

29th ANNUAL REPORT 2012-2013



Royal Cushion Vinyl Products Limited



ROYAL CUSHION VINYL PRODUCTS LIMITED

BOARD OF DIRECTORS

Shri Mahesh. K. Shah - Chairman & Managing Director

Shri Vinod K. Shah - Executive Director

Shri Arvind V. Motasha

Shri Deepak A. Motasha

Shri Mukesh A. Motasha

Shri Jayesh 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

FINANCIAL INSTITUTION / BANKS

Axis Bank Ltd.

SICOM Ltd.

REGISTERED OFFICE

60 CD, Shlok, Govt.Ind. Estate,

Charkop, Kandivali (West),

Mumbai 400067

Tel: 022 32655828, 022 28063514

Fax: 022 28603565

REGISTRAR & TRANSFER AGENTS

M/s Universal Capital Securities Pvt. Ltd.

(Formerly known as Mondkar Computes 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

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NOTICE

NOTICE is hereby given that the **29TH ANNUAL GENERAL MEETING** of the Members of **ROYAL CUSHION VINYL PRODUCTS LIMITED** will be held on **Monday, the 30th September, 2013 at 3.30 p.m.** at the Conference Room of 60 CD "SHLOK" Govt. Industrial Estate, Charkop, Kandivali (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, 2013, 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. Arvind V. Motasha who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mukesh 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, Vadodara** retiring Auditors are eligible for re-appointment.

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

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

Mumbai, 30th May, 2013
Registered Office
Shlok, 60 CD, Govt. Industrial Estate,
Charkop, Kandivali (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. The Register of Members and Share Transfer books of the Company will remain closed from **Tuesday, 20th August, 2013 to Thursday, 22nd August, 2013** (both days inclusive) for the purpose of Annual Book Closure.
- c. Members are requested to notify any change in their address to the Company's registrar and share transfer agents at **M/s. Universal Capital Securities Private Limited** (formerly known as Mondkar Computers Private Limited), **21, Shakhil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 101. Tel No. 022 28257641, 022 28207203.**
- d. 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.**
- e. 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.
- f. 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.

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

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

Mumbai, 30th May, 2013
Registered Office
Shlok, 60 CD, Govt. Industrial Estate,
Charkop, Kandivali (West), Mumbai 400 067

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

Name of Director	Mr. Arvind V. Motasha	Mr. Mukesh A. Motasha
Age	72 years	58 years
Name of public Companies in which he holds Directorship	NIL	NIL
Name of Companies in committees of which he holds membership / chairmanship other than Royal cushion Vinyl Products limited	NIL	NIL

DIRECTORS' REPORT

To
The Members of
Royal Cushion Vinyl Products Limited,

Your Directors have pleasure in presenting the 29th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2013.

1) FINANCIAL RESULTS:

(₹ in Lacs)

Particulars	Current year ended 31.03.2013	Previous year ended 31.03.2012
Revenue from operations (Net)	4952.39	4655.96
Other Income	13.33	29.63
Total Income	4965.72	4685.59
Total Expenditure	5990.72	5163.21
Profit/(loss) before interest and depreciation	(1025.01)	(477.62)
Add: Finance & Bank Charges	1464.32	1497.34
Depreciation	790.94	802.33
Prior year's expenses/income	(15.44)	1.87
Loss before Exceptional item	(3295.71)	(2775.43)
Exceptional item	Nil	1278.18
Loss for the year	(3295.71)	(1497.25)

2) PERFORMANCE:

The Company has achieved turnover of Rs.4952.39 as against Rs. 4655.96 Lakhs in the previous year. The increase in turnover is mainly due to inflation i.e. price of finished products has gone up.

3) DIVIDEND

In view of losses, the Board of Directors is unable to declare any dividend for the year 2012-2013.

4) STATUS WITH BIFR

"As reported in the earlier Annual Reports, the Company has been registered with BIFR since September, 2002. Since the date of last Directors' Report, the Hon'ble BIFR hearing was held on March 14, 2013 and July 11, 2013, the Hon'ble BIFR issued directions to the Operating Agency ("OA") i.e. IDBI Bank Limited ("IDBI") to formulate the fully tied-up Draft Rehabilitation Scheme ("DRS") and submit to the BIFR. Accordingly the Company had submitted the revised DRS containing proposals for revival of the Company with the Hon'ble BIFR and IDBI whereby it is proposed to demerge two of its undertaking viz. Unit I & II of the Company and merging them with Vijayjyot Seats Private Limited (one of the Promoter Group Companies) with effect from the Appointed Date being January 1, 2013 subject to approval from Hon'ble BIFR and other concerned parties. Subsequently the IDBI cleared the revised DRS of the Company and submitted the fully tied up DRS to the Hon'ble BIFR in the hearing held on July 11, 2013. The revised fully tied up DRS is now under review and clearance of Hon'ble BIFR subsequently the same will be circulated to the concerned parties for their approval.

The demerger proposal contained in the revised DRS will be effective after the receipt of the required approvals. Accordingly the financial statements contained this annual report are without giving the effect of proposed demerger of Unit I & II of the Company."

5) FIXED DEPOSITS

The Company has not received any deposit from Public during the year. The Auditor has given the Qualification and adverse remarks (Para No.6 of Annexure to the Auditor's Report) in respect of Section 58A of the Companies Act, 1956, however the Board is of the view that the amount received by the Company from its promoters/relatives are for the purpose of business and for performance of certain sales orders. Neither any application form has been filed up for these receipts nor the receipts are issued by the Company, hence these are not falling as deposits under section 58A of the Companies Act, 1956.

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) HUMAN RESOURCES / INDUSTRIAL RELATIONS

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

9) DIRECTORS

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

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:

- that in the preparation of the Annual Accounts for the financial year ended 31st March, 2013 the applicable accounting standards/practices had been followed along with proper explanation relating to material departures;
- 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 that period;

- c) 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;
- d) that the Directors had prepared the accounts for the financial year ended 31st March, 2013 on a going concern basis.

11) CORPORATE GOVERNANCE

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

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

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

12) 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. Further the Auditor has given the Qualification and adverse remarks (Para No.6 of Annexure to the Auditor's Report) in respect of Section 58A of the Companies Act, 1956, however the Board is of the view that the amount received by the Company from its promoters/ relatives are for the purpose of business and for

performance of certain sales orders. Neither any application form has been filed up for these receipts nor the receipts are issued by the Company, hence these are not falling as deposits under section 58A of the Companies Act, 1956.

M/s. Chandrakant & Sevantilal & J. K. Shah & Co., Chartered Accountants, Vadodara 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.

13) 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.**

Sd/-
Maresh K. Shah
Chairman & Managing Director

Sd/-
Jayesh A. Motasha
Director

Place : Mumbai

Date : 12th August, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT:

The Company is primarily engaged in manufacturing of pvc products which are widely used for household, offices, shops, health club, etc. The Company has developed new product for transport application.

OPPORTUNITIES AND THREATS:

The Company is amongst the market leaders in pvc vinyl flooring segment.. Recently, Company has made arrangement for working capital finance. This will help the Company to improve the performance in the following years.

SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

The Company's prime business is manufacture of PVC products 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 cheaper imports of finished products. The Company is focusing on shifting the product mix towards the high end product for better realization.

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 and will be providing adequate information to the shareholders, effective control and management of Organization with commitment for its growth.

2. Board of Directors

As on 01st April, 2013 the Board comprises **two Executive Directors** and **four Non Executive Directors**. During the year 2012-2013 the Board met 6 times on the following dates, namely 29 June 2012, 31 July 2012, 06 August 2012, 31 October 2012, 30 January 2013 and 25 March 2013.

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 Meeting Attended	Attended Last AGM	Other Directorship	Sitting Fees	Committee Membership	Committee Chairmanship
1.	Mr. Mahesh K. Shah	Executive Promoter	6	Yes	1	-	Nil	Nil
2.	Mr. Vinod K. Shah	Executive Promoter	6	Yes	3	-	Nil	Nil
3.	Mr. Arvind V. Motasha	Non-Executive, Promoter	5	Yes	1	-	3	1
4.	Mr. Deepak A. Motasha	Non-Executive, Promoter	4	Yes	2	-	3	1
5.	Mr. Mukesh A. Motasha	Non-Executive, Promoter	6	Yes	1	-	Nil	Nil
6.	Mr. Jayesh A. Motasha	Non-executive, Promoter	5	Yes	2	-	3	1

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

3. Audit Committee

The Audit Committee comprises 3 Non-Executive Directors and Company Secretary acts as Secretary of the Committee. During the year 2012-2013, the Audit Committee held 4 meetings 31 July 2012, 06 August 2012, 31 October 2012 and 30 January 2013. 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. Deepak A. Motasha – Chairman	3
2.	Mr. Arvind V. Motasha – Member	3
3.	Mr. Jayesh A. Motasha – Member	3

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

4. Shareholders'/ Investors' Grievance Committee

- Composition:** The Committee comprises 3 Non-Executive Directors with Company Secretary of the Company to act as the compliance officer. During the year it held 3 meetings 29 June 2012, 06 August 2012 and 31 October 2012.
- Investors' Complaints:** The Company has not received any complaints from investors. There were no major share transfers pending for registration for more than 30 days as on 31.03.2013.

5. Remuneration Committee

The Remuneration Committee consist of 3 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.

Details of Remuneration paid for the year 2012-2013 are as under:

(₹ in Lacs)

Sr. No.	Name	Salary	Perquisites
1.	Mr. Mahesh K. Shah	4.50	1.55
2.	Mr. Vinod K. Shah	4.44	1.37

The above Directors are entitled to get the remuneration of Rs. 15.00 Lakhs p.a. (Mr. Mahesh Shah) and Rs. 9.00 Lakhs p.a. (Mr. Vinod Shah) respectively. As the Company is passing through Liquidity Crunch including paucity & shortage of working capital facilities and therefore the above Directors has drawn only minimum salary of Rs. 6.05 Lakhs p.a. and Rs. 5.81 Lakhs p.a respectively and Balance Salary and perquisites have been 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 (Sick).

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	2009-2010	2010-2011	2011-2012
Date	29.09.2010	30.09.2010	28.09.2012
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, Kandivali (West), Mumbai 400067	Company's Registered Office at 60 CD, Shlok, Govt. Ind. Estate, Charkop, Kandivali (West), Mumbai 400067	Company's Registered Office at 60 CD, Shlok, Govt. Ind. Estate, Charkop, Kandivali (West), Mumbai 400067

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 : Nil

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

Number of pending Complaint as on 31.03.2013 : Nil

Number of Share Transfer pending for approval as at 31.03.2013 : 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 30th September, 2013 at 3.30 p.m.
Venue At Conference Room of 60 CD "SHLOK"
Govt. Ind. Estate, Charkop, Kandivali (West),
Mumbai 400 067
- B. Financial Calendar
Financial Reporting for 1st Quarter ending 30th June, 2013 April to March
Financial Reporting for 2nd Quarter ending 30th Sept, 2013 On 12th August, 2013
Financial Reporting for 3rd Quarter ending 31st Dec, 2013 On or before the end of October, 2013
Audited Results for the year ending March, 2014 On or before the end of January, 2014
On or before the 4th Week of May, 2014
- C. **Date of Book closure** Beginning Tuesday, the 20th August, 2013 to
Thursday, the 22nd August, 2013 (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		Total No. of shares Traded
	High (₹)	Low (₹)	
April' 2012	6.61	5.16	10,805
May' 2012	6.40	6.00	12,270
June' 2012	6.90	5.71	944
July' 2012	6.42	5.24	1,835
August' 2012	5.48	5.00	2,201
September' 2012	4.98	3.90	15,826
October' 2012	3.71	3.30	1,836
November' 2012	6.93	3.50	19,673
December' 2012	7.27	6.56	12,655
January' 2013	7.55	6.30	1,720
February' 2013	6.82	5.71	3,007
March' 2013	7.51	6.67	137

- H. Address for correspondence
- a. **Registrar and Share Transfer Agent**
M/s Universal Capital Securities Private Ltd.
(Formerly known as 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, Kandivali (West), Mumbai 400 067
Tel No. 022-32655828 / 28603516, Fax No. 022-28603565
Email: hkbijlani@samsons.com

I. Share Transfer System

M/s. Universal Capital Securities Private Limited (formerly known as 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, 2013

Range No. of equity shares	No. of Shareholders	%	No. of Shares	%
Upto 500	2,828	83.32	5,24,786	4.35
501 – 1000	2,515	7.40	1,99,803	1.65
1001 – 2000	123	3.62	1,88,998	1.57
2001 – 3000	43	1.27	1,06,769	0.88
3001 – 4000	23	0.68	81,845	0.68
4001 – 5000	31	0.91	1,45,201	1.20
5001 – 10000	35	1.03	2,45,142	2.03
10001 and above	60	1.77	1,05,75,388	87.64
TOTAL	3,394	100.00	1,20,67,212	100.00

K. Shareholding pattern as on 31st March, 2013

Category	No. of Shares	Percentage of Shareholding
Promoters (Including Foreign Promoters)	72,70,228	60.25
Mutual Fund & UTI	5,300	0.04
Banks, Financial Institutions, etc.	12,72,719	10.55
Private Corporate Bodies	6,70,245	5.55
NRI's	48,710	0.40
Indian Public	28,00,010	23.21
Grand Total	1,20,67,212	100.00

L. Dematerialisation of shares and liquidity

79,12,814 (65.57%) of Equity Shares of Rs. 10/- each have been dematerialised as on 31st March, 2013.

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, 2013.

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.**

Sd/-
Mahesh K. Shah
Chairman & Managing Director

Sd/-
Jayesh A. Motasha
Director

Place : Mumbai
Date : 12th August, 2013

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:

- Convert hardware base 400hp motor to ruttonsha make soft starter.
- Additional capacitor added with increasing load to maintaining constant 0.99lag power factor.
- Air compressor old motor in loading/unloading was drawing more current so replaced by 75kw new siemens motor.

2. TECHNOLOGY ABSORPTION

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

- New Products Developed and Launched.
 - i. “**Royal Opera**” 1 MM in different wood pattern designs
 - ii. “**Royal Majesty**” 1.6 MM in different wood pattern designs
 - iii. “**Tuff Ultra**” for heavy duty vinyl flooring developed & introduced.
- New colours developed in **Royal Star** for local market.

- In **Jewel range** – Lilac, Florida, Sunflower, Kashmir, designs were developed & introduced.
- In **G.L range** – Ginger oak, Milano, Startrack designs developed & introduced.
- New embossing developed for Lumilux called “**Football.**”
- New embossing developed for Royal Majestic called “**Wooden range.**”

B) Future Plans

- To develop more products for local market as well as industry & Ford Motors.

3. FOREIGN EXCHANGE EARNING AND OUTGO

(₹ In Lacs)

Sr. No.	Particular	Current Year ended on 31-3-13	Previous Year ended 31-3-12
1.	Fob value of Export	Nil	Nil
2.	Foreign exchange outgo Import of Raw material Stores & Spares	910.58	805.41
		39.74	22.35
3.	Foreign Travels	0.88	2.16

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, 2013, 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, 2013 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

Firm Registration No. 101676W

(H.B. Shah)

Partner

Membership No. 16642

Place : Vadodara

Date : 12th August, 2013

AUDITOR'S REPORT

To,
The Members,
ROYAL CUSHION VINYL PRODUCTS LIMITED

Report on Financial Statements

1. We have audited the accompanying Financial Statements of ROYAL CUSHION VINYL PRODUCTS LIMITED which comprise the Balance Sheet as at 31st March 2013, the statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

2. Management is responsible for the preparation of these Financial Statements that give true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the Accounting Standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956 ("the act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give fair view and free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements subjects to:
 - i) **Non disclosure of amount(s) owned to small and medium scale industrial undertakings (Refer Note No.: 29)**
 - ii) **Non reconciliation of accounts and balances in respect of Loans from Banks / Financial Institutions. (Refer Note No.: 33)**
 - iii) **Non provision for Gratuity liability as required by Accounting Standards 15 'Employee Benefits'. (Refer Note No.: 39)**
 - iv) **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.: 40)**

Give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
- b. In the case of the statement of Profit and Loss, of the Loss for the year ended on that date
- c. In the case of Cash Flow statement, of the Cash Flows for the year ended on that date;

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditors' Report) order, 2003 ("the order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the order.
8. As required by section 227 (3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, statement of Profit and Loss, and Cash Flows statement dealt with by this report are in agreement with the books of account
 - d) In our opinion Subject to non-provision for Gratuity liability and non ascertainment and non accounting of impairment loss in respect of its Assets of Unit – III, the Balance Sheet, statement of Profit and Loss, and Cash Flow statement Comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956;
 - e) On the bases of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies act, 1956.

**FOR CHANDRAKANT &
SEVANTILAL & J.K.SHAH & CO.,**
Chartered Accountant
Firm Registration No. 101676W

(H.B. Shah)
Partner

Place : Vadodara
Date : 30th May, 2013

Membership No. 16642

ANNEXURE TO THE AUDITORS' REPORT ON THE ACCOUNTS OF ROYAL CUSHION VINYL PRODUCTS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2013.

(Referred to in Paragraph 8 under the heading "Report on other legal & regulatory requirements" at our report on even date)

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 capitalized to the relevant items of Fixed Assets and year wise 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 Twenty One companies and other parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 670249047 and the year end balance of loans taken from such companies and other parties was ₹ 616539064. 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 ₹ 2177812 and the year end balance of loan granted to such company was ₹ 2177812.
- 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 ₹ 2177812.
- c) The Company is regular in repaying the principal amounts wherever stipulated and has been regular in the payment of interest wherever stipulated. The Company to whom advance in the nature of Loan is granted there is no stipulation for repayment thereof.
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 come across 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 ₹ 5.00 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. In Our Opinion, the Company has not complied with the provision of Section 58 A of the companies Act, 1956 and the Companies (Acceptance of Deposits) Rule 1975 in so far as the return of deposit as required under Section 10 of the Act have not been filed with concerned authorities and the Company has not maintained the liquid assets as required by Rule 3(A) of Companies (Acceptance of Deposits) Rules, 1975.
7. The Company does not have an Internal Audit System.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
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, 2013 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 (₹)
Customs Act (Ref. Note No. 30)	Custom Duty for the various years	69,35,84,538
Fringe Benefit Tax	For the year 2007-2008	8,44,149
	For the year 2008-2009	6,28,867

- c) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Status	Nature of Dues	Amount (₹)	Forum where dispute is pending
The Central Excise Act.	Excise Duty	529,617	Appellate Tribunal, Mumbai
The Central Excise Act.	Custom Duty	2,105,053	Commissioner, Vadodara
The Central Excise Act.	Service Tax	2,92,730	Commissioner, Vadodara
The Income Tax Act.	Income Tax Penalty	28,562	Commissioner, Mumbai
The Fera Act	Penalty	1,00,00,000	Appellat Authority FERA New Delhi

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 Company has been registered with the Board For Industrial and Financial Reconstruction (BIFR). The Loan amount is payable after the final decision of BIFR.
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 Term Loans were applied for the purpose for which the Loan were obtained.
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. Since the Company does not have any debenture, the question of creation of securities does not arise.
20. Since the Company has not raised money by public issue, Clause (xx) of the Order is not applicable.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Chartered Accountants

Firm Registration No. 101676W

(H.B.SHAH)

Partner

Membership No. 16642

Place : Vadodara

Date : 30th May, 2013

BALANCE SHEET AS AT 31st MARCH, 2013

(Amount in ₹)

	Note No.	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	120,672,120	120,672,120
Reserves and surplus	3	-4,304,078,922	-4,183,406,802
Share Application Money Pending Allotment	4	87,415,000	87,415,000
Non-current liabilities			
Long-term borrowings	5	2,892,001,384	2,609,095,347
Long-term provisions	6	734,525,787	3,626,527,171
Current liabilities			
Short-term borrowings	7	3,000,000	3,000,000
Trade payables	8	252,900,388	299,496,310
Other current liabilities	9	1,013,273,990	891,209,395
Short-term provisions	10	1,473,016	1,270,647,394
TOTAL		801,182,763	734,782,720
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	440,696,645	519,071,347
Non-current investments	12	2,525,502	2,167,943
Long-term loans and advances	13	108,887,605	552,109,752
Current assets			
Inventories	14	196,096,594	163,063,301
Trade receivables	15	19,197,849	21,693,506
Cash and cash equivalents	16	4,679,118	2,276,042
Short-term loans and advances	17	28,690,514	10,595,005
Other current assets	18	408,936	249,073,011
TOTAL		801,182,763	734,782,720
Significant Accounting Policies and Notes on Financial Statements	1 to 47		

As per our report of even date

For CHANDRAKANT & SEVANTILAL

& J. K. SHAH & CO.

Chartered Accountants

Firm Reg. No. 101676W

H.B.SHAH

(Partner)

Membership No. 16642

Place: VADODARA.

Date : 30th May, 2013

For ROYAL CUSHION VINYL PRODUCTS LTD.

M.K. SHAH

(Chairman & Managing Director)

J.A.MOTASHA

(Director)

H.K. BIJLANI

(Company Secretary)

MUMBAI

DATE: 30th May, 2013

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2013
(Amount in ₹)

	Note No.	Year ended 31.03.2013 ₹	Year ended 31.03.2012 ₹
Revenue from Operations	19	548,195,992	505,490,553
Less: Excise Duty		52,956,684	39,894,915
Revenue from Operations (Net)		495,239,308	465,595,638
Other income	20	1,332,469	2,962,882
Total Revenue		496,571,777	468,558,520
Expenses:			
Cost of Materials Consumed	21	417,122,998	348,255,409
Changes in Inventories of Finished Goods & Work-In-Progress	22	-18,717,477	5,922,678
Employee Benefits Expense	23	42,965,212	39,909,312
Finance Costs	24	146,432,426	149,733,714
Depreciation and Amortization Expense	10	79,094,040	80,233,313
Other Expenses	25	157,701,585	134,079,458
Total expenses		824,598,784	746,288,528
Loss for the year		-328,027,007	-277,730,008
Prior Year Items (Net of Income and Expense)		-1,543,787	187,029
Loss before Exceptional Item		-329,570,794	-277,542,979
Exceptional Income		-	127,818,069
Loss Before Tax		-329,570,794	-149,724,910
Tax Expenses		-	-
Loss for the Year		-329,570,794	-149,724,910
Earnings per Equity Share of Face Value of ₹ 10/- each Basic & Diluted		(27.31)	(12.41)

Significant Accounting Policies and Notes on Financial Statements 1 to 47

As per our report of even date

For CHANDRAKANT & SEVANTILAL & J. K. SHAH & CO.

Chartered Accountants
Firm Reg. No. 101676W

H.B.SHAH

(Partner)

Membership No. 16642

Place: VADODARA.

Date : 30th May, 2013

MUMBAI

DATE: 30th May, 2013

For ROYAL CUSHION VINYL PRODUCTS LTD.

M.K. SHAH

(Chairman & Managing Director)

J.A.MOTASHA

(Director)

H.K. BIJLANI

(Company Secretary)

CASH FLOW STATEMENT

(Amount in ₹)

	Year ended 31.03.2013	Year ended 31.03.2012
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(loss) before Tax, extra-ordinary items & Prior Period Expenses/Income	(328,027,007)	(277,730,008)
Adjustment for :		
Depreciation	79,094,040	80,233,313
Exceptional Items	-	127,818,069
Prior Year Items (Net of Income and Expenses)	(1,543,787)	187,029
Finance Cost	146,432,426	149,733,714
Interest Received	(837,126)	(567,378)
(Profit)/Loss on sales of fixed assets (net)	9,722	153,006
Income Tax Refund	-	(85,250)
Lease Rent	(31,500)	(31,500)
Share of profit from Partnership firm	(357,559)	(348,854)
Provision for Doubtful Debts written back	(73,552)	(1,900,000)
Dividend Received	(32,732)	(29,900)
	222,659,933	355,162,250
Operating profit before working capital changes	(105,367,075)	77,432,242
Adjustment for :		
Inventories	(33,033,293)	1,242,662
Trade & Other Receivables	2,495,657	(3,358,915)
Loans & Advances	(111,476,474)	1,464,196
Other current assets	-	(44,158)
Trade Payables	(46,595,922)	(14,921,611)
Other current liabilities	122,064,595	(37,439,144)
Provisions	37,596,127	38,182,896
	(28,949,310)	(14,874,073)
Cash generated from operation	(134,316,385)	62,558,169
Misc. Expenditure (Net)	-	1,848,194
Cash before Extraordinary items & prior Period Expenses	(134,316,385)	64,406,363
Cash after Extraordinary items & prior Period Expenses	(134,316,385)	64,406,363
Net Cash from operating activities	(134,316,385)	64,406,363
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(928,584)	(332,367)
Sale of fixed assets	199,524	166,015
Sales / (Purchase) of Investment	(357,559)	(198,854)
Interest Received	837,126	567,378
Income Tax Refund	-	85,250
Lease Rent	31,500	31,500
Share of profit from Partnership firm	357,559	348,854
Provision for Doubtful Debts written back	73,552	1,900,000
Dividend Received	32,732	29,900
	245,850	2,597,676
Net Cash Used in Investing Activities	245,850	2,597,676
C) CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing	282,906,037	69,427,133
Share application money	-	13,500,000
Interest paid	(146,432,426)	(149,733,714)
	136,473,611	(66,806,581)
Net Cash Used from Financing Activities	136,473,611	(66,806,581)
Net Increase in cash and cash collection (A+B+C)	2,403,076	197,457
Cash & Cash Equivalents at the beginning of the year	2,276,042	2,078,585
Cash & Cash Equivalents at the end of the year	4,679,118	2,276,042

As per our report of even date

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

Chartered Accountants
Firm Reg. No. 101676W

H.B.SHAH

(Partner)

Membership No. 16642

Place: VADODARA.

Date : 30th May, 2013

For ROYAL CUSHION VINYL PRODUCTS LTD.

M.K. SHAH

(Chairman & Managing Director)

J.A.MOTASHA

(Director)

H.K. BIJLANI

(Company Secretary)

MUMBAI

DATE: 30th May, 2013

NOTES 2 TO 18 FORMING PART OF THE BALANCE SHEET

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE 2: SHARE CAPITAL		
Authorised:		
30,000,000 (Previous year 30,000,000)	300,000,000	300,000,000
Equity Shares of ₹ 10/- each		
Issued, Subscribed & Paid up		
12,067,212 (Previous Year 12,067,212)	120,672,120	120,672,120
Equity Shares of ₹ 10/- each fully paid up		
Total	120,672,120	120,672,120

2.1) The Company has only one class of equity share of ₹ 10/- per share.
Each Share holder of equity shares is entitled to one vote per share.

2.2) Reconciliation of the share outstanding and amount of share capital

Particulars	As at March 31, 2013		As at March 31, 2012	
	Numbers	(₹)	Numbers	(₹)
Shares outstanding at the beginning of the year	12,067,212	120,672,120	12,067,212	120,672,120
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	12,067,212	120,672,120	12,067,212	120,672,120

2.3) Details of Shareholders holding more than 5% shares.

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
1 Bhaktavatsala Trading & Cosultancy Services Pvt.Limited	890,360	7.38	890,360	7.38
2 Sahishnu Trading & Cosultancy Services Pvt.Limited	639,490	5.30	639,490	5.30
3 Shreedaha Trading & Cosultancy Services Pvt.Limited	640,050	5.30	640,050	5.30
4 Sughosh of the yearsh Trading & Cosultancy Services Pvt.Limited	639,460	5.30	639,460	5.30
5 Trilokatma Trading & Cosultancy Services Pvt.Limited	890,360	7.38	890,360	7.38
6 Lapada (Mauritius) Limited	2,880,000	23.87	2,880,000	23.87

NOTE 3: RESERVES & SURPLUS

a. Capital Reserve as per last balance sheet	649,080	649,080
b. Securities Premium Reserve as per last balance sheet	723,225,231	723,225,231
c. Investment allowance Reserve as per last balance sheet	4,534,000	4,534,000
	728,408,311	728,408,311
d. Surplus/Deficit in the statement of Profit & Loss		
Opening Balance	-4,702,916,439	-45,531,915,530
Add: Loss for the year	-329,570,794	-149,724,910
Closing Balance	-5,032,487,233	-4,702,916,439
Total	-4,304,078,922	-3,974,508,128

NOTES 2 TO 18 FORMING PART OF THE BALANCE SHEET

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE 4: SHARE APPLICATION MONEY		
Promoters & Others	87,415,000	87,415,000
Total	87,415,000	87,415,000

4.1) The Company has been registered with The Board For Industrial and Financial Reconstruction (BIFR) since Sep.2002. The Promoters of the Company are required to bring additional funds as per Draft Rehabilitation Scheme filed before BIFR. Accordingly the Promoters have brought funds as share application money and also brought share application money from business associates. The shares will be issued to Promoters in the manner approved by BIFR and subject to other approval as may be required.

SICOM Ltd has sanctioned financial assistance of ₹ 40 crs to the Company vide letter dtd. June 10, 2011, As per the terms of sanction, SICOM/SIFL have a right to subscribe to equity share capital of the Company. Vide letter dtd. Dec 13, 2011 Accordingly, SIFL has subscribed for 13,50,000 equity shares of the Company at a price of ₹ 10/- per share and paid aggregate amount of ₹ 135 lacs. The shares for the same will be issued by the Company on approval of Draft Rehabilitation Scheme by BIFR.

NOTE 5: Long Term Borrowings

Particulars	As at March 31, 2013		As at March 31, 2012	
	Current	Non Current	Current	Non Current
Secured				
Term loans from Banks :				
Bank of India (Refer Note No. 33) Secured by way of first charge ranking pari-passu with Exim Bank, Global Trust Bank (OBC) Saraswat Co-op Bank and IDBI on specific movable & immovable properties presents & future subject to the prior charge on specified movable created/to be created in favour of bankers, by way of security for borrowing for working capital and further secured by personal guarantee of directors of the Company		284,178,176		284,178,176
Exim Bank Secured by way of first charge ranking pari-passu with Bank of India, Global Trust Bank (OBC) Saraswat Co-op Bank and IDBI on specific movable & immovable properties presents & future subject to the prior charge on specified movable created/to be created in favour of bankers, by way of security for borrowing for working capital and further secured by personal guarantee of directors of the Company		18,272,560		18,272,560
Global Trust Bank Secured by way of first charge ranking pari-passu with Bank of India, Exim Bank Saraswat Co-op Bank and IDBI on specific movable & immovable properties presents & future subject to the prior charge on specified movable created/to be created in favour of bankers, by way of security for borrowing for working capital and further secured by personal guarantee of directors of the Company		32,561,049		32,561,049

NOTES 2 TO 18 FORMING PART OF THE BALANCE SHEET

Particulars	As at March 31, 2013		As at March 31, 2012	
	Current	Non Current	Current	Non Current
IDBI Secured by way of first charge ranking pari-passu with Bank of India, Global Trust Bank (OBC) Saraswat Co-op Bank and Exim Bank on specific movable & immovable properties presents & future subject to the prior charge on specified movable created/to be created in favour of bankers, by way of security for borrowing for working capital and further secured by personal guarantee of directors of the Company		1,257,545,414		1,257,545,414
Saraswat Co-op Bank Ltd. Secured by way of first charge ranking pari-passu with Bank of India, Exim Bank IDBI and Global Trust Bank (OBC) on specific movable & immovable properties presents & future subject to the prior charge on specified movable created/to be created in favour of bankers, by way of security for borrowing for working capital and future secured by personal guarantee of directors of the Company.		177,138,264		177,138,264
Swaminarayan Co-op Bank Ltd. Secured by way of Hypothecation of specific Plant & Machinery & personal guarantee of directors of the Company		2,214,671		2,214,671
Baroda Peoples Co-op Bank Ltd. Secured by way of Hypothecation of specific Plant & Machinery & personal guarantee of directors of the Company		1,944,225		1,944,225
Panchmahal Dist. Co-op Bank Ltd. Secured by way of Hypothecation of specific Plant & Machinery & personal guarantee of directors of the Company		8,200,934		8,200,934
Baroda City Co-op Bank Ltd. Secured by way of Hypothecation of specific Plant & Machinery & personal guarantee of directors of the Company		3,268,089		3,268,089
Mandvi Co op.Bank Ltd. Secured by Vehicles		49,095		49,095
Term loans from Financial Institutions:				
SICOM Limited Secured by Land, Plant & Machinery & personal guarantee of directors of the Company		-		116,100,000
G.S.F.C. Secured by way of Hypothecation of specific Plant & Machinery & personal guarantee of directors of the Company		11,518,041		11,518,041
Kirloskar Inv. and Finance Ltd Secured by way of Hypothecation of specific Plant & Machinery & personal guarantee of directors of the Company		7,307,824		7,307,824

NOTES 2 TO 18 FORMING PART OF THE BALANCE SHEET

Particulars	As at March 31, 2013		As at March 31, 2012	
	Current	Non Current	Current	Non Current
Lloyd Finance Ltd.	465,054		384,342	
Secured by Vehicles & personal guarantee of directors of the Company				
Sundaram Capital Ltd.	226,830		477,631	
Secured by Vehicles & personal guarantee of directors of the Company				
ICICI Bank Ltd.	—		80,420	
Secured by Vehicles & personal guarantee of directors of the Company				
Unsecured				
From Banks		446,803,055		434,941,915
From Companies		620,493,992		228,146,141
From Directors		2,085,995		2,093,948
From Others		18,420,000		23,615,000
Total	691,884	2,892,001,384	942,393	2,609,095,347

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE 6: LONG TERM PROVISIONS		
<u>Provision for Employee Benefits</u>		
Provision for Gratuity	664,206	664,206
Provision for Leave Benefits	2,451,969	2,680,916
Provision for Customs duty including interest (Refer Note No. 30)	731,409,612	693,584,538
Total	734,525,787	696,929,660
NOTE 7: SHORT TERM BORROWINGS		
LOAN		
Unsecured		
From Company	3,000,000	3,000,000
Total	3,000,000	3,000,000
NOTE 8: TRADE PAYABLES		
Sundry Creditors	252,900,388	299,496,310
Total	252,900,388	299,496,310
NOTE 9: OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt (Refer Note No. 33)	691,884	942,393
(b) Interest accrued and due on borrowings	752,230,302	710,533,880
(c) Advance from Customers	249,903,664	169,889,721
(d) Statutory Liabilities	10,230,138	9,609,099
(e) Deposits	65,000	65,000
(f) Advance for sale of Land	124,874	124,874
(g) Other Liabilities	28,128	44,428
Total	1,013,273,990	891,209,395

NOTE 10: SHORT TERM PROVISIONS

Provision for FBT

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
	1,473,016	1,473,016
	1,473,016	1,473,016

NOTES FORMING PART OF ACCOUNTS:

NOTE 11: FIXED ASSETS

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	As at 1.4.2012	Additions for the year	Disposals	As at 31.3.2013	As at 1.4.2012	Depreciation charged for the year	On Disposals	As at 31.3.2013
A. Tangible Assets								
Land (Freehold)	4,870,698	-	-	4,870,698	-	-	-	4,870,698
Factory Buildings	170,069,961	-	-	170,069,961	81,447,945	5,221,186	-	83,400,830
Other Buildings	6,371,144			6,371,144	1,397,115	103,850		4,870,179
Plant & Equipment	1,568,866,420	45,500		1,568,911,920	1,153,400,861	73,393,944		342,117,115
Furniture & Fixtures	12,308,264	152,615		12,460,879	11,276,161	50,634		1,132,6795
Vehicles	13,427,103		1,875,679	11,551,424	11,088,706	114,241	1,666,433	2,014,910
Office Equipment	15,796,551	730,469		16,527,020	14,028,006	210,185		2,288,829
Total	1,791,710,141	928,584	1,875,679	1,790,763,046	1,272,638,794	79,094,040	1,666,433	440,696,645
Previous Year's Total	1,792,460,146	332,367	1,082,372	1,791,710,141	1,193,168,832	80,233,313	1,763,351	519,071,347

(Amount in ₹)

NOTES 2 TO 18 FORMING PART OF THE BALANCE SHEET

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE 12: NON CURRENT INVESTMENTS		
Long Term Investment, at cost		
A Investment in Shares		
i) <u>Quoted : (Non Trade)</u>		
<u>Equity Shares</u>		
38,800 (PY.38,800) equity shares in Industrial Development Bank of India of ₹ 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
	-	-
ii) <u>Unquoted : (Non Trade) in Equity</u>		
<u>Investment in Shares of Subsidiary Company :</u>		
4,50,200 Shares (PY.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	25,931,404	25,931,404
	-	-
30,000 (PY 30,000) equity shares in Amitabh Bachchan Corporation Ltd of ₹ 10/- each fully paid up. (declared as sick Company)	2,475,000	2,475,000
Less: Provision for Diminution in value of Investment	2,475,000	2,475,000
	-	-
5,010 (PY 5,010) shares in Swaminarayan Co-op Bank Ltd.of ₹ 25/- each fully paid up.	125,250	125,250
12,500 (PY.12,500) shares in Baroda Peoples Co-op Bank Ltd of ₹ 10/- each fully paid up.	125,000	125,000
7,500 (P.Y.7,500) shares in Baroda City Co-op Bank Ltd. of ₹ 10/- each fully paid up.	75,000	75,000
1,000 (P.Y.1,000) shares in Saraswat Co-op Bank Ltd. of ₹ 10/- each fully paid up.	10,000	10,000
1,083 (P.Y.1,083) shares in Mandvi Co-op Bank Ltd. of ₹ 10/- each fully paid up.	10,830	10,830
	346,080	346,080
B <u>Government Securities</u>		
National Saving Certificates (Pledged with Government Authorities)	2,000	2,000
C <u>Investment by way of capital in a partnership firm</u>		
Creative Investment	2,177,422	1,819,863
Total	2,525,502	2,167,943
Aggregate amount of quoted investments	831,853	831,853
Aggregate amount of unquoted investments	28,754,484	28,754,484
Aggregate amount of Market value of quoted investments	Nil	Nil
Aggregate Provision for the diminution in value of investments	29,238,257	29,238,257

NOTES 2 TO 18 FORMING PART OF THE BALANCE SHEET

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE 13: LONG TERM LOANS & ADVANCES		
Sicom Limited for settlement of due to bank	93,200,000	-
Deposits	15,687,605	15,506,640
Total	108,887,605	15,506,640
13.1 Including Rent Deposit of Rs. 60,00,000/- (P.Y. 60,00,000) given to M.V. Trust Property in which Director's are interested.		
NOTE 14: INVENTORIES		
Raw material	71,841,549	55,323,754
Raw material in Transit	-	3,808,790
Work-in-process	76,392,699	69,710,065
Finished goods	38,507,823	26,472,980
Packing Material	1,577,765	1,527,144
Consumable Stores	7,243,610	6,157,568
Fuel	533,148	63,000
Total	196,096,594	163,063,301
NOTE 15: TRADE RECEIVABLES		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	10,141,833	8,607,488
Considered Doubtful	234,574,220	234,574,220
	244,716,053	243,181,708
Less : Provision for Doubtful Debt	234,574,220	234,574,220
	10,141,833	8,607,488
Others (Considered good)	9,056,016	13,086,018
Total	19,197,849	21,693,506
NOTE 16: CASH & BANK BALANCES		
a. Balances with banks	3,088,159	961,628
b. Fixed Deposit with banks	1,224,308	1,140,638
c. Cash on hand	366,651	173,776
Total	4,679,118	2,276,042
Fixed deposit of ₹ 12,24,308 (P.Y. ₹ 11,27,166) was held as security deposit against Bank guarantee.		
NOTE 17: SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good)		
Loans and Advances to related parties (Refer Note No. 42)	2,177,812	2,163,829
Prepaid Expenses	1,059,309	805,401
Advances to Staff	1,412,035	1,499,321
Advances to Suppliers	14,676,446	4,313,626
Gratuity Receivable	-	43,007
Other Advances	7,416	285,697
Tax deducted at source	577,482	420,642
Balance with Excise Authorities	8,780,014	1,063,482
Total	28,690,514	10,595,005
NOTE 18: OTHER CURRENT ASSETS		
a) Advance Import Licence Receivable	408,936	408,936
Misc expenditure	-	-
Total	408,936	408,936

NOTES 19 TO 25 FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended 31.03.2013 ₹	Year ended 31.03.2012 ₹
NOTE 19: REVENUE FROM OPERATION		
<u>Sales of Products</u>		
Sale of PVC Laminated sheet	525,441,990	368,445,936
Sale of Leather Cloth	20,939,760	135,615,166
	546,381,750	504,061,102
<u>Other Operating Revenues</u>		
Sale of Scrap	1,814,242	1,429,451
	1,814,242	1,429,451
Total	548,195,992	505,490,553
19.1) DETAILS OF TURNOVER:		
Pvc Floor Covering	70,948,337	12,546,415
PVC Laminated Sheet /Tiles	454,493,653	355,899,521
PVC Leathercloth	20,939,760	135,615,166
Total	546,381,750	504,061,102
NOTE 20: OTHER INCOME		
Interest	837,126	567,378
Dividend From Long Term Investment	32,732	29,900
Income Tax Refund		85,250
Lease rent	31,500	31,500
Share of profit from Partnership firm	357,559	348,854
Miscellaneous Income	73,552	1,900,000
Total	1,332,469	2,962,882
NOTE 21: COST OF MATERIAL CONSUMED		
Opening Stock	55,323,754	61,034,729
Purchases	433,640,793	342,544,434
	488,964,547	403,579,163
Less: Closing Stock	71,841,549	55,323,754
Total	417,122,998	348,255,409
21.1) Value of Consumption of directly imported and Indigenously obtained Raw materials & the percentage of each to the total.		
RAW MATERIAL CONSUMED	Amount	Amount
PVC Resin	161,074,046	154,751,300
Plasticizers	138,009,306	101,845,733
Others	118,039,646	91,658,376
Total	417,122,998	348,255,409
RAW MATERIAL CONSUMED	Amount	%
Imported	88,237,635	21
Indigenous	328,885,363	79
Total	417,122,998	100
NOTE 22. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROCESS		
<u>Opening Stock</u>		
Finished Goods	26,472,980	30,841,765
Work-in-process	69,710,065	59,418,602
	96,183,045	90,260,367
Less: Closing Stock		
Finished Goods	38,507,823	26,472,980
Work-in-process	76,392,699	69,710,065
	114,900,522	96,183,045
Total	-18,717,477	-5,922,678

NOTES 19 TO 25 FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Year ended 31.03.2013 ₹	Year ended 31.03.2012 ₹
22.1) DETAILS OF INVENTORY OF FINISHED GOODS		
Cushion Vinyl Flooring	41,556	40,794
PVC Floor Covering	4,073,828	7,011,421
PVC Laminated Sheet /Tiles	34,392,439	19,420,765
Total	38,507,823	26,472,980
NOTE 23: EMPLOYEES BENEFITS EXPENSE		
Salaries	38,845,104	36,659,058
Contribution to Provident Fund and Other Funds	1,776,329	1,529,335
Gratuity	1,018,103	449,095
Staff Welfare	1,325,676	1,271,824
Total	42,965,212	39,909,312
NOTE 24: FINANCE COSTS		
Interest Expenses:		
Interest on long term borrowings	137,738,411	128,629,112
Exchange Rate Difference	8,694,015	21,104,602
Total	146,432,426	149,733,714
NOTE 25: OTHER EXPENSES		
Consumption of stores and spares	9,065,083	7,369,342
Consumption of packing material	17,121,758	14,175,445
Power and fuel	70,787,780	64,424,082
Rent Fork lift	749,343	596,891
Lease Rent	1,534,913	1,406,836
Rates and taxes	533,652	360,072
Insurance	1,046,791	838,283
Electricity Charges	1,142,848	1,012,416
Repairs and maintenance		
- Plant and machinery	8,702,662	4,511,585
- Buildings	561,919	-
- Others	96,957	849,043
Management Fees	5,654,720	5,741,022
Design & Development	1,531,172	1,231,600
Other Manufacturing Charges	20,093,763	7,895,238
Advertising and sales promotion	714,990	396,212
Sales Commission & Discount	8,550	156,358
Travelling and conveyance	1,060,931	1,330,363
Telephone Expense	1,109,919	1,211,193
Vehicle Expense	3,501,688	3,920,485
Legal and professional fees	1,998,731	2,507,893
Payment to auditor		
- Audit fees	184,000	184,000
- Tax Audit fees	33,000	33,000
- Other Services (certification fees)	30,900	25,000
Donation	35,000	-
Deferred Revenue Expense written off		1,848,194
Loss on sale of fixed assets (net)	9,722	153,006
Miscellaneous expenses	10,390,793	11,901,899
Total	157,701,585	134,079,458

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31 st MARCH, 2013

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 net of recoverable taxes and includes amount added on revaluation less accumulated depreciation and impairment loss if any. All cost including finance cost till commencement of commercial production, net changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are 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 Company 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.

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.
- (iii) 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 statement.
- (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 statement. 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 statement 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 statement
- (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 statement
- (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 statement 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 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 statement 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.

1.14 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.

1.15 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.

26. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

- a) Guarantee / Letter of credit given by Company's Bankers
- b) Foreign Bills Discounted with Banks
- c) Show cause / Demand raised / Appeal to the various authorities & disputed by the Company
- d) Penalty Imposed by FERA & disputed by the Company

31.03.2013
(Amount in ₹)

Refer note
below

Refer note
below

15912551

10,000,000

31.03.2012
(Amount in ₹)

Refer note
below

Refer note
below

15,883,989

10,000,000

- e) Custom duty payable on Import of duty free capital goods, amounts unascertainable.
- f) 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.
- 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.

27. The Company has made an investment of ₹ 25,931,404 (£ 450.200) in Euroroyal Floors Ltd. ("ERF") wholly owned subsidiary in U.K. The subsidiary also owes ₹ 233,375,543 (Net of commission payable ₹ 10,619,234) towards supply of goods made to it. The principal customers of ERF in Russia did not honor 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 12/03/2002 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 ₹ 233,375,543 due from ERF had been made during the earlier year.

28. 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 31.03.2013 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
			100.00

b) The total Capital of the Partners is ₹ 16,87,741 (Net)

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

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

30. 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 within the time allowed, in terms of the scheme.

The Company has availed of such licences from time to time. In the past, it had fulfilled its export obligations. However, although the Company had imported duty free raw material under certain licences, hence it could not effect export within the time allowed due to circumstances beyond the control of the Company. The Company has evaluated its obligations under the scheme and it has been advised that in view of non fulfilment of export obligations, the authorities are bound to recover the import duty and mandatory interest thereon. The liability for such duty & interest as on 31.03.2013 is estimated at ₹ 731,409,612 (P.Y. ₹ 693,584,538) In terms of accounting policy followed by the Company, the sum of ₹ 693,584,538 had been provided in earlier years & the balance sum of ₹ 37,825,074 being interest on custom duty has been provided in the current year.

The Company have received various demand notes amounting to ₹ 358,080,677 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

31. 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.

32. Sundry Debtors & Creditors (Including foreign suppliers) are subject to confirmation.

33. (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 31.03.2013 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 accounts (except on outstanding Loan balance of IDBI, Oriental Bank of Commerce (OBC) Exim Bank and Bank of India (Refer Note No.37 (a)) and shown as interest payable under the head other current liabilities.

34. Segment Reporting:

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

35. 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.

36. Accounting for Lease:

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

Particulars	2012-13 Amount in ₹	2011-12 Amount in ₹
1) Lease payment recognised in Profit and Loss Account for the year.	2,284,256	1,903,727
2) Future MLP under the Leases in the aggregate and for each of the following periods		
i) Not later than one year	180,737	75,000
ii) Later than one year & not later than Five Year	-	-
iii) Due after five years	-	-

37. BIFR Status and Merger

(a) BIFR STATUS

The Company has been registered with The Board For Industrial and Financial Reconstruction (BIFR) since Sept. 2002. The Company's Scheme for Reconstruction and other related matters is pending before BIFR. The Company Obtained various loans secured or otherwise, from banks and financial institutions in the course of its business including loans from IDBI,BOI,Exim Bank and OBC (IDBI,BOI,Exim Bank and OBC are hereinafter collectively referred as: "the said lenders" and loans from the said lenders are referred as: the said loans") Sometime in the year Assets Reconstruction Company (I) Ltd (ARCIL) acquired the said loans from the said lenders, then outstanding at about ₹ 580,000,000 excluding Interest. ARCIL had suggested certain restructuring, Meanwhile and during the previous year SICOM Ltd acquired, the said loans from ARCIL for an aggregate consideration of ₹ 14,00,00,000. During the year, the Company has paid Rs.9,32,00,000 to SICOM Limited on this account, which is debited to its account in books of the Company.

The Company has continued to show the said loans along with interest in the name of the said lenders at the same values as reported in the earlier financial years, pending any understanding/approval of BIFR about the obligation in relation thereto. The consideration paid by SICOM Ltd. forms part of and is to be treated as term loan sanctioned by SICOM Ltd to the Company, It is included in the said loans, as it is consideration of the said loans.

The Company has provided/paid interest on the said amount of ₹ 14,00,00,000 paid by SICOM to Arcil (after considering said payment of Rs.9,32,00,000) treated as loan to the Company and forming part of the said loans, As stated in Note No.33 (b) on the balance amount of the said loans interest is not paid/provided.

(b) MERGER

"The Company had submitted the revised Draft Rehabilitation Scheme ("DRS") containing proposal for revival of the Company with the Hon'ble Board of Industrial and Financial Reconstruction ("BIFR") whereby it is proposed to demerge two of its undertaking viz. Unit I & II of the Company and merging them with Vijayjyot Seats Private Limited (one of the Promoter's Group Company) with effect from the Appointed Date being January 1, 2013 subject to approval from Hon'ble BIFR and other concerned Parties. The said proposed demerger will be effective after the receipt of the required approvals. Accordingly the given financial results are without giving the effect of said demerger."

38. 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 repayment and payment of interest etc.

39. 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, 2013 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.
40. The operations of Unit III of the Company for manufacturing of 4 mtr floor covering have been discontinued from 2001-2002 due to excess rejections. The Company has used the services of a marketing firm 'Drshti Strategic Research Services Pvt. Ltd' and obtained market survey report in May 2008 with an objective to explore the market in India. The last production trial was taken in April'08 to explore commercial possibilities. There has been no commercial production since 2001-2002, the Company has not carried out assessment of assets particularly plant & machinery having book value of ₹ 14,21,34,086 as on 31st March'13 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.
41. 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) ₹ 42,35,998 (Previous year ₹ 24,72,091 lakhs).

42(1) NAME OF RELATED PARTIES AND RELATIONS

42.1	(A) SUBSIDIARY COMPANY	(B) ASSOCIATES CONCERN/TRUST	(C) KEY MANAGEMENT PERSONNEL
	a) Euroroyal Flor Ltd.	a) Vinyroyal Plasticoates Ltd. b) Vijayjot Seats Pvt Limited c) Samsons Leather cloth Manufacturing Co. Pvt. Ltd. d) Royal Knitting Pvt Limited e) Royal Spinwell Pvt Limited f) Royal Jerfeb Pvt Limited g) Nityanand Overseas Trading h) Royal Wellknit Pvt Limited i) Shreedaha Trading & Consultancy Services Pvt Limited j) Shreesah Trading & Consultancy Services Pvt Limited k) Bhaktavatsala Trading & Consultancy Services Pvt Limited l) Trilokesh Trading & Consultancy Services Pvt Limited m) Vishwamurthy Trading & Consultancy Services Pvt Limited n) Sumukh Trading & Cosultancy Services Pvt Limited o) Lokwami Trading & Cosultancy Services Pvt Limited p) Sahishnu Trading & Cosultancy Services Pvt Limited q) Sughosh Trading & Cosultancy Services Pvt Limited r) Trilokmata Trading & Cosultancy Services Pvt Limited s) M.V.Trust Properties t) Vijay Knitting Pvt. Ltd.	a) Mahesh Kantilal Shah b) Vinod Kantilal Shah

42(2) RELATED PARTY TRANSACTIONS

(Amount in ₹)

Sr. No.	Nature of transaction	2012-13			2011-12		
		Subsidiary	Associates	Key Management Personnel	Subsidiary	Associates	Key Management Personnel
1	Advance for purchase of Assets	—	2,177,812	—	—	2,163,839	—
2	Deposit given against Rented Property	—	6,000,000	—	—	6,000,000	—
3	Loan Payable	—	608,814,253	—	—	150,670,727	—
4	Loan Received	—	491,889,270	—	—	18,255,000	—
5	Repayment of Loan	—	33,745,744	—	—	11840900	—
6	Trade Payable	—	302,516,577	—	—	206858230	—
7	Trade Receivable	233375543	431,414	—	233375543	—	—
8	Purchase of Raw materials	—	71,574,707	—	—	25,624,110	—
9	Remuneration	—	—	1,186,811	—	—	1,152,574
10	Sales of Finished Goods	—	113,591,249	—	—	182,741,105	—

Notes:

Disclosure in respect of material related parties transactions during the year

* In respect of above parties, there is no provision for doubtful debts as on 31st March' 2013 except ₹ 233,375,543 provided in respect of due by the Subsidiary Company in earlier year.

Material/Goods sold to Viny Royal Plasticoates Ltd. ₹ 113,342,949 (P.Y. ₹ 182,437,105)

Material Purchase from Viny Royal Plasticoates Ltd. ₹18,198,351 (P.Y. ₹ 25,624,110)

Material Purchase from Vijayjyot Seats Pvt. Ltd. ₹ 53,376,356 (P.Y. ₹ Nil)

43. Special land acquisition officer of Govt. of Gujarat, by common award acquired the part of the factory land belonging to the Company for the purpose of Vadodara Halol khandiwada 4 track road and fixed the amount of compensation payable to the Company. However the Company has not accepted the price fixed for the acquisition of land and the matter is in dispute. Accordingly the entry for said acquisition shall be passed on the actual receipt of payment of compensation finally decided.

44. EARNING PER SHARE

(a) Loss after tax available for equity shareholders

(b) Average number of Equity shares of ₹10/- each outstanding during the year

(c) Basic / Diluted Earnings per Share

(₹) (a/b)

45. CIF VALUE OF IMPORTS:

Raw Materials

Stores & Spares

46. EXPENDITURE IN FOREIGN CURRENCY:

(on accrual basis)

Stores & Spares (Machinery)

Foreign Travel

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

2012-13 Amount in ₹	2011-12 Amount in ₹
(329,570,794)	(149,724,910)
12,067,212	12067212
(27.31)	(12.41)
91,057,500	80,540,706
4,508,984	2,546,282
95,566,484	83,086,988
397,247	2,235,219
87,775	216,284

As per our report of even date

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

Chartered Accountants

Firm Reg. No. 101676W

H.B.SHAH

(Partner)

Membership No. 16642

Place: VADODARA.

Date : 30th May, 2013

For ROYAL CUSHION VINYL PRODUCTS LTD.

M.K. SHAH

(Chairman & Managing Director)

J.A.MOTASHA

(Director)

H.K. BIJLANI

(Company Secretary)

MUMBAI

DATE: 30th May, 2013

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	31.03.2013

2 Capital Raised during the year

Public issue	NIL
Right issue	NIL
Bonus issue	NIL
Private placement	NIL

3 Position of Mobilisation and Development of funds

Total Liabilities	801182763
Total Assets	801182763

SOURCES OF FUNDS

Paid - up Capital	120672120
Reserve & Surplus	(4304078922)
Share Application Money	87,415,000
Secured Loans	1804198343
Unsecured Loans	1087803041

APPLICATION OF FUNDS

Net Fixed Assets	440696645
Investments	2525502
Net Current Assets	(1018574383)
Misc. Expenditure	-
Accumulated Losses	(5023487233)

4 Performance of Company

Turnover (Income - after changes in stock)	515289254
Total Expenditure	843316261
Profit / (Loss) Before Tax	(328027007)
Profit / (Loss) After Tax	(329570794)
Earning per share (₹)	(27.31)
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)	39181000
Product Description	Cushion Vinyl Flooring

For ROYAL CUSHION VINYL PRODUCTS LTD.

M.K. SHAH J.A.MOTASHA
(Chairman & Managing Director) (Director)

H.K. BIJLANI
(Company Secretary)

MUMBAI
DATE: 30th May, 2013

ROYAL CUSHION VINYL PRODUCTS LTD

Registered Office: 60 CD "SHLOK" Govt.Ind. Estate, Charkop,
Kandivali (West), Mumbai 400 067

Dear Shareholders,

Date: 30th July, 2013

Sub: Green Initiative in Corporate Governance - Electronic Mode of Services of documents

Further to our circular dated 30 August, 2011 addressed to all the members regarding Green Initiative in Corporate Governance - Electronic Mode of Services of documents, we once again inform you that, the Ministry of Corporate Affairs, Government of India, has by Circular Nos. 17/2011 dated 21 April, 2011 and 18/2011 dated 29 April, 2011 respectively, clarified that a Company will have complied with the provisions of the Companies Act, 1956, if service of notice(s) / document(s) on its shareholders has been made through electronic mode. This initiative by the government is indeed commendable and your Company supports the same. We are sure, that as a responsible shareholder, you too will support this initiative.

In this regards we proposed to sent the shareholders henceforth documents like Notices of Meetings, Annual Reports, Directors' Report, Auditors' Report and other shareholder communication will be sent electronically to the email address provided by you to the Depository Participant and made available to the Company by the Depositories viz. NSDL / CDSL. As and when there are changes in your email address, you are requested to keep your Depository Participant (DP) informed of the same.

However if communications require, in physical form, you can register by accessing email id hkbijlani@samsons.com or return this reply to the Company at our registered office i.e. 60 CD, Shlok, Government Industrial Estate, Charkop, Kandivali (West), Mumbai – 400 067 or at Investor Service Department Address i.e. M/s Universal Capital Securities Private Limited, Unit: Royal Cushion Vinyl Products Limited, 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093. Tel: 28366620/ 28257641/62920, Fax : 022 28211996.

But if you do not opt to receive the aforesaid documents in physical form or you do not respond to this on or before 15 October, 2013 you will be deemed to have opted for receiving documents from the Company in electronic form by email and accordingly, all the Communication would be sent to you in electronic form by email to your email address available in records of the Company.

Kindly note that if you still wish to get the hard copy of the above documents, the Company will be send the same, free of cost, upon receipt of a request from you.

Please reply us YES or NO on above matter immediately to enable us to take necessary action.

Thanking you,

Yours sincerely,
For **Royal Cushion Vinyl Products Limited**

Sd/-
H. K . Bijlani
General Manager Legal and Company Secretary

Folio No. / DP ID & Client ID : _____

Name of 1st Registered Holder : _____

Name of Joint Holder(s) : _____

Email Address (to be registered) : _____

Mobile no. : _____

Date _____ Signature _____

Postage
will be
paid by
addressee

BUSINESS REPLY INLAND LETTER CARD

No
postate
stamp
necessary
if posted
in India

To,
ROYAL CUSHION VINYL PRODUCT LIMITED
60 CD, Shlik, Governement Industrial Estate,
Charkop, Kandivali (West), Mumbai - 400 067.
Tel.: 022-32655828, 022 28603514 / 16

Second Fold

Sender's Name and Address

Pin Code:

First Fold

Third Fold



ROYAL CUSHION VINYL PRODUCTS LTD
Registered Office: 60 CD "SHLOK" Govt.Ind. Estate, Charkop,
Kandivali (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 29TH ANNUAL GENERAL MEETING of the Company to be held on Monday, the 30th September, 2013 at 3.30 p.m. at 60 CD, Shlok, Govt. Ind. Estate, Charkop, Kandivali (West), Mumbai 400067 and at any adjournment thereof.

Membership Folio No. _____

DPID No. _____

Signed _____ day of _____ September, 2013

Client ID No. _____

No. of shares held _____

(Signature of Member)

Re. 1/-
Revenue
Stamp

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, KANDIVALI (WEST), MUMBAI 400067.



ROYAL CUSHION VINYL PRODUCTS LTD
Registered Office: 60 CD "SHLOK" Govt.Ind. Estate, Charkop,
Kandivali (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 **29th ANNUAL GENERAL MEETING of the Company being held on Monday, the 30th September, 2013 at 3.30 p.m.** at 60 CD, Shlok, Government Ind. Estate, Charkop, Kandivali (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