



ROYAL CUSHION VINYL PRODUCTS LTD.

ANNUAL REPORT

1999 - 2000

ROYAL CUSHION VINYL PRODUCTS LTD.**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

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

503-A, Sai Chhaya Building,
 5th Floor, Akurli Road,
 Kandivli (East),
 Mumbai - 400 101.

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 Saturday, 19th August, 2000 at Babasaheb Dahanukar Sabhagriha of Maharashtra Chamber of Commerce and Industry, 6th Floor, Orion House, 12 K. Dubhash Marg, Mumbai - 400 023 at 11.00 a.m., to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at that date along with 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 being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.Arvind V.Motasha who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

Registered Office:
503-A, Sai Chhaya Building,
5th Floor, Akurli Road,
Kandivli (East),
Mumbai 400 101.
Date: 8th May, 2000

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 COMPANY. The instrument appointing a proxy and power of attorney or other authority, if any, under which it is signed or notarially 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 Register of Members and Transfer Books of the Company will be closed from 14th August, 2000 to 19th August, 2000 (both days inclusive).
- c. 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.
- d. Member / Proxies should bring the attendance slip duly filled in alongwith the Annual Report for attending the Meeting.

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Mumbai 400 101.
Date: 8th May, 2000

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

VILAS P.UNAVANE
COMPANY SECRETARY

ANNUAL REPORT 1999-2000**DIRECTORS' REPORT****TO THE MEMBERS OF ROYAL CUSHION VINYL PRODUCTS LIMITED**

Dear Shareholders,

The Directors of your Company present herewith their Report together with Audited Accounts of the Company for the year ended 31st March, 2000.

FINANCIAL RESULTS:

	Current year Ended 31.03.2000	(Rs.in Lacs) Previous year Ended 31.03.1999
Sales and other income	4605.74	5186.24
(after changes in stocks)		
Profit / (Loss) before interest and depreciation	(4720.49)	(621.75)
Less: Interest	1699.62	1741.41
Depreciation	778.84	464.14
Preliminary Expenses W. Off	0.40	0.40
Profit before tax	(7514.27)	(2827.31)
Provision for taxation	0.61	1.25
Net Profit / (Loss) after taxation	(7514.88)	(2828.56)
Prior year's expenses	754.01	103.28
Income-tax for earlier years-	(5.46)	3.27
Dividend Written back	—	90.83
Income Tax on Dividend Written back	—	9.08
Adjusted to General Reserve	—	2148.14
Bal. Brought forward from previous year	(619.85)	67.21
Balance carried forward to balance Sheet	(8883.28)	(619.85)

DIVIDEND

In view of the loss for the year, the Board of Directors is unable to recommend any dividend for the year 1999-2000.

OPERATIONS

The year under review has been a difficult year for the Company. The sales for the current year stood at Rs.5229.53 Lacs as compared to Rs.5242.62 Lacs of previous year. The Company incurred a loss of Rs.7514.88 Lacs as against a loss of Rs.2828.56 Lacs in the previous year. Loss for the current year includes:

ROYAL CUSHION VINYL PRODUCTS LTD.

- provision for Custom duty & interest thereon amounting to Rs.2646.88 Lacs due to non-fulfillment of export obligation which is arising out of Advance Licences issued since 1996 and
- provision for doubtful debts amounting to Rs.1578.51 Lacs due from Euroroyal Flor Ltd., (ERF) U.K, a wholly owned subsidiary of the Company. The Company has made provision for doubtful debts for the said receivables which are arising out of exports made to Russia since 1997-98. Subsequent socio-economic developments in Russia and steep Rouble devaluation have considerably reduced the recovery prospects.

FINANCE :

The Company's working was affected mainly on account of acute scarcity of working capital. Your Company is pursuing financial re-structuring viz., deferment of term loan with Institutions and Banks, credit control, synergising production process and optimising cost benefits. The Company is vigorously pursuing enterprise-wide cost reduction exercise. Already significant results have been achieved in the areas of employees and administration expenses.

REFERENCE TO BIFR:

In view of the accumulated losses at the end of the Financial year 1999-2000 which has exceeded the entire net worth of the Company, the Board of Directors has decided to make reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 for determination of the measures which shall be adopted with respect to the Company.

LONG-TERM OUTLOOK AND PROSPECTS

Despite of all odds, the Company is positive about the business prospects in view of:

- The products are well established in highly competitive world market.
- Increased improvement in the Russian trade. Russia has decided now to use 50 % of the outstanding debt from India for buying goods, services and products.
- Significant rationalisation in operating cost have been brought about, which are lower than the world standards, thereby making the Company's products competitive.

Besides, the Company is in the advanced stage of tying-up with possibility of Joint Venture / Strategic Alliance with world known leaders for which the mandate is given to internationally acclaimed firm of consultants. The Company is poised to do better in the coming years in view of concerted efforts being made for the revival the Company and in expectation of effective role of BIFR in framing suitable rehabilitation programme and its implementation resulting into:

- Improvement of existing production and technical facilities
- Developing new products having wide applications and good margins.
- Implementation of cost cutting measures in identified areas
- Exploring and penetrating new markets having good demand for the existing and future products.
- To pursue bankers and financial institutions for co-operation for the revival of the company.

In view of the strategies and future plans being formulated, your Directors expect speedier revival of the Company.

ANNUAL REPORT 1999-2000**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 as Annexure - I.

DIRECTORS:

Mr.P.N.Devarajan resigned as a Director after the expiry of the financial year under review. The Board of Directors place on record the excellent contribution made by Mr.P.N.Devarajan during his tenure with the Company.

Mr.D.M.Popat and Mr.Arvind V.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.

AUDITORS AND AUDITORS' REPORT

M/s. Chandrakant & Sevantilal & J.K.Shah & Co., Chartered Accountants, will retire as Auditors at the ensuing Annual General Meeting and are eligible for re-appointment.

The Auditors Report is self-explanatory and therefore, do not call for any further comments.

STATUTORY INFORMATION:

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 the report.

Information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not annexed as none of the employee is drawing above the ceiling limit specified in the said Rule as amended.

INDUSTRIAL RELATIONS:

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

INSURANCE

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

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the co-operation and support received from Financial Institutions, Banks and other Government agencies. Your Directors place on record their appreciation for the services rendered by Employees at all levels.

On Behalf of the Board of Directors

Mumbai
Date: 8th May, 2000.

MAHESH K. SHAH
MANAGING DIRECTOR

JAYESH A. MOTASHA
DIRECTOR

ROYAL CUSHION VINYL PRODUCTS LTD.**ANNEXURE - I TO THE DIRECTORS' REPORT**

Statements pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company.

1. Name of the Subsidiary Company	Euroroyal Flor Limited
2. Financial year of the Subsidiary Company ended	1st April, 1998 to 30th September, 1999
3. Number of shares held in the Subsidiary	4,50,200 Ordinary Shares of STG. Pound 1 each fully paid up.
4. Extent of holding	100%
5. Net aggregate amount of Subsidiary's Profit/(losses) so far as relates to Holding Company :-	£ (367,939.00)
(a) not dealt with in the Holding Company's Account :	
(i) for the Subsidiary's financial year ended 30th September, 1999	£ (324,753.00)
(ii) for the previous financial years of Subsidiary's since it became the Holding Company's Subsidiary	£ (43,186.00)
(b) Dealt with in the Holding Company's Account	
(i) for the Subsidiary's financial year ended 30th September, 1999	Nil
(ii) for the previous financial years of Subsidiary's since it became the Holding Company's Subsidiary	Nil
6. Changes in the interest of Holding Company between the end of the Subsidiary's financial year and 31.03.2000	Nil
7. Material changes between the end of the Subsidiary's financial year and 31.03.2000	
(i) Fixed Assets	Nil
(ii) Investments	Nil
(iii) Money's lent by Subsidiary	Nil
(iv) Money's borrowed by the Subsidiary Company other than for meeting current liabilities	

FOR ROYAL CUSHION VINYL PRODUCTS LIMITED

M.K.SHAH
(Mg. Director)

J. A. MOTASHA
(Director)

V.P.UNAVANE
(Secretary)

Mumbai
Date: 8th May, 2000.

ANNEXURE- II TO THE DIRECTOR'S REPORT

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

I. CONSERVATION OF ENERGY

a) ENERGY CONSERVATION MEASURES TAKEN :

1. 2 nos. of 100 cfm compressors and other 3 nos. of portable compressors replaced by one 300 cfm compressors to achieve power savings and less maintenance cost and spare parts inventory.
2. Condensate return water fed back to boiler tank to save Furnace oil consumption.
3. Avg. Power factor is maintained above 0.95 kg. in all months.
4. Banbury return line at about 40 C temp. Is used as a primary water for planetary Extruder heating instead of 5 C water, thus saving furnace oil consumption.
5. Utility chilling plant make up water is fed in night shift to reduce loan on Chilling plant, thus saving energy.
6. One no. of 2 MVA transformer is switched off, when the plant is under Shut down for more than one day.
7. Role mill heating system connected from steam to hot water thus, saving Steam consumption for better temperature control.
8. IR heaters of tempering pre-heating at AUMA switched off thus saving Electrical Energy.

b) ADDITIONAL INVESTMENT AND PROPOSAL IF ANY BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

1. Low and high power motors to be replaced by required power motors to save electrical energy.
2. Low thickness products to be shifted to laminator from Auma to save Power and fuel cost.
3. Energy efficient motors to be replaced for conventional motors, thus saving electrical energy.
4. AC motors to be driven by variable frequency AC drives.
5. Pumps to be driven by variable frequency AC drives.
6. Street lights in night are reduced by 30%.
7. Interlockings of exhausts are done with the main machines to avoid unnecessary running and saving electrical energy..
8. Star delta switches to be introduced for loading unloading machines.

ROYAL CUSHION VINYL PRODUCTS LTD.**II. TECHNOLOGY ABSORPTION****a) SPECIFIC AREAS IN WHICH R & D WAS CARRIED OUT BY THE COMPANY**

- i. Developed heavy duty floorings to be used in Railway coaches.
- ii. Developed sunvisors, doorpads for automobile industry to reputed OEMs as Ford, Hundai, etc.
- iii. Developed isolation pads, etc. for Maruti & Fiat.
- iv. Developed calendered famed leathercloth.
- v. Developed flooring for pharmaceutical industry to be used in the wet areas.
- vi. Developed conductive flooring to be used in Defence Equipments mfg. areas.
- vii. Cost reduction by way of substitutes for raw materials like plasticizers, Fillers, etc.
- viii. Attained BIS certification for commercial floorings of 1.5 mm & 2.0 mm thickness for using ISI mark.
- ix. Developed calendered printed leathercloth with wider ranges.

b) BENEFITS DERIVED AS A RESULT OF ABOVE

- i. Value addition in soft PVC group.
- ii. Widening product mix.
- iii. Widest possible range of soft PVC products under one roof.
- iv. Addn. of few more customer segments.

c) FUTURE PLANS FOR ACTION

- i. Further widening of customer base.
- ii. Further substitutes of imported raw materials.
- iii. Towards increase of OEMs as customers.
- iv. Development of wider ranges of Customer specific printed flooring.
- v. Re-engineering laminator for manufacturing value added products.

ANNUAL REPORT 1999-2000**III FOREGEN EXCHANG EARNINGS AND OUT GO :**

Particulars	(Rs.in Lacs)	
	Current year Ended 31.03.2000	Previous year Ended 31.03.1999
1) FOB value of Exports	2068.42	2624.05
2) Foreign Exchange outgo :		
Import of Raw Materials	724.54	1424.40
Stores ad Spares	13.90	NIL
Import of Capital Goods	Nil	94.22
Foreign Travel	10.76	9.38
Sales Promotion	0.86	4.12
Commission	56.73	10.17
Design Consultancy	Nil	6.47
Repairs to Plant & Machinery	22.69	Nil

On Behalf of the Board of Directors

Mumbai

Date: 8th May, 2000.

MAHESH K. SHAH
 MANAGING DIRECTOR

JAYESH A. MOTASHA
 DIRECTOR