1st April, 2011 to 31st March, 2014.

ITEM NO. 6:

The members of the Annual General Meeting held on 24th September, 2008 including Govt. of India, Ministry of Company Affairs, New Delhi (Central Govt) vide letter dt. 18.09.2009 **had approved the Appointment of Mr. Vinod K.Shah, as Executive Director w.e.f. 1st April, 2008 to 31st March, 2011.** The Board of Directors / Remuneration Committee of the Company at its' meeting held on 30th July, 2010 reappointed Mr. Vinod K.Shah as Executive Director for a further period of 3 years w.e.f. 1st April, 2011 to 31st March, 2014 subject to approval of shareholders and Central Govt. under Section 198, 269, 309, 310 & 311 & schedule XIII of the Co's Act, 1956.

Mr. Vinod K.Shah is one of the promoters of the Company & managing the Company since its inception. He is responsible for technical including Plant Activities. The Board of Directors consider that the services of Mr. Vinod K.Shah as Executive Directors will be valuable asset to the Company. The Draft Agreement to be entered into by the Company with the Executive Director contain the following terms & conditions:

1. **Mr. Vinod K. Shah be appointed as Executive- Director of the Company with effect from 1st April, 2011 to 31st March, 2014.**
2. The Company shall pay to Mr. Vinod K. Shah in consideration of the performance of his duties as Executive Director, the following Remuneration.
 - a. Salary: Rs. 75,000/- per month
 - b. Other Perks: Company will give other perks such as H.R.A, Reimbursement of Electricity, medical expenses, leave travel allowances & other perks to the extent of Rs. 50,000/- p.m
 - c. Leave: As per rules of the Company
 - *d. Gratuity: As per rules of the Company
 - *e. Provision of Cars & Telephones: For use on Company's business and telephones at residence. Personal long distance calls shall be billed by the Co to Mr. Vinod K. Shah
 - *f. Provident fund and Superannuation fund: Contribution to Provident Fund and Superannuation Fund to the extent these singly or put together are not taxable under the Income Tax Act.

- g. Personal Accident Insurance: For self and family
 h. Minimum Remuneration: Notwithstanding the above where in any financial year during the currency of the term of office as Executive- Director, the Company has made no profits or its profits are inadequate, the Company will pay the same remuneration as minimum remuneration by way of salary and other perquisites to the extent of Rs. 1,25,000/- per month.

*The perquisites shall be evaluated as per the actual cost or Income Tax Rules, as applicable.

Mr. Vinod K.Shah so long as he functions as a Executive Director **shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.**

The Agreement shall be terminable at any time either party by giving 3 months notice of such termination without assigning any reason and neither party will have any claim by reason of such termination. In any event the Executive Director shall not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act,1956.

Except Mr. Vinod K.Shah is concerned & interested in the Resolution Item No.6. Mr. Mahesh K.Shah, brother is also be regarded as concerned & interested in the above Resolution. None of other Directors shall be deemed to be concerned or interested in the resolution.

The draft agreement to be entered into by the Company with Mr. Vinod K.Shah is available for inspection to the Members of the Company at Registered Office between 11.00 a.m and 5.00 p.m on any working days of the Company.

The Board recommends approval of the re-appointment of Mr. Vinod K.Shah as Executive Director of the Company.

This may be treated as an abstract under Section 302 of the Act of the terms of appointment and remuneration payable to the Executive Directors with effect from 1st April, 2011.

ITEM NO. 7:

The members of the Annual General Meeting held on 24th September, 2008 including Govt. of India, Ministry of Company Affairs, New Delhi (Central Govt) vide letter dt. 18.09.2009 **had approved the Appointment of Mr. Mukesh Motasha, as Executive Director w.e.f. 1st April, 2008 to 31st March, 2011.** The Board of Directors / Remuneration Committee of the Company at its' meeting held on 30th July, 2010 reappointed Mr. Mukesh A.Motasha as Executive Director for a further period of 3 years w.e.f. 1st April, 2010 to 31st March, 2014 subject to approval of shareholders and Central Govt. under Section 198, 269, 309, 310 & 311 & schedule XIII of the Co's Act, 1956.

Mr. Mukesh A. Motasha is one of the promoters of the Company managing the Company since its inception. He is responsible for local sales including Indian Railways & International Marketing activities. The Board of Directors consider that his service as Executive Director will be valuable asset to the Company.

The Draft Agreement to be entered into by the Company with the Executive Director contain the following terms & conditions:

1. **Mr. Mukesh A. Motasha be appointed as Executive- Director of the Company with effect from 1st April, 2011 to 31st March, 2014.**
2. The Company shall pay to Mr. Mukesh A. Motasha in consideration of the performance of his duties as Executive- Director, the following Remuneration.
 - a. Salary: Rs. 75,000/- per month
 - b. Other Perks: Company will give other perks such as H.R.A, Reimbursement of Electricity, medical expenses, leave travel allowances & other perks to the extent of Rs. 50,000/- p.m
 - c. Leave: As per rules of the Company
 - *d. Gratuity: As per rules of the Company
 - *e. Provision of Cars & Telephones: For use on Company's business and telephones at residence. Personal long distance calls shall be billed by the Co to Mr. Mukesh A. Motasha.
 - *f. Provident fund and Superannuation fund: Contribution to Provident Fund and Superannuation Fund to the extent these singly or put together are not taxable under the Income Tax Act.
 - g. Personal Accident Insurance: For self and family
 - h. Minimum Remuneration: Notwithstanding the above where in any financial year during the currency of the term of office as Executive- Director, the Company has made no profits or its profits are inadequate, the Company will pay the same remuneration as minimum remuneration by way of salary and other perquisite to the extent of Rs.1,25,000/- per month.

*The perquisites shall be evaluated as per the actual cost or Income Tax Rules, as applicable.

Mr. Mukesh Motasha so long as he functions as a Executive Director shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.

The Agreement shall be terminable at any time either party by giving 3 months notice of such termination without assigning any reason and neither party will have any claim by reason of such termination. In any event the Executive Director shall not be entitled to any compensation in cases mentioned in Section 318(3) of the Companies Act,1956.

Mr. Mukesh A. Motasha is concerned & interested in the Resolution Item No.7. Mr. Deepak A. Motasha (Director) and Mr. Jayesh Motasha (Director) relatives of Mr. Mukesh Motasha are concerned & interested in the proposed Resolution. None of the other Directors shall be deemed to be concerned or interested in the Resolution.

The draft agreement to be entered into by the Company with Mr. Mukesh A. Motasha is available for inspection to the Members of the Company at Registered Office between 11.00 a.m and 5.00 p.m on any working days of the Company.

This may be treated as an abstract under Section 302 of the Act of the terms of appointment and remuneration payable to the Executive Directors with effect from 1st April, 2011.

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

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

Mumbai, 30th July, 2010
 Registered Office
 Shlok, 60 CD, Govt. Industrial Estate,
 Charkop, Kandivli (West),Mumbai 400 067



ANNEXURE, FORMING PART OF THE EXPLANATORY STATEMENT:

I. GENERAL INFORMATION (As required under Part II (C) of Schedule XIII in respect of Mr. Mahesh K. Shah, Mr. Vinod K. Shah and Mr. Mukesh A. Motasha)

- (1) Nature of Industry:
The company is engaged in the business of manufacturing of vinyl flooring.
- (2) Commercial production:
The Company was incorporated on 21st November, 1983 & commercial production is already commenced.
- (3) Financial performance based on given indicators- As per published audited financial results for the accounting year ended March 31, 2010.

Particulars	(Rupees in lacs)
Turnover and other income	4257
Loss after tax	(1999)
Loss Brought forward from previous year	(41230)
Net worth	(33949)

- (4) Export performance - Nil

II. INFORMATION ABOUT THE APPOINTEE:

MR. MAHESH K. SHAH – MANAGING DIRECTOR

- (1) Background details
Mr. Mahesh K. Shah is a rank holder from the Bombay University, in M.Sc-Organics. He was the President of PLASTINDIA FOUNDATION, an apex body of Plastics Association of India and Ex- Chairman of PLEXCONCIL (Plastics Export Promotion Council).
- (2) Past remuneration
During the financial year 2009-10 Mr. Mahesh K. Shah was paid a remuneration of Rs. 5.78 lacs (inclusive of perquisites) per annum. He is entitled to get remuneration of Rs.15.00 lacs per annum. As the Company is passing through Liquidity Crunch including paucity & shortage of working capital facilities & therefore he has drawn only minimum salary of Rs.5.78 lacs & balance amount he has forfeited.
- (3) Job profile and his suitability
Mr. Mahesh K. Shah is responsible for over all management of the company, subject to the supervision and control of the Board of Directors. He is also responsible to perform such other duties as may from time to time be entrusted by the Board. Taking into consideration the qualifications and expertise, he is best suited for the responsibilities assigned to him by the Board of Directors.
- (4) Remuneration proposed
Salary : Rs. 75,000/- per month
Perquisites & Allowance : Rs. 50,000/- per month
Minimum Remuneration in case of inadequacy : Salary, perquisites and allowances as mentioned above of profits during any financial year
- (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.
Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered on him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointees in other companies.
- (6) Pecuniary relationship
Mr. Mahesh K. Shah is concerned & interested in the Resolution Item No. 5. Mr. Vinod K. Shah, brother is also be regarded as concerned & interested in the above Resolution. None of other Directors shall be deemed to be concerned or interested in the resolution.

MR. VINOD K. SHAH (EXECUTIVE DIRECTOR)

- (1) Background details
Mr. Vinod K. Shah is a technocrat (B.E. Electrical) having more than 30 years of industrial experience. Mr. Vinod K. Shah is looking after the Operations & Production of the Company.
- (2) Past remuneration
During the financial year 2009-10 Mr. Vinod K. Shah's remuneration was Rs. 6.87 lacs per annum (inclusive of perquisites). He is entitled to get remuneration of Rs.9.00 lacs per annum. As the Company is passing through Liquidity Crunch including paucity & shortage of working capital facilities & therefore he has drawn only minimum salary of Rs.6.87 lacs & balance amount he has forfeited.



- (3) Job profile and his suitability
Mr. Vinod K. Shah responsible for operations and production of the company and is subject to the supervision and control of the Board of Directors. He is also responsible for performing such other duties as may from time to time be entrusted by the Board. Taking into consideration the qualifications and expertise, he is best suited for the responsibilities assigned to him by the Board of Directors.
- (4) Remuneration proposed
Salary : Rs. 75,000/- per month.
Perquisites & Allowance : Rs. 50,000/- per month.
Minimum Remuneration in case of inadequacy : Salary, perquisites and allowances as mentioned above. of profits during any financial year
- (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.
Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered on him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointees in other companies.
- (6) Pecuniary relationship
Mr. Vinod K. Shah is concerned & interested in the Resolution Item No. 6 Mr. Mahesh K. Shah, brother is also be regarded as concerned & interested in the above Resolution. None of the other Directors shall be deemed to be concerned or interested in the resolution.

MR. MUKESH A. MOTASHA (EXECUTIVE DIRECTOR)

- (1) Background details
Mr. Mukesh A. Motasha is a known International Marketing Savvy. He is a technologist and Textile Engineer. He has rich experience of International Market.
- (2) Past remuneration
During the financial year 2009-10 Mr. Mukesh A. Motasha was paid a remuneration of Rs. 7.10 lacs (inclusive of perquisites per annum). He is entitled to get remuneration of Rs.9.00 lacs per annum. As the Company is passing through Liquidity Crunch including paucity & shortage of working capital facilities & therefore he has drawn only minimum salary of Rs.7.10 lacs & balance amount he has forfeited.
- (3) Job profile and his suitability
Mr. Mukesh A. Motasha is associated with the Company right from inception & is subject to the supervision and control of the Board of Directors. He is responsible to perform such other duties as may from time to time be entrusted by the Board. Taking into consideration the qualifications and expertise, he is best suited for the responsibilities assigned to him by the Board of Directors.
- (4) Remuneration proposed
Salary : Rs. 75,000/- per month.
Perquisites & Allowance : Rs. 50,000/- per month
Minimum Remuneration in case of inadequacy : Salary, perquisites and allowances as mentioned above. of profits during any financial year
- (5) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.
Taking into consideration the size of the Company, the profile of the appointee, the responsibilities shouldered on him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointees in other companies.
- (6) Pecuniary relationship
Mr. Mukesh A. Motasha is concerned & interested in the Resolution No. 7. Mr. Deepak A. Motasha (Director), Mr. Jayesh A. Motasha (Director) and Mr. Arvind Motasha (Director) relatives of Mr. Mukesh Motasha are concerned & interested in the proposed Resolution. None of the other Directors shall be deemed to be concerned or interested in the Resolution.

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting

Name	Mr. Mahesh K. Shah	Mr. Vinod K. Shah	Mr. Mukesh A. Motasha
Age	60 years	57 years	55 years
Nature of expertise	Financial & Administration	Technical	Marketing
Name of the Public companies in which he holds Directorship	Nil	Nil	Nil
Name of the companies in which he holds membership/chairmanship other than Royal Cushion Vinyl Products Ltd.	Nil	Nil	Nil



Royal Cushion Vinyl Products Limited

26th
ANNUAL REPORT
2009-2010



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

BANKERS

Oriental Bank of Commerce
 Standard Chartered Bank
 The Saraswat Co-op.Bank Ltd
 Axis Bank Ltd.

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

WORKS

Plot No.55, Village. GARADHIA
 Taluka.Savli, Dist.Vadodara
 Gujarat 391520
 Tel: (02667) 251674-73

CONTENTS

Notice	I to VI
Directors' Report	2 & 3
Management Discussion & Analysis Report	3
Corporate Governance Report	4 to 7
Annexure 'B' to the Director's Report	8
Auditor Certificate	8
Auditors' Report	9 to 11
Balance Sheet	12
Profit & Loss Account	13
Schedules to Balance Sheet.....	14 to 17
Schedules to P & L A/c	18 to 21
Notes to Accounts	22 to 26
Cash Flow Statement.....	27
Balance Sheet Abstract	28



DIRECTORS' REPORT

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

Your Directors have pleasure in presenting the 26th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2010.

1) FINANCIAL RESULTS:

(Rs.in Lacs)

Particulars	Current year ended 31.03.2010	Previous year ended 31.03.2009
Sales and operating income (includes changes in stocks)	4224	5111
Other Income	33	118
TOTAL INCOME	4257	5229
Total Expenditure	4327	5260
Profit/(loss) before interest and depreciation	(70)	(31)
Add: Finance & Bank Charges	1106	1787
Depreciation	807	808
Profit/(loss) before tax	(1983)	(2626)
Provision for fringe benefit tax	-	6
Profit/(Loss) after taxation	(1983)	(2632)
Prior year's expenses	15	(9)
Bal. Brought forward from previous year	(41230)	(38607)
Balance carried forward to balance Sheet	(43228)	(41230)

2) PERFORMANCE:

The Company has achieved turnover of Rs. 4224 lacs as against Rs. 5111 lacs in the previous year. The reduction in turnover is mainly due to overall slowdown in export, recession including to tough competition from local, international market.

3) DIVIDEND:

In view of losses, the Board of Directors is unable to declare any dividend for the year 2009-2010.

4) STATUS WITH BIFR:

As reported in the earlier Annual Reports, the Company has been registered with BIFR since September, 2002. The IDBI, BOI, OBC & 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 pending at AAIFR & next hearing is scheduled on 13.09.2010. The Company is in active discussion with lenders for one time settlement.

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. Deepak A Motasha and Shri Jayesh 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) & Govt. of India vide their letter dt. 27.01.2009, 22.06.2009 & 18.09.2009 respectively duly approved. The Board of Directors / Remuneration Committee of the Company at its' meeting held on 30th July, 2010 reappointed Mr. Mahesh K.Shah as Managing Director, Mr. Vinod K. Shah as Executive Director & Mr. Mukesh A. Motasha as Executive Director, for a further period of 3 years w.e.f. 1st April, 2011 to 31st March, 2014 subject to approval of shareholders and Central Govt. under Section 198, 269, 309, 310 & 311 & schedule XIII of the Co's Act, 1956.

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, 2010 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, 2010 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 & Qualifications 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 LTD.**

Place : Mumbai **Mahesh K. Shah**
Date : 30th July, 2010 *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. The Company has developed various high value added and Technical products for the transport and other application.

OPPORTUNITIES AND THREATS:

The Company is a leader in PVC vinyl flooring segment, particularly high technical products for transport.

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 bus segment in local market, the Company is optimistic about the growth in the coming years.

RISKS & 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, 2010 the Board comprises three Executive Directors and three Non Executive Directors.

During the year 2009-10 the Board met 7 times on the following dates, namely 8th April, 2009, 29th June, 2009, 14th July, 2009, 30th July, 2009, 28th October, 2009, 28th January, 2010 & 20th March, 2010.

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

Sr. No.	Name of the Director	Category of Director	No.of Board	Attended Last AGM	Other Director-ship	Sitting Fees	Committee Membership	Committee Membership Chairmanship
1.	Mr. Mahesh K. Shah	Executive, Promoter	7	Yes	9	-	Nil	Nil
2.	Mr. Vinod K. Shah	Executive, Promoter	7	No	12	-	Nil	Nil
3.	Mr. Arvind V. Motasha	Non-Executive, Promoter	2	No	10	-	2	1
4.	Mr. Deepak A. Motasha	Non-Executive, Promoter	5	No	5	-	3	Nil
5.	Mr. Mukesh A. Motasha	Executive, Promoter	7	Yes	4	-	Nil	Nil
6.	Mr. Jayesh A. Motasha	Non-executive, Promoter	7	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 2009-10, the Audit Committee held 4 meetings on 14th July, 2009, 30th July, 2009, 28th October, 2010 & 28th January, 2010. The role 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 14th July, 2009, 30th July, 2009, 28th October, 2009 & 28th January, 2010. All members of the committee attended the above meetings.
- (ii) Investors' complaints received and resolved during the year : The Company has received 1 complaint from investors and the same has been resolved during the year. There were no major share transfers pending for registration for more than 30 days as on 31.03.2010

5. Remuneration Committee

The Remuneration Committee consist of three Non Executive Directors namely Mr. Jayesh A. Motasha, Mr. Arvind V. Motasha and Mr. Deepak A. Motasha. Broad terms of reference of Remuneration committee included recommendation to the Board for salary/ perquisites payable to the Managing Director / Whole time Directors. During the current year

ANNUAL REPORT 2009-2010



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 2009-10 are as under:

(Rs.in Lacs)

Sr. No.	Name	Salary	Perquisites
1.	Mr. Mahesh K. Shah	4.50	1.28
2.	Mr. Vinod K. Shah	4.44	2.43
3.	Mr. Mukesh A. Motasha	4.44	2.66

The above Directors are entitled to get the remuneration of Rs.15.00 lacs p.a (Mr. Mahesh Shah), Rs. 9.00 lacs p.a (Mr. Vinod Shah) and Rs.9.00 lacs p.a. (Mr. Mukesh Motasha) respectively. As the Company is passing through Liquidity Crunch including paucity & shortage of working capital facilities & therefore the above Directors has drawn only minimum salary of Rs.5.78 lacs p.a. , Rs. 6.87 lacs p.a & Rs. 7.10 p.a respectively & balance amount they have forfeited.

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	2006-07	2007-08	2008-09
Date	27.09.2007	27.09.2008	29.09.2009
Time	11:30 a.m.	11.30 a.m.	11.30 a.m
Venue	Company's Registered Office at 60 CD, Shlok, Govt. Ind. Estate, Charkop, Kandivli (West), Mumbai 400067	Company's Registered Office at 60 CD, Shlok, Govt. Ind. Estate, Charkop, Kandivli (West), Mumbai 400067	Company's Registered Office at 60 CD, Shlok, Govt. Ind. Estate, Charkop, Kandivli (West), Mumbai 400067

* 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 : one

Number of Complaints solved to the satisfaction of shareholders during the year : one

Number of pending Complaint as on 31.03.10 : Nil

Number of Share Transfer pending for approval as at 31.03.10 : 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, 2010 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 1st Quarter ending 30th June, 2010 April to March
Financial Reporting for 2nd Quarter ending 30th Sept, 2010 On or before the 20th August, 2010
Financial Reporting for 3rd Quarter ending 31st Dec, 2010 On or before the end of October, 2010
Audited Results for the year ending March, 2011 On or before the end of January, 2011
On or before the end of June, 2011
- C. **Date of Book closure**
Beginning Tuesday, the 14th September,
2010 to Thursday, the 16th September,
2010(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' 2009	4.98	3.60	2001
May' 2009	7.49	5.00	11359
June' 2009	8.98	7.02	6497
July' 2009	7.14	5.65	3663
August' 2009	8.70	6.09	11487
September' 2009	10.23	7.16	45099
October' 2009	10.92	8.51	83504
November' 2009	11.20	8.50	44256
December' 2009	12.00	9.17	11551
January' 2010	11.37	8.86	15396
February' 2010	10.95	8.73	27157
March' 2010	9.50	6.24	66397

- 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
Email: hkbijlani@samsons.com



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, 2010

Range No. of equity shares	No. of Shareholders	%	No. of Shares	%
Upto 500	2892	83.73	540855	4.48
501 – 1000	254	7.35	199644	1.65
1001 – 2000	124	3.59	187231	1.55
2001 – 3000	46	1.33	115866	0.96
3001 – 4000	19	0.55	66451	0.55
4001 – 5000	24	0.69	112857	0.93
5001 – 10000	25	0.72	171932	1.44
10001 and above	70	2.04	10672376	88.44
TOTAL	3 4 5 4	100.00	12067212	100.00

K. Shareholding pattern as on 31.03.2010

Category	No. of Shares	Percentage of Shareholding
Promoters (Including Foreign Promoters)	7243769	60.03
Mutual Fund & UTI	5300	0.04
Banks, Financial Institutions, etc.	1576630	13.07
Private Corporate Bodies	560660	4.65
NRIs	46650	0.39
Indian Public	2634203	21.82
Grand Total	12067212	100.00

L. Dematerialisation of shares and liquidity

70,13,594 (58.12%) of Equity Shares of Rs. 10/- each have been dematerialised as on 31st March, 2010.

11. CFO CERTIFICATION:

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, Chief Financial Officer of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2010.

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 LTD.**

Place : Mumbai
Date : 15th July, 2010

Mahesh K. Shah
Chairman & Managing Director



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 was feed with large size sheet, in folds. We started reducing the sheet in to small size pieces by shredding machine. This improved the power consumption of banbury (approx 5%) saving approximately Rs.20000 per month.

- Power factor improved from 0.97 to 0.995 NET REBATE Rs.40000 per month.

2. TECHNOLOGY ABSORPTION

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

Product developed for under floor application which have good demand to put below floor covering in cold countries.

For U.S. market, a combination product of rubber and PVC was developed to substitute rubber products presently used in U.S.

Eco-drive a 2mm thick economical range was developed and introduced for transport flooring.

In Gold line range – pine, ambition, winger designs were developed and introduced

In Silver line range – spring, kotastone and Ritz design were developed and introduced.

In diamond line – Neelam, Bricks, Galicha, and wood was introduced.

In Royal classic range – Vintage design was developed and introduced to provide variety of products to customer.

B) Future Plans

To develop more products in technical textiles like printed tarpaulin, Owings and oil boom products.

Foreign exchange earning and outgo

Sr. No.	Particular	Current Year ended on 31-3-10	(Rs. In Lacs)	
			Previous Year ended 31-3-09	
1.	Fob value	Nil	Nil	
2.	Foreign exchange outgo	467.67	574.21	
	Import of Raw material			
	Stores & Spares	2.05		5.88
	Foreign Travels	4.52		5.74

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, 2010, 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, 2010 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 Accountant

(H.B. Shah)
Partner
Membership No. 16642

Place : Vadodara
Date : 15th July, 2010

AUDITOR'S REPORT

We have audited the attached Balance Sheet of **ROYAL CUSHION VINYL PRODUCTS LIMITED**, as at 31st March, 2010 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, 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, 2010 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, 2010 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
Firm Registration No. 101676W

(H.B.SHAH)
Partner

Place : Baroda
Date : 15th July, 2010

Membership No. 16642

**ANNEXURE TO THE AUDITORS' REPORT ON THE ACCOUNTS OF
ROYAL CUSHION VINYL PRODUCTS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010.**

(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 Thirteen companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1781.92 Lacs and the year end balance of loans taken from such companies was Rs. 1748.90 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. 21.47 Lacs and the year end balance of loan granted to such company was Rs.21.47 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 Companies, 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. 21.47 Lacs.
- 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, 2010 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	59,90,21,853
Sales Tax Act GOA	Local Sales Tax for the year 2008-2009	10,48,810
VAT Baroda	For the year 2009-2010	14,63,504
Fringe Benefit Tax	For the year 2007-2008	8,44,149
	For the year 2008-09	6,28,867
Provident Fund	For the year 2008-2009	12,50,647
ESIC	For the year 2009-2010	28,246

- 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	2.42 Lacs	Commissioner, Vadodara.
The Central Excise Act.	Excise Duty	6.35 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 entire Loan amount including Interest is due for payment as shown in Schedule 'C' forming part of Accounts.
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.

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
Firm Registration No. 101676W

(H.B.SHAH)
Partner
Membership No. 16642

Place : Baroda
Date : 15th July, 2010

ROYAL CUSHION VINYL PRODUCTS LIMITED



BALANCE SHEET AS AT 31st MARCH, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 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	1,859,926,490	1,862,272,490
Unsecured Loans	D	593,053,211	509,242,667
		2,452,979,701	
TOTAL...		3,380,975,132	3,299,510,588
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	1,792,073,505	1,790,690,343
Less: Depreciation		1,114,523,374	1,034,089,546
		677,550,131	756,600,797
INVESTMENTS			
	F	2,259,262	2,034,340
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	155,181,387	161,081,749
Sundry Debtors	H	32,466,463	31,515,078
Cash & Bank Balances	I	1,061,746	2,804,767
Other Current Assets	J	364,778	782,108
Loans & Advances	K	51,750,693	60,023,521
		240,825,067	256,207,223
Less: Current Liabilities and Provisions			
Current Liabilities	L	1,247,012,896	1,266,445,584
Provisions	M	621,724,118	583,089,159
		1,868,737,014	1,849,534,743
NET CURRENT ASSETS (LIABILITIES)		(1,627,911,947)	(1,593,327,519)
Miscellaneous Expenditure (to the extent not written off or adjusted)	N	6,228,194	11,242,641
Profit and Loss Account (as per annexed accounts)		4,322,849,492	4,122,960,329
TOTAL...		3,380,975,132	3,299,510,588
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: 15th July, 2010

For ROYAL CUSHION VINYL PRODUCTS LTD.
M.K.SHAH
(Chairman & MD)

J.A.MOTASHA
(Director)

H.K. BIJLANI
(Company Secretary)

MUMBAI
DATE: 15th July, 2010

ANNUAL REPORT 2009-2010



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
INCOME			
Sales & Operating Income	O	416,173,874	511,134,244
Other Income	P	3,348,687	11,758,457
		419,522,561	522,892,701
Change in stocks	Q	6,220,811	(29,350)
Total Income...		425,743,372	522,863,351
EXPENDITURE			
Raw materials consumed	R	276,022,983	353,113,456
Manufacturing Expenses	S	81,304,847	88,225,045
Employees Cost	T	44,610,983	45,291,048
Administrative, Selling & other expenses	U	30,802,600	39,375,339
Finance & bank charges	V	110,645,185	178,704,567
Depreciation		80,688,658	80,758,955
Total Expenditure...		624,075,256	785,468,410
Loss before Tax		198,331,884	262,605,059
Provision for Fringe Benefit Tax		-	628,867
Loss after Tax		198,331,884	263,233,926
Prior years (Net of Income/Expenses)	W	1,557,279	(923,304)
		199,889,163	262,310,622
Loss Brought Forward from Previous Year		4,122,960,329	3,860,649,707
Balance Loss carried to Balance Sheet		4,322,849,492	4,122,960,329
Earning Per Share:			
Basic/Diluted EPS Rs.		(16.56)	(21.74)
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: 15th July, 2010

For ROYAL CUSHION VINYL PRODUCTS LTD.
M.K.SHAH **J.A.MOTASHA**
(Chairman & MD) (Director)

H.K. BIJLANI
(Company Secretary)

MUMBAI
DATE: 15th July, 2010



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

	As at 31.03.2010 Rs.	As at 31.03.2009 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	649,080	649,080
INVESTMENT ALLOWANCE RESERVE:		
Balance as per last Balance Sheet	4,534,000	4,534,000
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 (Including interest accrued & due Rs. 10169.61 Lacs P.Y. Rs. 10169.61 Lacs)	1,257,545,415	1,257,545,415
Bank of India	150,717,884	150,717,884
Saraswat Co-Op Bank Ltd. (Including interest accrued & due Rs. 354.51 Lacs P.Y. Rs. 354.51 Lacs)	81,479,490	81,479,490
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. (Including interest accrued & due Rs. 48.80 Lacs P.Y. Rs. 48.80 Lacs)	9,830,277	9,830,277
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 (Including interest accrued & due Rs. 46.28 Lacs (P.Y. Rs.46.50 Lacs) (Total Installment Payable within one year Rs. 4427.09 lacs Previous Year Rs. 4439.00 lacs)	<u>36,914,237</u>	<u>36,097,521</u>
WORKING CAPITAL LOANS:		
From Banks		
Cash Credit Facility / Demand Loan	200,083,409	203246125
Packing Credit Facility	<u>47,083,218</u>	<u>47,083,218</u>
	<u>247,166,627</u>	<u>250,329,343</u>
	<u>1,859,926,490</u>	<u>1,862,272,490</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 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE D: UNSECURED LOANS		
TERM LOANS: (Refer Note No.11)		
From banks	412,163,583	400,302,443
From Others	180,889,628	108,940,224
	<u>593,053,211</u>	<u>509,242,667</u>

SCHEDULES FORMING PART OF ACCOUNTS:

SCHEDULE E: FIXED ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	As at 1.4.2009 (Rs.)	Additions 2009-10 (Rs.)	Deduction 2009-10 (Rs.)	As at 31.3.2010 (Rs.)	As at 1.4.2009 (Rs.)	Deduction 2009-10 (Rs.)	As at 31.3.2010 (Rs.)	As at 31.3.2009 (Rs.)
Land (Freehold)	4,870,698	-	-	4,870,698	-	-	4,870,698	4,870,698
Buildings								
- Factory/Office/Canteen	169,810,600	-	-	169,810,600	65,777,377	5,216,958	70,994,335	98,816,265
- Guest House	203,625	273,490	-	477,115	78,128	3,783	81,911	125,497
- Internal Roads & Tube Well	5,894,029	-	-	5,894,029	1,011,147	96,073	1,107,220	4,882,882
Plant and Machinery	1,568,233,080	122,200	-	1,568,355,280	933,678,446	73,756,010	1,007,434,456	634,554,634
Vehicles	14,483,873	1,257,096	487,802	15,253,167	11,213,465	450,260	11,432,003	3,270,408
Furniture and Fixtures								
- Office	11,520,080	62,141	-	11,582,221	9,378,965	495,342	9,874,307	2,141,115
- Guest House	408,643	-	-	408,643	379,679	3,400	383,079	28,964
Office & Other Equipments	15,265,716	156,037	-	15,421,753	12,572,339	643,724	13,216,063	2,693,377
TOTAL	1,790,690,343	1,870,964	487,802	1,792,073,505	1,034,089,546	80,665,550	1,114,523,374	756,600,797
PREVIOUS YEAR	1,790,299,424	1,229,446	838,527	1,790,690,343	954,169,118	80,758,955	1,034,089,546	836,130,306

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

	As at 31.03.2010 Rs.	As at 31.03.2009 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.	25,931,404	25,931,404
Less: provision for diminution in value of investment (Refer Note No. 3)	25,931,404	25,931,404
	-	-
Non Trade, Quoted:		
In shares:		
38,800 (P.Y.38,800) equity shares in Industrial Development Bank of India of Rs.10/- each	5,044,000	5,044,000
Less: Allotment money payable	4,212,147	4,212,147
	831,853	831,853
Less: Provision for Diminution in value of Investment	831,853	831,853
	-	-
Unquoted		
1) In shares:		
30,000 (P.Y. 50,000) equity shares in Amitabh Bachchan Corporation Ltd of Rs.10/- each fully paid up. (declared as sick company)	2,475,000	4,125,000
Less: Provision for Diminution in value of Investment	2,475,000	4,125,000
	-	-
5,010 (P.Y.5,010) Shares in Swaminarayan Co-op Bank Ltd. of Rs.25/- each fully paid up.	125,250	125,250
12,500 (P.Y.12,500) shares in Baroda Peoples Co-op Bank Ltd. of Rs.10/- each fully paid up.	125,000	125,000
3,000 (P.Y.3,000) shares in Baroda City Co-op Bank Ltd. of Rs.25/- each fully paid up.	75,000	75,000
1,000 (P.Y.1,000) shares in Saraswat Co-op Bank Ltd. of Rs.10/- each fully paid up.	10,000	10,000
1,083 (P.Y.1,083) shares in Saraswat Co-op Bank Ltd. of Rs.10/- each fully paid up.	10,830	10,830
2) In Government Securities:		
- 7 years National Savings Certificates (Pledged with Excise authorities)	2,000	2,000
3) Investment by way of capital in a partnership firm	1,911,182	1,686,260
	2,259,262	2,034,340
SCHEDULE G: INVENTORIES		
(As taken, valued and certified by management)		
Raw Materials	60,837,903	72,557,096
Work in Process	53,144,964	49,960,760
Finished Goods	34,117,000	31,080,393
Packing Materials	1,089,048	694,622
Fuel	-	15,736
Consumable Stores	5,992,472	6,773,142
	1,55,181,387	1,61,081,749
SCHEDULE H: SUNDRY DEBTORS		
(Unsecured, Considered good subject to confirmation)		
Debt outstanding for a period exceeding Six Months	243,181,708	240,388,298
Less: Provision for Doubtful Debts (Refer Note No.3)	234,574,220	234,574,220
	8,607,488	5,814,078
Others	23,858,975	25,701,000
	32,466,463	31,515,078

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

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE I: CASH AND BANK BALANCES		
Cash on hand	98,439	239,710
Balances with scheduled banks: (Refer Note: 11)		
... in current accounts	933,613	1,053,363
... in deposit accounts	28,000	1,510,000
	<u>961,613</u>	<u>2,563,363</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/-)		
	<u>1,061,746</u>	<u>2,804,767</u>
SCHEDULE J: OTHER CURRENT ASSETS		
Export Incentive Recievable	-	417,330
Advance Import Licence Disposed/Receivable	364,778	364,778
	<u>364,778</u>	<u>782,108</u>
SCHEDULE K: LOANS AND ADVANCES		
(Unsecured, considered good)		
Balances with Customs, Excise Departments	2,850,620	3,014,081
Advances recoverable in cash or in Kind or for value to be received	7,696,977	13,708,403
Interest accrued on Deposits (See Note: 11)	-	3,162,716
Income tax	315,246	2,70,921
Deposits	14,787,850	14,967,400
Amount Paid to ARCIL towards Re-Construction package (Refer Note No. 15)	26,100,000	24,900,000
	<u>51,750,693</u>	<u>60,023,521</u>
SCHEDULE L: CURRENT LIABILITIES		
Sundry Creditors (refer note no. 6)	290,560,261	294,752,769
Interest payable (refer note no. 11(b))	717,985,037	659,085,485
Other liabilities	238,467,598	312,607,331
	<u>1,247,012,896</u>	<u>1,266,445,584</u>
SCHEDULE M: PROVISIONS		
Provision for taxation	1,473,016	1,473,016
Provision for Custom duty including Interest (Refer Note No.7)	617,934,390	580,109,316
Provision for Leave Encashment	2,316,712	1,506,827
	<u>621,724,118</u>	<u>583,089,159</u>
SCHEDULE N : MISCELLANEOUS EXPENDITURE		
Deferred Revenue Expenditure:		
Balance as per last Balance Sheet	11,242,641	17,422,622
Less : Expenses written off during the year	5,014,447	6,179,981
	<u>6,228,194</u>	<u>11,242,641</u>

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

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
SCHEDULE O: SALES AND OPERATING INCOME		
Sales (Net of Returns)	418,245,736	558,389,551
Less: Excise Duty	28,362,791	50,856,973
	<u>389,882,945</u>	<u>507,532,578</u>
Operating Income:		
Sale of scrap (Net of Excise)	1,622,048	3,601,666
Job work charges (Tds.Rs.9430/- PY Nil)	471,520	-
Exchange rate Difference	24,187,087	-
Commission on Highseas RM Sales	10,274	-
	<u>26,290,929</u>	<u>3,601,666</u>
	<u>416,173,874</u>	<u>511,134,244</u>
SCHEDULE P: OTHER INCOME		
Dividend (on non trade Investment)	2,832	2,832
Interest on fixed deposits [Refer note no. 11 (c)] (TDS Rs.Nil, P.Y.Rs.Nil)	-	735,363
Interest on Income tax Refund	4,938	841,215
Other Interest (Tds. Rs.109627/- PY Nil)	602,161	432,246
Unclaimed Liabilities written back	-	8,557,304
Provision for Diminution in value of investment written back	1,650,000	-
Profit on sales of Investment	1,045,950	-
Income Tax Refund	-	1,112,497
Profit on sales of Fixed Assets	-	77,000
Share of profit from partnership firm	42,806	-
	<u>3,348,687</u>	<u>11,758,457</u>
SCHEDULE Q: CHANGES IN STOCKS		
Closing Stock		
Finished Goods	34,117,000	31,080,393
Work in Progress	53,144,964	49,960,760
	<u>87,261,964</u>	<u>81,041,153</u>
Opening Stock:		
Finished Goods	31,080,393	31,693,906
Work in Progress	49,960,760	49,376,597
	<u>81,041,153</u>	<u>81,070,503</u>
	<u>6,220,811</u>	<u>(29,350)</u>
SCHEDULE R: RAW MATERIALS CONSUMED		
Opening stock	72,557,096	80,888,845
Purchases & Expenses	264,303,790	344,781,707
	<u>336,860,886</u>	<u>425,670,552</u>
Closing stock	60,837,903	72,557,096
	<u>276,022,983</u>	<u>353,113,456</u>
SCHEDULE S: MANUFACTURING EXPENSES		
Power & Fuel	53,115,659	57,551,865
Consumable Stores	6,661,780	6,474,898
Design & Development	1,305,003	-
Packing Materials	14,629,708	15,083,123
Repairs and Maintenance for		
... Buildings	69,185	14,935
... Plant and machinery	1,336,971	2,100,327
... Others	1,175,265	503,227
	<u>2,581,421</u>	<u>18,601,522</u>
Rent Forklift	361,069	455,861
Labour / Granulation Charges	1,413,056	4,531,211
Other Manufacturing Expenses	1,237,151	1,509,598
	<u>81,304,847</u>	<u>88,225,045</u>

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

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
SCHEDULE T : EMPLOYEES' COST		
Salaries, Wages, Allowances & Bonus	41,584,936	41,589,895
Contributions to Provident Fund	1,288,285	1,485,393
Contributions to ESIC	78,731	87,053
Gratuity	413,660	808,557
Staff & Workers Welfare	1,245,371	1,320,150
	<u>44,610,983</u>	<u>45,291,048</u>
SCHEDULE U : ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Travelling Expenses	1,675,217	2,307,021
Insurance Charges	1,015,221	1,281,895
Telephone Expenses	1,119,994	1,440,087
Lease Rent	1,379,964	2,105,043
Rates & Taxes	160,144	141,254
Donation	-	10,000
Auditors' Remuneration:		
... audit fees	184,000	184,000
... tax audit fees	33,000	33,000
... Other services	15,000	62,500
	<u>232,000</u>	<u>279,500</u>
Legal & Professional fees	2,101,630	2,155,494
Freight Outward	2,523,034	4,129,083
Directors' Remuneration	1,840,520	1,687,819
Commission On Sales	22,477	2,180,730
Sales Promotion Expenses	1,104,624	751,658
Deffered Revenue Expenses written off (Refer Note No.5)	5,014,447	6,179,981
Loss on Sales of Fixed Assets	114,983	-
Loss on Share in partnership Firm	-	51,149
Miscellaneous expenses	12,498,345	14,674,625
	<u>30,802,600</u>	<u>39,375,339</u>
SCHEDULE V: FINANCE AND BANK CHARGES		
Interest:		
Term Loans	46,534,741	46,549,059
Other Loans	63,664,575	80,928,386
Bank Charges	276,288	660,728
Exchange rate difference	-	48,548,526
Bill Discounting Charges	169,581	2,017,868
	<u>110,645,185</u>	<u>178,704,567</u>
SCHEDULE W: PRIOR YEARS' EXPENSES (NET OF INCOME)		
Discount / Rate difference	-	35,000
Salary & Wages	199,257	59,294
Other Expenses	(132,895)	(509,840)
Raw Material	-	16,891
Service tax credit on import bill	-	(532,861)
Interest others	856,908	-
Repairs & Maint. to P&M	244,712	18,150
Legal and Professional Fees	271,500	-
Travelling expenses	(13,538)	(7,075)
Import /Export Expenses	131,335	75,569
Entertainment Expenses	-	(83,649)
Miscellaneous expenses	-	5,217
	<u>1,557,279</u>	<u>(923,304)</u>

SCHEDULE X:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31 st MARCH, 2010

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) Liability for Leave Encashment 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 a 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 are 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:

	31.03.2010 (Rs.in Lacs)	31.03.2009 (Rs.in Lacs)
a) Guarantee/Letter of credit given by Company's Bankers	Refer note below	Refer note below
b) Foreign Bills Discounted with Banks	Refer note below	Refer note below
c) Show cause/Demand raised/Appeal filed by Excise Authorities & disputed by the Company	158.84	150.42
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 licence scheme and of capital goods under EPCG Scheme amount unascertainable.		
f) Income Tax demand disputed by the Company Rs.Nil (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 Russia did not honour the debts.

Due to this ERF in turn, could not pay 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. Thereafter order dated 12/03/02 was passed and ERF is dissolved Under the circumstances, 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.

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 31.03.2010 are as under.

a) 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%

b) The total Capital of the Partners is **Rs. 14.20 Lacs.** (Net)

c) The above details about investment and names of partners are based on the information certified by a partner.

05. The Company had incurred, during the previous years, 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 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.50,14,447 lacs 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.62,28,194 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 2ndOctober 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 enterprises in accordance with the provisions of the Act, would not be material and the same, if any payable, 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 manufacturing of goods for export, as well as, export of goods has to be effected with in 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, hence 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 31.03.2010 is estimated at Rs. 6,179.34 Lacs.(P.Y.Rs.5,801.09 Lacs) In terms of accounting policy followed by the Company, the sum of Rs.5,801.09 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.

The company have received various demand notes amounting to Rs. 3580.81 lacs from DGFT towards pending export obligation. These order are challenged by the company with the concerned authorities and matter for recovery of dues is pending due to BIFR status of the company.

- 08 A.** Loans & Advance includes:
- a) Rs 21.47 Lacs (P.Y Rs.21.23 Lacs) due from a Company under the same management. (Maximum outstanding during the year is Rs.21.47)
 - b) Rs.20.00 Lacs (P.Y Rs.43.00 Lacs) due from other parties.
- B.** Sundry Debtors include Rs Nil.(P.Y Rs.19.12 Lacs) due from company under same management.
- 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 31.03.2010 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.

12 Segment Reporting:

The Company has one segment of activity namely Calender products (PVC Laminated Sheet/Tiles, PVC Leather Cloth).

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/arrangments for taking certain assets on leave and licence basis.The special 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.
 - iii) Due after five years

2009-10	2008-09
Rs. in lacs	Rs. in lacs
17.41	25.61
0.70	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. 2.61 crores till 31/03/2010. The company is re-negotiating debts with Arcil, who holds 80 % of secured debts . BIFR vide order dated 23.02.10 directed for Change of Management, against which the company has filed an appeal in AAIFR, the next hearing at AAIFR is scheduled on 20.07.10

ROYAL CUSHION VINYL PRODUCTS LIMITED



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 in the company 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.7025.78 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, 2010 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. The Company has not carried out assessment of assets particularly plant and machinery having book value of Rs.2300.18 Lacs as on 31.03.2010 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

(A) SUBSIDIARY COMPANY	(B) ASSOCIATES CONCERN/TRUST	(C) KEY MANAGEMENT PERSONNEL
a) Euro royal Floors Ltd.	a) Vinyroyal Plasticoates Ltd.	a) Mahesh Kantilal Shah
	b) Vijay Knitting Pvt. Ltd.	b) Vinod Kantilal Shah
	c) Vijay Jyot Seats Pvt. Ltd.	c) Mukesh Amrutlal Motasha
	d) Samsons Leathercloth Manufacturing Co. Pvt. Ltd.	
	e) Royal Knitting Pvt Ltd	
	f) Royal Spinwell Pvt.Ltd.	
	g) Royal Jerfeb Pvt.Ltd	
	h) Nityanand Overseas Trading	
	i) Shreeshah Trading & Consultancy Services Pvt. Ltd.	
	j) Trilokesh Trading & Consultancy Services Pvt. Ltd.	
	k) Vishwamurthy Trading Consultancy Services Pvt. Ltd.	
	l) Sumukh Trading & Cosultancy Services Pvt. Ltd.	
	m) Lokswami Trading & Cosultancy Services Pvt. Ltd.	
	n) Sahishnu Trading & Cosultancy Services Pvt. Ltd.	
	o) Sughosh Trading & Cosultancy Services Pvt. Ltd.	
	p) Trilokamata Trading & Cosultancy Services Pvt. Ltd.	
	q) M.V.Trust Properties	
	r) Royal Wellknit Pvt. Ltd.	

RELATED PARTY TRANSACTIONS

(Rs. in Lacs)

Sr. No.	Nature of transaction	2009-10			2008-09		
		Subsidiary	Associates	Key Management Personnel	Subsidiary	Associates	Key Management Personnel
1	Sales of Finished Goods	-	1,288.80	-	-	1,157.06	-
2	Purchase of Raw materials	-	108.76	-	-	463.59	-
3	Purchase of Plant & Machinery	-	-	-	0.26	-	-
4	Remuneration	-	-	19.76	-	-	16.88
5	Receivable as on 31-03-2010	2333.75*	-	-	2333.75*	3.57	-
6	Payable as on 31-03-2010	-	2,679.52	-	-	2,721.76	-
7	Deposit against Rented Property	-	60.00	-	-	60.00	-
8	Advance for purchase of Assets	-	21.47	-	-	21.23	-
9	Loan Payable as on 31-03-2010	-	1,229.72	-	-	1,029.40	-
10	Loan Recievable as on 31-03-2010	-	-	-	-	15.55	-

Notes:

*In respect of above parties, there is no provision for doubtful debts as on 31st March'2010 except Rs. 2,333.75 Lacs provided in respect of due by the Subsidiary Company in earlier year end.

ANNUAL REPORT 2009-2010



- 20 Sales and operating Income included Rs.2,41,87,087 (P.Y. 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.
- 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. 25.97 lakhs (Previous year Rs. 23.66 lakhs).

22. Earning per Share

	2009-10	2008-09
(a) Net profit/(Loss) after tax available for equity shareholders (Rs. in Lacs)	(1,998.89)	(2,623.11)
(b) Average number of Equity shares of Rs.10/- each outstanding during the year (No.of Shares)	12067212	12067212
(c) Basic/Diluted Earnings per Share (Rs.) (a/b)	(16.56)	(21.74)

23. DIRECTORS' REMUNERATION:

	2009-10 Rs.	2008-09 Rs.
Salaries	1,338,000	1,046,049
Perquisites	637,970	641,770
	1,975,970	1,687,819

24. 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)	90.73 (88.11)
PVC Leather Cloth	Lac LM	Not * Applicable	30.00 (30.00)	- (0.21)

* As certified by the management

25. DETAILS OF TURNOVER:

Item		2009-10		2008-09	
		Qty. (Lacs)	Rs. lacs	Qty. (Lacs)	Rs. lacs
PVC Laminated Sheet /Tiles	SQM	88.84	4,173.13	87.95	5,580.47
PVC Leather Cloth	LM	0.58	9.33	0.21	3.44
			4,182.46		5,583.91

26. DETAILS OF INVENTORIES

Item		2009-10		2008-09	
		Qty. (Lacs)	Rs. lacs	Qty. (Lacs)	Rs. lacs
Cushion Vinyl Flooring	SQM	0.01	0.40	0.01	0.40
PVC Laminated Sheet /Tiles	SQM	4.56	340.77	2.67	310.40
			341.17		310.80

27. RAW MATERIAL CONSUMED

Item	2009-10		2008-09	
	Qty. (MT)	Value Rs. lacs	Qty. (MT)	Value Rs. lacs
PVC Resin	3,070.62	1,177.36	4,216.23	1,908.04
Plastisizers	2,085.59	955.19	1,401.40	868.12
Othes		627.68		754.97
		2,760.23		3,531.13

ROYAL CUSHION VINYL PRODUCTS LIMITED



28. CONSUMPTION OF RAW MATERIALS, STORES & SPARES

Raw Materials	2009-10		2008-09	
	Rs. lacs	%	Rs. lacs	%
Imported	472.14	17	784.37	22
Indigenous	2,288.09	83	2,746.76	78
	2,760.23	100	3,531.13	100
Stores & Spares				
Imported	2.05	3	5.88	9
Indigenous	64.57	97	58.86	91
	66.62	100	64.74	100

29. CIF VALUE OF IMPORTS:

	<u>2009-10</u> <u>Rs. lacs</u>	<u>2008-09</u> <u>Rs. lacs</u>
Raw Materials	467.67	574.21
Stores & Spares	2.05	5.88
	<u>469.72</u>	<u>580.09</u>

30. EXPENDITURE IN FOREIGN CURRENCY:

(on accrual basis)	<u>2009-10</u> <u>Rs. lacs</u>	<u>2008-09</u> <u>Rs. lacs</u>
Stores & Spares	2.30	5.88
Foreign Travel	4.52	5.74

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: 15th July, 2010

MUMBAI
DATE: 15th July, 2010

For ROYAL CUSHION VINYL PRODUCTS LTD.

M.K.SHAH
(Chairman & MD) **J.A.MOTASHA**
(Director)
H.K. BIJLANI
(Company Secretary)



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	31.03.2010
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	3,380,975,132
	Total Assets	3,380,975,132
	SOURCES OF FUNDS	
	Paid - up Capital	120,672,120
	Reserve & Surplus	728,408,311
	Share application money	78,915,000
	Secured loans	1,859,926,490
	Unsecured Loans	593,053,211
	APPLICATION OF FUNDS	
	Net Fixed Assets	677,550,131
	Investments	2,259,262
	Net Current Assets	(1,627,911,947)
	Misc. Expenditure	6,228,194
	Accumulated Losses	4,322,849,492
4	Performance of Company	
	Turnover (Income - after changes in stock)	425,743,372
	Total Expenditure	624,075,256
	Profit / (Loss) Before Tax	(198,331,884)
	Profit / (Loss) After Tax	(199,889,163)
	Earning per share (Rs.)	(16.56)
	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	PVC Laminated Sheet
	Item Code No. (ITC code)	59031000
	Product Description	PVC Leathercloth

For **ROYAL CUSHION VINYL PRODUCTS LTD.**

M.K.SHAH
(Chairman & MD)

J.A.MOTASHA
(Director)

H.K. BIJLANI
(Company Secretary)

MUMBAI
DATE: 15th July, 2010

ROYAL CUSHION VINYL PRODUCTS LIMITED



CASH FLOW STATEMENT

	Year ended 31.03.2010	Year ended 31.03.2009
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax, extra - ordinary items & Prior Period Expenses/Income	(1,983.32)	(2,626.05)
Adjustment for:		
Depreciation	804.34	799.20
(Profit) on sales of Investment	(26.96)	
Finance Charges	1,106.45	1,787.05
Interest Received	(0.05)	(15.77)
Provision for Doubtful Debts written back		-
Dividend Received	(0.03)	(0.03)
Operating profit before working capital changes	1,883.75	2,570.45
Adjustment for:		
Inventories	59.00	86.89
Trade & Other Receivables	(9.51)	331.77
Loans & Advances	82.73	74.39
Other current assets	4.17	(4.17)
Trade Payables	(194.33)	763.20
Provisions	386.35	374.76
Cash generated from operation	228.85	1,571.24
Misc. Expenditure (Net)	50.14	61.80
Cash before Extraordinary items & prior Period Expenses	278.99	1,633.04
Prior period expenditure (Net of Income)	(15.57)	9.23
Cash after Extraordinary items & prior Period Expenses	263.42	1,642.27
Fringe Benefit Tax Paid	-	6.29
Net Cash from operating activities	263.42	1,635.98
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (net)	(13.83)	(3.91)
Sale of investments	26.96	
Sales / Purchase of Investment	(2.25)	0.51
Interest Received	0.05	15.77
Dividend Received	0.03	0.03
Net Cash Used in Investing Activities	10.96	12.40
C) CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing	814.65	36.93
Interest paid	(1,106.45)	(1,787.05)
Net Cash in Financing Activities	(291.81)	(1,750.11)
Net Increase in cash and cash collection (A+B+C)	(17.43)	(101.74)
Cash & Cash Equivalents at the beginning of the year	28.05	129.78
Cash & Cash Equivalents at the end of the year	10.62	28.05

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

H.B.SHAH
(Partner)

VADODARA.
DATE: 15th July, 2010

For **ROYAL CUSHION VINYL PRODUCTS LTD.**

M.K.SHAH
(Chairman & MD)

J.A.MOTASHA
(Director)

H.K. BIJLANI
(Company Secretary)

MUMBAI
DATE: 15th July, 2010



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/her _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the 26TH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 29th September, 2010 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 2010

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 26th ANNUAL GENERAL MEETING of the Company being held on Wednesday, the 29th September, 2010 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