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CS	<input checked="" type="checkbox"/>		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

ROYAL CUSHION VINYL PRODUCTS LTD.

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**ROYAL CUSHION VINYL PRODUCTS LTD.****BOARD OF DIRECTORS**

MR. D. M. POPAT	-	CHAIRMAN
MR. M. K. SHAH	-	MANAGING DIRECTOR
MR. V. K. SHAH	-	EXECUTIVE DIRECTOR
MR. M. A. MOTASHA	-	EXECUTIVE DIRECTOR
DR. P. P. SHAH		
MR. A. V. MOTASHA		
MR. D. A. MOTASHA		
MR. J. A. MOTASHA		
MR. P. N. DEVARAJAN		

AUDITORS

CHANDRAKANT & SEVANTILAL &
J. K. SHAH & COMPANY

BANKERS

UNION BANK OF INDIA
GLOBAL TRUST BANK LTD.
ANZ GRINDLAYS BANK
BANK OF INDIA
THE SARASWAT CO-OP. BANK LTD.

REGISTERED OFFICE

Ramkrupa, 25, Parekh Street,
Prarthana Samaj, Mumbai - 400 004.

REGISTRAR & TRANSFER AGENT

MONDKAR COMPUTERS PVT. LTD.
Unit : Royal Cushion Vinyl Products Ltd.
21, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.
Tel.: 822 1966 / 838 8035 / 838 5304
Fax : 836 9704

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ROYAL CUSHION VINYL PRODUCTS LTD.**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the Members of **ROYAL CUSHION VINYL PRODUCTS LIMITED** will be held on 28th September, 1998 at Kilachand Hall, Indian Merchant Chambers Building, 2nd Floor, Opp. Churchgate Station, Mumbai, 400020 at 4.30 p.m. to transact the following business :-

ORDINARY BUSINESS :

1. To receive and adopt the Profit & Loss Account for the year ended 31st March, 1998 and Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D. M. Popat who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Arvind V. Motasha who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Dr. Pravin P. Shah who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration plus out of pocket expenses as may be agreed between the Board of Directors and the Auditors.

SPECIAL BUSINESS :

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

RESOLVED THAT in supersession of Special Resolution no. 10 passed by the Members in the Annual General Meeting held on 6th June, 1994, notwithstanding anything contained in Section 81 of the Companies Act, 1956 and pursuant to the provisions of sub-section (1A) of Section 81 and all other applicable provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange/s where the shares of the Company are listed and subject to the approval of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities and departments, if any, to the extent necessary and such other approvals, permissions and sanctions, as may be prescribed or imposed by any of them in granting any such approvals, permissions and sanctions and which may be agreed to by the Directors of the Company (hereinafter referred to as the "Directors" which term shall be deemed to include Board of Directors, any Committee of Directors or any Director, authorised for the purpose by the Board) the approval of the company be and is hereby accorded to the offer / issue / allotment of equity shares / preference shares, convertible debentures, whether fully or partly convertible, and / or non-convertible debentures, secured premium notes with or without detachable or non-detachable warrants and / or other financial instruments (hereinafter referred to as the "Securities") as the Directors in their sole discretion may at any time hereafter, decide and which securities when issued or allotted may ultimately result in aggregate value not exceeding Rs. 350,00,00,000 (Rupees Three Hundred Fifty Crores Only) to all or any of the following categories viz., members, employees, Non-Resident Indians, Overseas Corporate Bodies (OCBs), OCBs predominantly owned by NRIs, Foreign Institutional Investors (FIIs), Foreign Companies or to such other persons, whether through rights issue, public issue, private placement, preferential issue or otherwise and at such time or times and in one or more tranches, as the Directors may in their discretion think fit and on such terms and conditions including the number of equity and/or other shares and / or debentures to be issued, the face value, the price of issue, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity shares to be allotted on redemption, amount of premium on redemption, the number of equity shares to be issued in the first instance or on conversion of debentures or upon exercising the rights of entitlement attached to the warrants / other instruments shall be at a price and on other terms & conditions as may be decided by the Directors having regard to the future prospects of the Company and such other factors or any other guidelines as applicable, if any, as the Directors may consider appropriate.

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RESOLVED FURTHER THAT such of these Securities to be issued, as are not subscribed, may be disposed off by the Directors in their absolute discretion, at such price and in such manner and / or on such terms as Directors may deem fit, including by offering or placing them or any of them with any banks / financial institutions / investment institutions / mutual funds / trusts / other entities or otherwise as the Directors may in their absolute discretion deem fit and proper.

RESOLVED FURTHER THAT the consent of the Company be and is hereby also granted in terms of Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956 to the Directors of the Company to create mortgage and / or charge, in addition to or in lieu of the other mortgages / charges created / to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Directors may determine, all or any of the movable and / or immovable properties of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company, in certain events of default in favour of the Agents and Trustee / Trustees for securing (if they comprise of fully / partly convertible debentures / secured premium notes with or without detachable or non-detachable warrants or other debt instrument(s) referred to herein) together with interest, remuneration of the Trustees, premium (if any) on redemption, all other costs, charges and expenses payable by the Company in terms of the Trust Deed to be finalised and executed between the Company and the Agents and Trust / Trustees and containing such specific terms and conditions and covenants in respect of enforcement of any security as may be stipulated in that behalf and agreed to between the Directors and the Trustees.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors be and are hereby authorised to do all such acts, deeds, matters and things, including to vary or modify the terms of issue or to reduce or increase the number of securities and / or shares to be issued and allotted as aforesaid as the Directors may in their absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties or doubt that may arise in regard to the offer / issue / allotment of the securities and in regard to utilisation of the proceeds of issue of the Securities towards the Company's activities / other corporate needs and finalise such documents for creating mortgages / charges as the Directors may deem fit.

7. DEMATERIALISATION OF SECURITIES :

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

RESOLVED that, pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), the Articles of Association of the Company be altered in the following manner.

1. In clause 2, the existing definition of "Member" shall be substituted by the following definition.

"Member" means the duly registered holder from time to time of the shares of the Company of any class, and includes every person whose name is entered as a beneficial owner in the records of the depository, but does not include the bearer of a share warrant of the Company issued in pursuance of Section 114 of the Act.

2. Insert the following Heading and Article as Article 21A after Article 21 :

21A (1) For the purpose of this Article: "Beneficial Owner" means a person or persons whose name is recorded as such with a depository.

"SEBI" means the Securities and Exchange Board of India.

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

"Depositories Act, 1996" shall include any statutory modification or re-enactment thereof for the time being in force".

"Security" means such security as may be specified by SEBI from time to time.

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to

ROYAL CUSHION VINYL PRODUCTS LTD.

the Depositories Act, 1996.

- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository. If permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security and , on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (4) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.
- (5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights of any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode by delivery of floppies or discs.
- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
- (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
- (9) Nothing contained in the Act or these Articles regarding the necessity or having distinctive numbers for securities issued by the Company shall apply to securities held in a depository.
- (10) The Register and Index of Beneficial Owners, maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

Registered Office :
Ramkrupa, 25 Parekh Street
Prarthana Samaj
Mumbai - 400 004.
Date : 10th July, 1998

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

VILAS P. UNAVANE
COMPANY SECRETARY.

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE

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COMPANY. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notorially certified copy of that power of attorney should be deposited at the Registered office of the Company not later than 48 hours before the time fixed for holding the Meeting.

- b) The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item nos. 6 and 7 set out above is annexed hereto.
- c) The Register of Members and Transfer Books of the Company will be closed from 21st September, 1998 to 28th September, 1998 (both days inclusive).
- d) Members are requested to notify and change in their address to the Company's Registrar at Mondkar Computers Private Limited, 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai - 400 093, after quoting Ref. Folio No.
- e) Member / Proxies should bring the attendance slip duly filled in for attending the Meeting.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 6 :

In order to meet your Company's long term funds requirements, your Directors propose to raise finance at appropriate times, by issue of such type of securities of such amount and at such price as may be decided by the Directors, in consultation with Merchant Bankers / Financial Institutions / Advisors. These details will, of course, be in line with the guidelines of various authorities prevailing at the respective times.

The Special Resolution set out at item no. 6 is an enabling resolution covering all types of requirements and authorising the Directors, to take necessary action as and when they think fit. The Listing Agreements entered into by the Company with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares and debentures to be issued by the Company for subscription pro-rata to the equity shareholders, unless the shareholders decide otherwise in a general meeting.

Reference is also invited to Section 81 of the Companies Act, 1956, Sub-Section (1) of Section 81 provides, inter alia, that when it is proposed to increase the issued capital of a Company by issue of further shares, such further shares should be offered to the existing shareholders of the Company in proportion to the paid up value of the equity shares held by them in the Company and in the manner therein provided. However, sub-section (1A) of Section 81 of the Companies Act, 1956 authorises the Company to issue further shares to any person whether or not such person is an existing shareholder of the Company if a special resolution is passed by the Company in its general meeting authorising such further issue of capital to persons other than the existing shareholders of the Company. This resolution accordingly is proposed in terms of sub-section (1A) of Section 81 of the Companies Act, 1956 approving by the Company in general meeting issue of further capital / securities to persons who may or may not be existing shareholders of the Company.

Under the said Special Resolution in this item, consent of the shareholders is sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the Listing Agreements executed by the Company with the Stock Exchanges where the Company's securities are listed.

The Directors recommend the resolution for your approval.

The Directors of the Company may be deemed to be concerned or interested to the extent they may be entitled to or that will be offered to them on Rights / Preferential basis or otherwise and applied for and allotted to them. Save as aforesaid, none of the Directors is, in any way, concerned or interested in the accompanying Special Resolution.

Item No. 7 :

With the introduction of Depositories Act, 1996 and the Depository System, some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of

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holding securities in an electronic form is a far safer and more convenient method of holding and trading in the securities of a company. It is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No. 7 to reflect the provisions introduced by the Depositories Act, 1996 for enabling the Company to join the Depository System at a future date and to spell out the rights of the beneficial owners of the securities in such a system. The Directors recommend the Resolution for acceptance of members.

A copy of Memorandum and Articles of Association of the Company, together with the proposed alterations is available for inspection by the members of the Company at its Registered Office between 10.30 a.m. to 12.30 p.m. on any working day of the Company, except Saturday.

Registered Office :
Ramkrupa, 25 Parekh Street
Prarthana Samaj
Mumbai - 400 004.
Date : 10th July, 1998

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

VILAS P. UNAVANE
COMPANY SECRETARY.



**DIRECTORS' REPORT****TO THE MEMBERS OF ROYAL CUSHION VINYL PRODUCTS LIMITED**

Dear Shareholders,

Your Directors present herewith their Report together with Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS :

	(Rs. in Lacs)	
	Current year ended 31.3.1998	Previous year ended 31.3.1997
Sales and other income (after changes in stocks)	9108.69	6756.20
Profit before interest and depreciation	*728.65	817.16
Less : Interest	*1263.90	356.50
Depreciation	*270.64	350.23
Preliminary Expenses W. Off	0.40	0.40
Profit before taxation	(806.29)	110.03
Provision for taxation	—	3.30
Net Profit after taxation	(806.29)	106.73
Prior year's expenses	5.53	6.14
Income-Tax for earlier years	83.30	—
Balance b/f from previous year	962.34	961.65
Surplus available for appropriation	67.21	1062.24
Appropriated as under :-		
Transferred to General Reserve	—	—
Proposed dividend	—	90.83
Income tax on proposed dividend	—	9.08
Balance carried to Balance Sheet	67.21	962.34

*Net of capitalisation - Refer Note no. 10 in Notes to Accounts.

DIVIDEND :

Your Directors do not recommend any dividend because of the loss reported for the year and for conservation of resources.

In the last Annual General Meeting, the Members had approved 10% dividend for the year 1996-97 subject to approval of the Financial Institutions. However, such approval has not been received and in view of liquidity constraints and as a prudent conservative approach it is considered appropriate not to pay that dividend. Your Directors therefore further propose to get it noted in the forthcoming Annual General Meeting to enable the Company to reverse the provisions made for the dividend in the accounting Year 1996-97.

OPERATIONS :

During the year under review, the Company achieved Sales of Rs. 9252.83 Lakhs (previous Year Rs 6199.22 Lakhs). However, the Company incurred loss of Rs. 806.29 lakhs, as against the net profit of Rs. 106.73 lakhs in the previous year.

The performance of the Company during the year under reference was affected mainly due to following: Your Company installed and commissioned production facilities for 3-4 mtr. Cushion Vinyl Flooring (CVF), rigid PVC film and calender flooring at Savli (near Baroda, Gujarat State). However, the period

ROYAL CUSHION VINYL PRODUCTS LTD.

of initial teething troubles was relatively longer, resulting into the lower capacity utilisation. This period was gainfully utilised to stabilise production processes on one hand and, for introducing cost reduction measures on the other. As you are aware, the Company was hitherto engaged in sale of 2 mtr. Cushion Vinyl Flooring (CVF) substantially to the Russian Markets. Marketing of the new product, namely, 3 - 4 mtr, CVF witnessed many unexpected hurdles and your Company had to put in considerable efforts in overcoming them. These typically included extending longer credit periods, providing higher discounts and educating the dealers/retailers /users in accepting the product. In view of the strained liquidity position, delay in project implementation, and longer period required for stabilising the processes, the Industrial Development Bank of India (IDBI) and The Saraswat Co-Op. Bank Ltd. have already provided for suitable re-fixation of instalments of term loans.

BUSINESS DEVELOPMENT & PROSPECTS :

Your Directors are exploring possibility of joint venture/strategic alliance with internationally acclaimed leaders. Discussions are at initial stages.

PROJECTIONS VERSUS PERFORMANCE :

The comparative statement against projections given in the Rights Offer for FCDs dated 24th March, 1995 is as under:

	Projected Profitability Statement for 1997-98	(Rs. in Lacs) Actual Profitability Statement for 1997-98
Total Income	27778	9359
EBDIT	10123	728
PAT	7430	(806)

Main Reasons :

- Technical problems, break-down of some critical machinery, market recession resulted into lower capacity utilisation leading to under absorbtion of overheads.
- Acute liquidity crunch.

SUBSIDIARY:

The statements and particulars relating to the Company's subsidiary namely M/s. Euroroyal Flor Ltd. pursuant to Section 212 of the Companies Act 1956 are attached

DIRECTORS :

Mr. D. M. Popat, Mr. A. V. Motasha and Dr. Pravin P. Shah, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr. R.P. Chhabra was nominated by the IDBI on Board in November 1994. His nomination was withdrawn by the IDBI in March 1998 on his retirement. Your Directors would like to express their appreciation for valuable guidance received from Mr. R. P. Chhabra.

AUDITORS AND AUDITORS' REPORT :

M/s. Chandrakant & Sevantilal & J.K. Shah & Co., Statutory Auditors of the Company held office only on the conclusion of the ensuing Annual General Meeting. The Company has received letter from Auditors to the effect that their appointment, if made, would be within the prescribed limit under Section 224 (1-B) of the Companies Act 1956. Accordingly, the said Auditors will be appointed as Auditors of the Company at the ensuing Annual General Meeting.

The observations of the Auditors stated in their Report have been explained in the Notes in the Accounts which are self-explanatory and therefore, do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

ANNUAL REPORT 1997-98**STATUTORY INFORMATION :**

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975, as amended is as per Annexure - I attached to the report. The particulars of energy conservation, technology absorption and foreign exchange earning and outgo, as applicable to the Company are as per Annexure - II attached to this report.

INDUSTRIAL RELATIONS :

Cordial industrial relations continued to prevail during the year.

INSURANCE :

All the properties including building, plant and machineries, stocks etc. have been adequately insured.

ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation of the assistance and co-operation received from Financial Institutions and Banks during the year.

Yours Directors place on record their deep and sincere appreciation for the devoted services of executives, staff and workers of your Company.

On behalf of the Board of Directors.

MUMBAI
JULY 10, 1998

MAHESH K. SHAH
MANAGING DIRECTOR

JAYESH A. MOTASHA
DIRECTOR

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