

Annual Report 2018-2019

DIRECTORS' REPORT

To
The Members of
Royal Cushion Vinyl Products Limited,

Your Directors have pleasure in presenting the 35th Annual Report together with Audited Financial Statements of the Company for the financial year ended 31st March, 2019.

1) Financial Results

(₹ In Lakhs)

Particulars	Current year ended 31.03.2019	Previous year Ended 31.03.2018
Revenue from operations (Net)	7353.65	7330.55
Other Income	2221.03	837.54
Less: Excise Duty	0	161.90
Net Income	9574.68	8006.20
Total Expenditure	8501.49	8142.05
Profit / (loss) before interest and depreciation	1073.19	(135.86)
Finance Cost	496.75	425.72
Depreciation	136.34	137.46
Profit/(Loss) before Exceptional item	440.10	(699.03)
Exceptional item	7.93	51.36
Profit/(Loss) for the year	448.03	(647.67)

2) Performance of operations and the state of Company's Affairs

The Company has achieved Net Revenue from operations of ₹.7353.65 Lakhs as against ₹.7330.55 Lakhs in the previous year. Net Profit of ₹.448.03 Lakhs as compared to previous year's Net Loss of ₹.647.67 Lakhs. Other income includes ₹ 2117.43 towards unclaimed liabilities written-back.

3) Dividend

The Board of Directors is unable to declare any dividend for the year 2018-2019.

4) Management Discussion and Analysis Report

Management Discussion and Analysis Report as required under Listing Agreement and LODR Regulations is disclosed separately in the current Annual Report.

5) Fixed Deposits

During the year under review, your Company has not accepted any deposits within the meaning of provisions of Chapter V - Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules 2014, as amended from time to time.

6) Corporate Social Responsibility

The Companies Act, 2013 mandates that every Company, who meet certain eligibility criteria needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility activities. In view of losses, no amount is required to be spent by the Company.

7) Energy, Technology & Foreign Exchange

Details on conservation of energy, technology absorption, foreign exchange earnings and outgo is given in the

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Annexure - 'A' to this report.

8) Personnel

Employee relations remained harmonious and satisfactory during the year and your Board would like to place on record their sincere appreciation for sustained efforts and valued contribution made by all the employees of the Company.

9) Particulars of Loans, Guarantees and Investments under section 186 of the Companies Act, 2013

Details of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 forms part of notes to financial statements provided in this Annual Report.

10) Related Party Transactions

All related party transactions that were entered during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

11) Disclosure under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014

The information required pursuant to section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Directors is attached as Annexure "B".

12) Particulars of Employees

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. There were no employees who were in receipt of remuneration for which details need to be disclosed.

13) Board of Directors

The Board of Directors comprises of one Executive Director and Three Non-Executive Directors. Mr. Mahesh. K. Shah, Chairman and Managing Director of the Company, who will be reappointed for a period of three years with effect from 1st April, 2020, subject to approval of the shareholders at the forthcoming Annual General Meeting. Mr. Jayesh Motasha was a Director and CFO and he resigned from the post of CFO on 14th March, 2019 and continued as a Non -Executive Director of the Company.

Mr. Arvind Motasha, Director of the Company has resigned from the Board on 16th February, 2019. Mr. Deepak Motasha, Mr. Mukesh Motasha, Mr. Vinod Shah and Ms. Kavita Bachwani, Directors of the Company have resigned from the Board on 14th March, 2019. The Board places on record their appreciation for the assistance and guidance provided to the Company. Mr. Urvish Shah was appointed on 14th March, 2019 as Chief Financial Officer of the Company and he resigned on 2nd July, 2019. The Board places on record its appreciation for the services rendered by Mr. Urvish Shah during his tenure with the Company.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, Mrs. Avani Jolly Pandit and Mrs. Harsha Mukesh Shah, Independent Directors, both are appointed as an Additional Directors of the Company effective from March 11th, 2019. Pursuant to the provisions of section 149 and 152 of the Companies Act, 2013, Mrs. Pandit and Mrs. Shah holds office up to the date of the forthcoming Annual General Meeting (AGM) Subject to the approval of the members their appointment will be continued for the period of five years from the date of appointment i.e. 11.03.2019. Notices under Section 152 and 160(1) of the Act, have been received from Members proposing their names for appointment as Director.

Brief Resume of Mrs. Avani Jolly Pandit and Mrs. Harsha Mukesh Shah, nature of their expertise in functional areas and the name of the companies in which they hold the Directorship and the Chairmanship/Membership of the Committees of the Board, as stipulated under SEBI (Listing Obligations and Disclosure Requirements),

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Regulations 2015, the Companies Act, 2013 and applicable Secretarial Standards are given as Annexure to the notice convening the Annual General Meeting.

All Independent Directors have given declarations to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 read with Regulation 16 of SEBI (Listing obligations and Disclosures Requirements), Regulations 2015. In the opinion of the Board, Independent Directors fulfill the conditions specified in the Act, Rules made there under and Listing Regulations.

The enabling resolutions for approval of their appointment are being placed in the Notice of the forthcoming Annual General Meeting for approval of shareholders.

14) Key Managerial Personnel

The Company has Mr. Mahesh K. Shah, Chairman & Managing Director. Mr. Urvish Shah has appointed as Chief Financial Officer (CFO) and Key Managerial Personnel on 14th March, 2019 and resigned w.e.f 2nd July, 2019. The Company has appointed Ms. Nivedita Juvatkar as a Company Secretary and Compliance Officer w.e.f 18th April, 2019 to comply with the provision of Section 203 of the Companies Act, 2013.

15) Directors' Responsibility Statement

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2019 the applicable accounting standards/practices had been followed along with proper explanation relating to material departures; if any
- b) 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 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) The annual financial statements have been prepared on a going concern basis.
- e) That the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- f) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16) Material changes and commitments affecting the financial position of the Company which have occurred between 31st March, 2019 and 23rd August, 2019 (date of the Report)

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31st, 2019) and the date of the Report (August 23rd, 2019).

17) Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

There were no significant and material changes and no orders have taken place that could have an impact on the financial position of the Company from the date of closure of financial year under review till the date of signing of Accounts.

18) Corporate Governance Certificate

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Your Company believes that Corporate Governance is the basis of stakeholder satisfaction. The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Governance Requirements as set out by SEBI. Your Company has obtained a certificate from M/s. Bipin & Co., Chartered Accountants, Statutory Auditors, on compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule V of the listing Regulation. The report of Corporate Governance along with certificate from the auditors of the Company regarding compliance of conditions of corporate governance is enclosed in this report.

19) Details of Subsidiaries/Joint venture/Associate Company

The Company has no subsidiaries/Joint venture/Associate Company incorporated or ceased in the year 2018-19.

20) Internal financial control

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

21) Statutory Auditors

M/s. Bipin & Co, Chartered Accountants, Vadodara (Firm Registration no. 101509W) were appointed as Auditors of the Company for a term of 5 (five) consecutive years, at the Annual General Meeting held on 26th September 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company. The members are requested to appoint the auditors and authorize the Board to fix their remuneration.

Auditors Report:

The notes on financial statement referred to in the Auditors Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

22) Cost Auditors

In terms of the Companies (Cost Records and Audit) Rules, 2014 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company has maintained cost records for financial year 2018-19 in respect of its polymers products. However, in terms of the said Rules, the requirement of cost audit is not applicable to the Company for the financial year 2018-19 as the turnover of the Company from these services is below the threshold limit prescribed in the said Rules for cost audit.

23) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Board has appointed Mrs. Padma Loya, Practicing Company Secretaries of M/s. Loya and Associates (Membership no. 25349, Certificate of Practice No. 14972) to conduct Secretarial Audit of the Company for the financial year 2018-2019.

The Annual Secretarial Compliance Report for the period ended 31st March, 2019 under Regulation 24A issued by Mrs. Padma Loya, Practicing Company Secretaries of M/s. Loya and Associates and submitted to BSE Limited.

The Secretarial Audit Report for the financial year 2018-19 is annexed herewith as Annexure "C" which forms part of the Board's report.

24) Listing with Stock Exchange

The Company confirms that it has paid the Annual Listing Fees for the year 2019-2020 to BSE Limited (BSE) where the Company's Shares are listed.

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25) Share Capital

During the financial year there was no change in the Share Capital of the Company.

26) Extract of the annual return

Pursuant to Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return in Form No. MGT - 9 is annexed herewith as Annexure "D".

27) Remuneration Policy

The Board of Directors has on recommendations of the Nomination & Remuneration Committee outlined policy for selection & appointment of Directors, Key Managerial Personnel & Senior Management and also to decide their remuneration along with the perks. The Nomination & Remuneration Committee revises the remuneration from time to time depending upon the performance of the Company and the Individual Director's / Key Managerial Personnel and other Senior Management Personnel. The detailed policy is available on the website of the Company www.rcvp.in.

28) Board of Directors Meeting

During the financial year ended 31st March 2019, the Company held eight (8) Board Meetings and the gap between the two meetings of the Board not more than 120 days as per Companies Act, 2013. The meetings were held on 6th June 2018, 13th August, 2018, 29th August, 2018, 14th November, 2018, 12th February, 2019, 16th February, 2019, 11th March, 2019 and 14th March, 2019. The details of the Board Meetings are provided in the Corporate Governance Report.

29) Committees of the Board

The Board has following Committees formed:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee

The details of the composition of committees, its roles and responsibility along with number of meetings held are given in the Report of Corporate Governance.

30) Audit Committee

The Audit Committee of the Board has been constituted as per the Listing Regulations and Section 177 of the Companies Act, 2013. Constitution, meetings, attendance and other details of the Audit Committee are given in corporate governance which forms a part of this Report.

31) Vigil Mechanism

The Company has established a vigil mechanism for its Directors and Employees to report genuine concerns relating any violations legal or regulatory requirements or misconduct in the Company through its Whistle Blower Policy. And also, to report concerns of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct and ethics policy, incorrect or misrepresentation of any financial statements and reports thereon.

The protected disclosures will be dealt by the Chairperson of the Audit Committee and the Chairperson should address the same carry out the investigation and take needful action.

The policy on Whistle Blower as approved by the Board of Directors is uploaded on company's website i.e. www.rcvp.in.

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32) Risk Management Policy

The Company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures and the same is reviewed by the Board periodically.

33) Prevention of Sexual Harassment at Workplace

The Company has adopted Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace, to provide protection to employees at the workplace. The Company has not received any complaints of sexual harassment during the year.

34) Performance Evaluation of Board and Independent Directors

Pursuant to the applicable provisions of the Companies Act, 2013, Listing Agreement and LODR Regulations, the Board has carried out the annual performance evaluation. The Board has evaluated performance of all the Directors, quality of information available, quality of discussions, contributions and decisions etc. The overall performance of the members of the Board was found satisfactory. Evaluation procedure covered Board's functioning such as adequacy of the size and composition of the Board and its Committees to ensure diversity and adequate skills in the best interest of the Company as a whole. The Independent directors evaluated performance of non-independent directors and board.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 Mrs. Avani Jolly Pandit and Mrs. Harsha Mukesh Shah both are appointed as Independent Directors of the Company with effect from March 11th, 2019.

The enabling resolutions for approval of their appointment are being placed in the Notice of the forthcoming Annual General Meeting for approval of shareholders.

35) Familiarisation Programme for Directors

A well-informed familiarized Board member can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors are updated on a continuing basis on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations and economic environment, to enable them to take well informed and timely decisions.

36) Acknowledgement

The Directors wish to place on record their appreciation, for the co-operation and support received from Financial Institutions, Banks, Customers and other Government agencies. Your Directors also 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 Limited**

Place: Mumbai
Date: 23rd August, 2019

Mahesh Shah
Managing Director
(DIN 00054351)