



**ROYAL CUSHION VINYL PRODUCTS LTD.**

Report  junction.com

**23<sup>rd</sup>**

**ANNUAL REPORT & ACCOUNTS  
2006-2007**





## ANNUAL REPORT 2006-2007

### BOARD OF DIRECTORS

Shri M. K. Shah - Chairman & Managing Director  
 Shri V. K. Shah - Executive Director  
 Shri A. V. Motasha  
 Shri D. A. Motasha  
 Shri M. A. Motasha - Executive Director  
 Shri J. A. Motasha

### Company Secretary

Shri H. K. Bijlani

### AUDITORS

M/s. CHANDRAKANT & SEVANTILAL &  
 J. K. SHAH & CO.  
 Chartered Accountants  
 301, Lalita Tower, Near Hotel Rajpath,  
 Station-Akota Road,  
 Vadodara 390 007.  
 Tel. No. : 0265-2353043 / 2353470

### WORKS

Plot No.55, Village. GARADHIA  
 Taluka.Savli, Dist.Vadodara  
 Gujarat 391520  
 Tel: (02667)251672-75

### BANKERS

Global Trust Bank Ltd.  
 Standard Chartered Bank  
 The Saraswat Co-op. Bank Ltd.

### REGISTERED OFFICE

60 CD, Shlok, Govt.Ind. Estate,  
 Charkop, Kandivli (West),  
 Mumbai 400 067.

### 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.: 28366620 / 28257641/62920  
 Fax: 28211996

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**ROYAL CUSHION VINYL PRODUCTS LIMITED****NOTICE****23<sup>RD</sup> ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 23<sup>RD</sup> ANNUAL GENERAL MEETING of the Members of **ROYAL CUSHION VINYL PRODUCTS LIMITED** will be held on Thursday, the 27th September, 2007, at 11.30 a.m. at the Conference Room, 2<sup>nd</sup> Floor of 60 CD, "SHLOK" Govt. Industrial Estate, Charkop, Kandivli (West), Mumbai 400067, 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 31<sup>st</sup> March, 2007, 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. Jayesh A Motasha, who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of Mr. Deepak 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 & Co, retiring Auditors are eligible for reappointment.

BY ORDER OF THE BOARD

For **ROYAL CUSHION VINYL PRODUCTS LIMITED**

**H. K. BIJLANI**

**GEN. MANAGER LEGAL & CO.SECRETARY**

**Registered Office**

Shlok, 60 CD, 2nd Floor, Govt. Industrial Estate,  
Charkop, Kandivli (West),  
Mumbai 400 067

Date: 9<sup>th</sup> August, 2007

**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 Monday, the 24th September, 2007 to Thursday, the 27<sup>th</sup> September, 2007 (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 Mondkar Computers Private Limited, 21, Shakhil Niwas, Mahakali Caves Road, Andheri ( East), Mumbai 400 093.
- 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 Numbers 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 LIMITED**

**H. K. BIJLANI**

**GEN. MANAGER LEGAL &  
COMPANY SECRETARY**

**Registered Office**

60, CD, Shlok,  
Govt. Industrial Estate, Charkop  
Kandivli (West), Mumbai 400 067  
Date: 9<sup>th</sup> August, 2007



# ANNUAL REPORT 2006-2007

## DIRECTORS' REPORT

To

The Members of

Royal Cushion Vinyl Products Limited,

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

## FINANCIAL RESULTS:

(RS.IN LACS)

Particulars	Current year ended 31.03.2007	Previous year ended 31.03.2006
Sales and operating income (includes changes in stocks)	6452.89	6919.10
Other Income	244.85	2603.04
Total Income	6697.74	9522.14
Total Expenditure	7234.47	8140.76
Profit/Loss before interest and depreciation	(536.73)	1381.38
Add: Finance & Bank Charges	3668.02	3621.91
Depreciation	792.60	794.94
Loss before tax	(4997.35)	(3035.47)
Provision for Fringe Benefit tax (Wealth Tax)	9.57	11.00
Loss after taxation	(5006.92)	(3046.47)
Prior year's expenses	339.68	21.67
Bal. Brought forward from previous year	(5346.60)	(28503.89)
Balance carried forward to balance Sheet	(36918.62)	(31572.02)

## PERFORMANCE:

The Company has achieved turnover of Rs. 6452.89 lacs as against Rs. 6919.10 lacs in previous year. The turnover was affected mainly due to lower sales price realization per meter in local market, depressed market conditions including stiff competition amongst the players in the business & increase in the prices of all the raw materials etc. The production was affected due to the trial run taken during the year to develop new products, for Railways & Transport (Bus) segment.

During the year IDBI, BOI & EXIM Bank dues have been transferred their debts to ARCIL and company is renegotiating for setting their dues. Further, Company entered One Time Settlement with UBI & paid off entire dues. The negotiations with the other Financial Institutions & Bank for settlement are in advance stage. The full benefits of above settlement will be available from the Financial Year 2007-08 onwards.

## DIVIDEND:

In view of the losses, the Board of Directors is unable to declare any dividend for the year 2006-2007.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is primarily engaged in manufacturing of Vinyl floorings, which are used in households, commercial offices, showrooms and transport sector.

The Company is well positioned to exploit the opportunities and we have developed the two products namely

1. Safety Flooring – Sonata
2. Homogenous 2 X 2 flooring

As our Company is passing through financial constraints, we have decided to concentrate & developments on niche & stringent products wherein competition is less. We have developed transport flooring material matching the international standards & is used globally in developed countries. This product has got huge demand in domestic as well as export market as the same is used as transport flooring worldwide. We have already received orders from Tata, Volvo, Swaraj Mazda, Ashok Leyland on the basis of

this new development. We also expect the quantum to go up substantially with anticipated growth of transport & bus segment in India. We expect to capture the domestic & international market in a span of two to three years. Presently, we expect a turnover of Rs.10 crores in the above areas.

We developed flooring material having very stringent specification for Railways & their development organization with a aim to match the specifications used in Railways worldwide. Metro Railways & other high speed rail transport in developed countries like US, Germany, Japan & other European countries. We have developed flooring material matching international specification in all aspects & meeting RDSO/2006/CG-12 specifications of Railways. We are the first Company to be on the list of prospective suppliers of Railways & have subsequently got final approval from RDSO.

## OPPORTUNITIES AND THREATS

The Company is market leader in Vinyl Flooring segment. The consumption of high end Vinyl Flooring has significantly improved due to shopping malls and growth in IT & Health Care Sector. Demand in transport flooring will also increase due to improved road infrastructure.

The Industry continues to face competition from cheaper imports including from local markets. Barring the circumstances, your company will overcome the above threats & plan for the better during the current year.

## SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

The Company's prime business is manufacture of PVC floorings and therefore, there are no separate segments.

## OUTLOOK:

The demand for safety flooring is on the rise based as number of enquiries has been received. The company has taken necessary steps for cost effective in the domestic market & our product pattern is being suitably modified to cater to our consumer tastes. The company is cautiously optimistic about the growth prospects for the current financial year. The Company regularly introduce new commercial products in the market.

## RISKS AND CONCERNS

The main cause of concern is lower import duty on finished products. Cheaper imports of finished product are likely to impact margins of these products. The company is focusing on shifting the product mix towards the high end product for better realization.

As reported in last year's Annual Report, the Company is currently referred to BIFR. The ability of the Company at this stage to obtain working capital is a concern. Once the company's debts are restructured, the situation shall improve. Besides the competition between the unorganized sector & higher duties in VAT, Excise duty etc. increased in prices of major raw materials causes a concern. Due to non availability of working capital limits from banks will affect the company performance.

## 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.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT.

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

# ROYAL CUSHION VINYL PRODUCTS LIMITED



## STATUS WITH BIFR:

As reported in the earlier Annual Reports, the Company has been registered with BIFR since September, 2002. The IDBI, BOI, & EXIM Bank have transferred their debts to ARCIL & Company have negotiated for settling their dues. The company has already settled entire dues of Union Bank of India under one time settlement and has initiated negotiation with rest of banks for Settlement. On finalization of above, a Draft Rehabilitation Scheme (DRS) for the company will be recommended for approval to the Hon'ble BIFR. The matter is actively followed up.

## CHANGE IN REGISTERED OFFICE

During the year Registered office of the Company was changed to :

**60 CD, "SHLOK" GOVERNMENT INDUSTRIAL ESTATE, CHARKOP, KANDIVLI (WEST), MUMBAI 400 067  
FINALISATION OF HERBERT OLBRICH (HO) MATTER :**

As reported in the last year, the Company had filed Arbitration petition against Herbert Olbrich, GmbH & Co, KG (Germany) (HO) in ICC International Court of Arbitration, Paris in respect of defective machinery supplied by HO. The hearing of matter was completed during the year and the final award in favour of Company was passed on 24.5.2006.

As per award, the company received EURO\$ 410232.69 equivalent to Rs. 2,40,19,124/-. The company was however required to bear its' legal cost and expenses incurred for above matter which is much higher than what award been received.

## DIRECTORS:

Shri. Jayesh A. Motasha and Shri Deepak 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. (Necessary details are furnished under Corporate Governance).

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2007, the applicable accounting standards/practices have been followed;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2007 on a going concern basis.

## CORPORATE GOVERNANCE:

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

## PARTICULARS OF EMPLOYEES:

In accordance with the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, a statement of particulars of

employees is required to be given in the Directors report. Since no employee of the company is drawing above the ceiling limit as specified in the said rules a statement thereof is not annexed to this report.

## PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

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

## 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 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. Members are requested to consider their appointment at a remuneration to be decided by the Board of Director's as set out in the Notice convening the meeting. The Auditor's Report and notes forming part of the accounts are self-explanatory.

## 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 all Employees.

On behalf of the Board of Directors  
For ROYAL CUSHION VINYL PRODUCTS LIMITED

Place: Mumbai

MAHESH K. SHAH

Date: 9<sup>th</sup> August, 2007

Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE

(Annexure "A" forming part of Directors' report in terms of clause 49 of the listing agreement)  
**Corporate Governance**

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the company's objective of enhancing shareholder value and discharge of social responsibility. The Corporate Governance Structure in the company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees etc.

### 1. Brief statement on company's philosophy on code of Corporate governance.

The Company will endeavor to continuously earn trust and respect of the Members, lenders and other stake holders, over a sustained period of time. Providing adequate information to the shareholders, effective control and management of Organisation with commitment for its growth.

### 2. Board of Directors

As on 31<sup>st</sup> March, 2007, the Board comprises three Executive Directors and three Non Executive Directors.

During the year 2006-07, the Board met 8 times on the following dates, namely 29<sup>th</sup> April, 2006, 27<sup>th</sup> July 2006, 31<sup>st</sup> July, 2006, 20<sup>th</sup> October, 2006, 31<sup>st</sup> October, 2006, 10<sup>th</sup> November, 2006, 30<sup>th</sup> December, 2006 and 31<sup>st</sup> January, 2007.

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



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Sr. No.	Name of the Director	Category of Director	No. of Board Meeting Attended	Attended Last AGM	Other Director-ships	Committee Membership	Committee Chairmanship
1.	Mr. Mahesh K. Shah	Executive Promoter Director	8	Yes	11	Nil	Nil
2.	Mr. Vinod K. Shah	Executive Promoter Director	7	No	12	Nil	Nil
3.	Mr. Arvind V. Motasha	Non-Executive Promoter Director	7	Yes	11	2	1
4.	Mr. Deepak A. Motasha	Non-Executive Promoter Director	8	Yes	5	3	Nil
5.	Mr. Mukesh A. Motasha	Executive Promoter Director	7	Yes	5	Nil	Nil
6.	Mr. Jayesh A. Motasha	Non-Executive Promoter Director	8	Yes	12	2	1

As we are under BIFR (Sick Company), the management was unable to attract and induct Professional and Independent Directors to meet the requirements of Clause 49 of the Listing Agreement. This fact has been reported to the Stock exchanges.

### 3. Audit Committee

The Audit Committee comprises 3 Non-Executive Directors and Company Secretary act as Secretary of the Committee. The committee held 4 meetings on 28<sup>th</sup> April, 2006, 27<sup>th</sup> July, 2006, 31<sup>st</sup> October, 2006 and 31<sup>st</sup> January, 2007. The role and terms of reference of the Audit Committee are stipulated under clause 49 of the Listing Agreement and Section 292A of Companies Act, includes overseeing financial reporting process reviewing with the management & financial statement.

The Composition and other particulars of the attendance of the members of the committee held during the year are as under

Sr.No.	Name of the Member	Meeting Attended
1.	Mr. Jayesh A. Motasha – Chairman	4
2.	Mr. Arvind V. Motasha – Member	4
3.	Mr. Deepak A. Motasha – Member	4

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

### 4. Shareholders'/ Investors' Grievance Committee:

- (i) Composition- The Committee comprises Three Non-Executive Directors with Company Secretary of the Company to act as the compliance officer. During the year it held 4 Meetings on 28<sup>th</sup> April, 2006, 27<sup>th</sup> July, 2006, 31<sup>st</sup> October, 2006 and 31<sup>st</sup> January, 2007. All members of the committee attended the above meetings.

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.

- (ii) Investors' complaints received and resolved during the year : The Company has received one (1) complaint from investors and all have been resolved during the year. There were no major share transfers pending for registration for more than 30 days as on 31.03.2007.

Number of Complaints solved to the satisfaction of shareholders during the year- Two

Number of pending Complaint as on 31.03.07 – Nil

### 5. Remuneration Committee

The Remuneration Committee consist of three Non Executive Directors namely Mr. Jayesh A. Motasha, Mr. Arvind V. Motasha and Deepak Motasha. No meeting was held during the year. Payment of remuneration by way of Salary and Perquisites to the Managing / Executive Directors is approved by the shareholders and Central Government.

Details of Remuneration for the year 2006-07 are as under:

(Rs.in Lacs)

Sr.No.	Name	Salary	Perquisites
1.	Mr. Mahesh K. Shah	4.12	1.13
2.	Mr. Vinod K. Shah	4.44	2.08
3.	Mr. Mukesh A. Motasha	4.07	2.30

The Members at the AGM held on 21.09.2004 have approved the re-appointment of above Managing/ Executive Directors for a period of Three years with effect from 01/04/2005 and the permission of the Central Government has also been obtained. Notice period for termination of appointment of Managing/ Executive directors is six 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 seating 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.**

### 5. 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 Managing Director is annexed to this report.

### 6. General Body Meetings:

The details of the last three Annual General Meetings of the Company were held as under :

Year	2003-2004	2004-2005	2005-2006
Date	21.09.2004	28.09.2005	25.09.2006
Time	11.30 p.m.	11:30 a.m.	11.30 a.m.
Venue	Company's Regd. Office at Akurli Road, Kandivli (East), Mumbai 400101.	Company's Regd. Office at Akurli Road, Kandivli (East), Mumbai 400101.	5D Banquets, Samruddhi Commercial Complex, Chincholi Bunder Road, Off.Link Road Malad (West), Mumbai 400 064

\* SPECIAL RESOLUTIONS: \* No special resolutions were put through Postal Ballot last year.

## ROYAL CUSHION VINYL PRODUCTS LIMITED

**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 : 27th September, 2007 at 11.30 a.m.
- Venue : At Conference Room of 60 CD "SHLOK" Govt. Ind. Estate, Charkop, Kandivli (West), Mumbai 400 067
- B. Financial Calendar**
- April to March
- Financial Reporting On or before the 14<sup>th</sup> August for 1<sup>st</sup> Quarter ending 2007.
- 30<sup>th</sup> June, 2007.
- Financial Reporting On or before the end of for 2<sup>nd</sup> Quarter ending October, 2007
- 30<sup>th</sup> Sept, 07
- Financial Reporting On or before the end of for 3<sup>rd</sup> Quarter ending January, 2008
- 31<sup>st</sup> Dec, 2007
- Audited Results for On or before the end of June, year ending 2008
- March, 2008
- C. Date of Book closure** Beginning Monday 24<sup>th</sup> September, 2007 to Thursday the 27th September, 2007 (both days inclusive)
- D. Dividend payment date** Not applicable
- E. Listing on Stock Exchanges** Bombay Stock Exchange Ltd. The Stock Exchange, Ahmedabad
- Vadodara Stock Exchange Limited
- F. Stock Code** Bombay Stock Exchange Ltd. Mumbai : 526193
- Demat ISIN No. CDSL & NSDL: INE618A01011
- G. Market price data** (High, Low Market price on Bombay Stock Exchange during each month of the financial year :

Month	Price	
	High (Rs.)	Low (Rs.)
April' 2006	30.65	24.55
May' 2006	36.90	26.55
June' 2006	28.30	19.15
July' 2006	25.45	17.60
August' 2006	19.85	15.55
September' 2006	25.00	15.35
October' 2006	20.35	14.30
November' 2006	17.60	13.50
December' 2006	18.75	14.30
January' 2007	21.40	15.50
February' 2007	17.80	13.00
March' 2007	16.90	12.50

**H. Address for correspondence****a. Registrar and Share Transfer Agents**

Mondkar Computer Private Limited  
21, Shakil Niwas,  
Mahakali Caves Road,  
Andheri (East)  
Mumbai 400 093.  
Tel No. 022- 28366620 / 28257641 / 28262920

**b. Company's Share Department and compliance officer for Investor Grievance Redressal:**

Mr. H. K. Bijlani is the Company Secretary and compliance officer and will be available at the following Registered Office address:  
Royal Cushion Vinyl Products Limited.  
60 CD " SHLOK" Government Ind. Estate,  
Charkop, Kandivli (West), Mumbai 400 067  
Tel No. 022- 32655828 / 32655829  
Fax No. 022- 28603565

**I. Share Transfer System**

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 31<sup>st</sup> March, 2007**

Range No. of equity shares	No. of Shareholder	%	No. of Shares	%
Upto 500	3052	84.75	565671	4.69
501 – 1000	242	6.72	186526	1.55
1001 – 2000	120	3.33	179491	1.49
2001 – 3000	42	1.17	106755	0.88
3001 – 4000	17	0.47	58926	0.49
4001 – 5000	25	0.70	116847	0.97
5001 – 10000	32	0.89	219163	1.81
10001 and above	71	1.97	10633833	88.12
<b>TOTAL</b>	<b>3601</b>	<b>100</b>	<b>12067212</b>	<b>100.00</b>



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**K. Shareholding pattern as on 31.03.2007**

Category	No. of Shares	Percentage of Shareholding
Promoters (Including Foreign Promoters)	7243869	60.03
Mutual Fund & UTI Banks, Financial Institutions, etc.	5400	0.04
Private Corporate Bodies	1576730	13.07
NRIs	352913	2.92
Indian Public	47216	0.39
	2841084	23.55
<b>Grand Total</b>	<b>12067212</b>	<b>100</b>

**L. Dematerialisation of shares and liquidity**

65,69,249 (54.44%) of Equity Shares of Rs. 10/- each have been dematerialised as on 31<sup>st</sup> March, 2007

**11. Brief Resume of persons proposed to be re-appointed as directors of the company at the ensuing Annual General Meeting**

Name	Mr. Arvind V. Motasha	Mr. Mukesh A. Motasha
Age	64 years	52 Years
Nature of expertise	Commercial Matters	International Marketing
Name of the Public Companies in which also holds Directorship	Nil	Nil
Name of the Companies in the committees of which holds membership/charimanship other than Royal Cushion Vinyl Products Limited	Nil	Nil

**12) Declaration Regarding Compliance of Code of Conduct :**

Pursuant to Clause 49A of the Listing Agreement, this is to confirm that all the members of the Board and the Senior Management Personnel have affirmed compliance with Code of Conduct for the year ended 31<sup>st</sup> March, 2007.

**MAHESH K. SHAH**  
CHAIRMAN & MANAGING DIRECTOR

**13) 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 LIMITED**

Place: Mumbai

Date : 9<sup>th</sup> August, 2007 Chairman & Managing Director

**MAHESH K. SHAH**

**ANNEXURE "B" TO THE DIRECTORS REPORT****PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO:****1. CONSERVATION OF ENERGY :****ENERGY CONSERVATION MEASURE TAKEN :**

**CALENDER 1 – TAKE OFF UNIT – 8-10 –** Converted from high pressure super heated water heating system to low pressure thermic fluid heating system to save fuel consumption. There was a saving of 110/- ltr/ day was observed.

**THERMIC FLUID HEATER :**

Converted from furnace oil fired system to solid fuel fired system. Due to this achieved saving of Rs. 4.50 lacs per month.

**2. TECHNOLOGY ABSORPTION :****A) R & D was specifically carried out in designing & developing new products :**

- ❖ A new product range was developed for Local 'Bus Flooring' market introduce as "Ecoplus" in market which have performance characteristics with cost effective solution.
- ❖ Homogeneous chips material – 2.0 mm thick was developed for requirement of Railways.
- ❖ For Indian Railway a technical product developed as per latest RDSO specification – company have status of approved source for this products. This product developed for all Safety aspects like – Fire, Slip & Sound with mechanical properties i.e. service life & aesthetic look.
- ❖ For Cinema- Theatre special flooring developed which meet antiskid and Fire resistance properties. Product name 'Inox – B'.
- ❖ New design 'Sandal Wood' added in Royal – Classic range with new colour combinations.
- ❖ A Heterogeneous chips product with Metallic look was developed & in future this will be marketed as 'Metalica range'.
- ❖ Work was made for U.S. Market flooring, Testing completed & product meets all requirements.
- ❖ A special product developed for Automobile requirement with clear transparent top layer & below it PVC chips & printing was made – product introduced as 'Harmony'.
- ❖ A product developed for Automobile requirements like above material with Glass scrim & non-woven backing Marketed as 'Octavia'.
- ❖ New designs developed & introduced in printed flooring like Starlite, Galicha – 1 & Optra.
- ❖ A special range of superior printed flooring was developed and marketed as **Class – 75** with 9 designs like, Vergo, Saddle, Pluto, Teakwood, Lagoon, Sharewood, Libra, Optra & Royal Galicha. A range of 30 combinations was introduced in market

**B. FUTURE PLANS**

- ❖ To develop- antistatic, conductive flooring with pre chips for hospitals & electric industries.
- ❖ To work more in areas of sports flooring, to make



# ROYAL CUSHION VINYL PRODUCTS LIMITED



products of international standard for specific games.

- ❖ To develop railway flooring of international standards.
- ❖ To work with products having wear layer of clear PVC & decoration below this film.

## C. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

### 1. EFFORTS

Continuous adoption of advance technology for the development of products

### 2. BENEFIT

Increased volume  
Product development

## 3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. In lacs)

Sr. No.	Particulars	Current Year ended on 31.03.07	Previous Year ended on 31.03.06
1.	Fob value of Exports	Nil	Nil
2.	Foreign Exchange outgo :		
	Import of Raw Material	2518.54	3647.30
	Stores & Spares	40.94	44.27
	Foreign Travels	7.60	24.41
	Legal Fees (Prior Year)	240.71	568.67
	Misc. Expenses	Nil	3.72

## AUDITOR'S 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, 2007, 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 31<sup>st</sup> March, 2007 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)

PLACE : Vadodara  
DATE : 10<sup>th</sup> August, 2007

(**H.B. SHAH**)  
**PARTNER**  
Membership No. 16642

## AUDITOR'S REPORT

We have audited the attached Balance Sheet of **ROYAL CUSHION VINYL PRODUCTS LIMITED**, as at 31<sup>st</sup> March, 2007 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, we believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditors' Report) order, 2003 issued by the Central Government of India in terms of Section 227 - (4-A) of the Companies Act, 1956, we enclose in the Annexure a statement on the

matters specified in paragraphs 4 and 5 of the said order.

## 2) FURTHER AND SUBJECT TO OUR COMMENTS IN THE ANNEXURE REFERRED TO IN PARAGRAPH 1 ABOVE

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- b) **In our opinion, Subject to treatment of certain expenses as deferred revenue expenditure, non provision for gratuity Liability & doubtful debts & non ascertainment & non Accounting of impairment loss in respect of its Assets of unit III, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.**
- c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account of the company.
- d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.