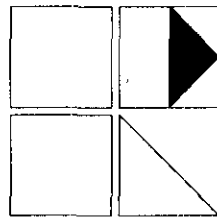


*Regency Ceramics Limited*  
(An ISO 9002 Company)



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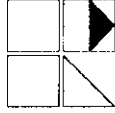
15th  
ANNUAL REPORT  
1998-99

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## Regency Ceramics Limited

### BOARD OF DIRECTORS

01. DR. V CHANDRA MOWLI, I A S	...	CHAIRMAN
02. MR. G N NAIDU	...	VICE CHAIRMAN AND MANAGING DIRECTOR
03. MR. P G NAIDU (Up to 07.02.99)	...	WHOLE TIME DIRECTOR
04. MR. D. D. GUDSOORKAR	...	DIRECTOR (IDBI NOMINEE)
05. MR. A S RISHI (Up to : 29-01-99)	...	DIRECTOR (IFCI NOMINEE)
06. MR. T V CHOWDARY	...	DIRECTOR
07. MR. G. SRINIVASULU NAIDU	...	DIRECTOR
08. MRS. G. RADHIKA	...	DIRECTOR
09. MR. ROBERTO ZELASCHI	...	DIRECTOR
10. MR. RAFFAELE MOZ	...	DIRECTOR
11. MR. NEELAKANTAN VEDAGIRI	...	DIRECTOR

**GENERAL MANAGER (FIN.)**  
MR. E. BALA KRISHNA RAO

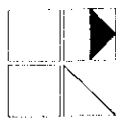
**COMPANY SECRETARY**  
MR. M. S. KHAN

**AUDITORS**  
M/S K S RAO & CO.  
CHARTERED ACCOUNTANTS  
HYDERABAD

**BANKERS**  
STATE BANK OF INDIA  
SOUTH INDIAN BANK LIMITED

**REGISTERED OFFICE**  
N.N.HOUSE  
CHIRAG ALI LANE  
HYDERABAD - 500001

**FACTORY**  
YANAM - 533464



*Regency Ceramics Limited*

## **NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the Fifteenth Annual General Meeting of the Company will be held on Monday, the 27th September, 1999 at 11.00 A.M. at Indira Priyadarshini Auditorium, Nampally, Hyderabad - 500001, to transact the following business:

### **AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt.G.Radhika who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Sri.Raffaele Moz who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **AS SPECIAL BUSINESS:**

5. To consider and, if thought fit, to pass with or without any modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Neelakantan Vedagiri who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

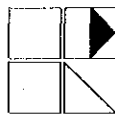
6. To consider and, if thought fit, to pass with or without any modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions if any, read along with Schedule XIII (as amended) of the Companies Act, 1956 the Company hereby approves the re-appointment of Sri. G.N.Naidu, as Vice Chairman and Managing Director, for a period of five years with effect from 9th February, 1999 on the following terms and conditions.

I. Salary Rs.85,000/- per month.

II. Perquisites :

Perquisites as under, shall be restricted to an amount equal to the annual salary. Contribution to Provident Fund and Superannuation fund to the extent they are exempted under the Income Tax Act, 1961 and encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.



## Regency Ceramics Limited

### Category A

- a. The expenditure incurred for gas, electricity, water and furnishings, shall be reimbursed subject to a ceiling of 10% of the Salary.
- b. Medical benefits for self and family :  
For self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- c. Leave Travel Concession :  
For self and family once in a year in accordance with any rules specified by the Company.
- d. Fees of clubs :  
Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- e. Personal Accident Insurance :  
Premium not exceeding Rs.4,000/- per annum.

### Category B

- i. Company's contribution towards Provident fund subject to a ceiling of 12% of salary.
- ii. Gratuity payable in accordance with an approved scheme and shall not exceed one half month's salary for each completed year of service.

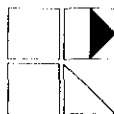
### Category C

- i. Free use of Company's car with driver.
- ii. Free telephone facility at residence.  
All long distance personal calls shall be duly logged and paid for by the Vice Chairman and Managing Director.
- iii. The Vice Chairman and Managing Director shall not be entitled to any sitting fees for attending the Board/Committee Meetings".

By Order of the Board

Place : Hyderabad  
Date : 29.07.1999

**M. S. KHAN**  
Company Secretary



## Regency Ceramics Limited

### NOTES:

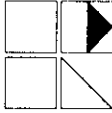
1. EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 FOR ITEM NO.5 TO 6 IS ENCLOSED.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF/HERSELF. PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
3. MEMBERS/PROXIES ARE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT TO THE MEETING AND THE ATTENDANCE SLIP DULY FILLED IN FOR ATTENDING THE MEETING. COPIES OF ANNUAL REPORTS WILL NOT BE PROVIDED AT THE MEETING.
4. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 16.09.99 TO 27.09.99 (BOTH DAYS INCLUSIVE).
5. MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY ANY CHANGE IN THEIR ADDRESS TO THE COMPANY'S REGISTERED OFFICE AT 5-8-356, N.N.HOUSE, CHIRAG ALI LANE, HYDERABAD - 500 001.
6. MEMBERS ARE ADVISED TO AVAIL NOMINATION FACILITY AS PER THE AMENDED COMPANIES ACT, 1956 FOR WHICH NOMINATION FORM IS PROVIDED.
7. YOUR COMPANY'S SECURITIES ARE LISTED AT THE FOLLOWING STOCK EXCHANGES AND THE COMPANY IS REGULAR IN PAYING THE ANNUAL LISTING FEE TO THESE STOCK EXCHANGES:

SL. NO.	NAME OF THE STOCK EXCHANGE	ADDRESS
1	THE HYDERABAD STOCK EXCHANGE LIMITED	3-6-275, HIMAYATHNAGAR HYDERABAD
2	THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED	TRADE WORLD SENAPATI BAPATH MARG LOWER PAREL, MUMBAI - 400 013.
3	THE STOCK EXCHANGE OF MUMBAI	PHIROZE JEEJEE BHOY TOWERS DALAL STREET, MUMBAI - 400 001.
4	THE MADRAS STOCK EXCHANGE LIMITED	11 SECOND LINE BEACH CHENNAI - 600 001.

By Order of the Board

Place : Hyderabad  
Date : 29.07.1999

**M. S. KHAN**  
Company Secretary



## Regency Ceramica Limited

### ANNEXURE TO NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

##### Item No. 5:

Sri. Neelakantan Vedagiri was co-opted as Additional Director on the Board at its meeting held on 29.01.1999. He has worked for State Bank of India for 37 years in various capacities and has opted for voluntary retirement from the Bank on 31st March, 1994 after serving Industrial Finance Branch of Hyderabad as Deputy General Manager. He then worked with M/s Jasper Industries Limited as Executive President from 01.08.94 to 31.01.99 overseeing treasury management of the Company. His experience and exposure in the finance function will help the Company. The Notice was received by the Company in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing Sri Neelakantan Vedagiri's candidature as Director of the Company.

Excepting Sri Neelakantan Vedagiri, none of the other Directors are interested in the above said resolution.

##### Item No. 6:

Sri. G.N.Naidu was appointed as Managing Director for a period of five years w.e.f. 9th February, 1994 and his tenure was ended on 08th February, 1999. The Board of Directors at their meeting held on 29.01.1999 has re-appointed Sri. G.N.Naidu as Vice Chairman and Managing Director for a further period of five years. The Salary, Terms and Conditions of his appointment remain unaltered.

Excepting Sri. G.N.Naidu and Smt G.Radhika, none of the other Directors are interested in the above said resolution.

By Order of the Board

Place : Hyderabad  
Date : 29.07.1999

**M. S. KHAN**  
Company Secretary



## Regency Ceramics Limited

### DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report for the Year Ended 31st March, 1999 together with audited accounts. The financial results for the year 1998-99 are briefly given hereunder:

#### FINANCIAL RESULTS:

		(Rs. in lakhs)	
S. No.	Particulars	1998-99	1997-98
01.	Turnover	6247	5802
02.	Gross Profit before interest and depreciation	1645	1831
03.	Less: Financing Charges	704	816
04.	Cash Profit	941	1015
05.	Depreciation and Miscellaneous expenses written off	305	438
06.	Net Profit for the year	636	577

#### 01. PRODUCTION:

Your Company has produced 34.78 lakhs sqmts of Ceramic Tiles during the year 1998-99 as against 33.25 lakhs sqmts in the previous year recording an increase of 5% over previous year, amounting to 118% of installed capacity. Your Company is now trying to introduce new designs by strictly maintaining its quality standards.

#### 02. TURNOVER:

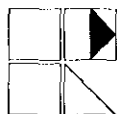
During the year 1998-99, your Company has achieved sales in physical terms to a tune of 36.02 lakhs sqmts as against 31.91 lakhs sqmts in 1997-98 recording a growth of 13%. In financial terms, the turnover which was Rs.58.02 crores in 1997-98 is increased to Rs.62.47 crores in 1998-99 recording a growth of 8%.

#### 03. EXPORTS:

The Company has exported 8.05 lakhs sqmts of Ceramic Tiles to different countries mainly to Middle East and South East countries. During the year your Company achieved an export turnover of Rs.1061.54 lakhs compared to Rs.429.37 lakhs during the previous year recording a growth of 147%.

#### 04. PROFITABILITY:

During the year under review, your Company made a gross profit of Rs.1645 lakhs as against Rs.1831 lakhs in the previous year. The percentage of gross profit to turnover for the year 1998-99 is 26% as against 32% in the previous year. The Company made a net profit of Rs.636 lakhs as against Rs.577 lakhs in the previous year.



## Regency Ceramics Limited

### 05. Y2K ISSUES:

The Company has initiated steps and is in the process of achieving comprehensive Y2K compliance status by November, 1999. The Company has also prepared a contingency business plan and is adequately prepared to take care of any issues that may arise due to Y2K problems. It is estimated that a total cost of Rs.13.00 lacs would be incurred to address the Y2K issues.

### 06. CUSTOMS AND EXCISE MATTERS:

As informed to you in the last Directors' Report regarding the payment of customs duty on capital equipment, the matter is still not resolved as the appeal of the Company is still pending as mentioned in point No.4 of Notes to Accounts - Schedule 19.

### 07. CAPITAL EXPENDITURE:

During the year under review, the Company has incurred a sum of Rs.393.31 lakhs towards capital expenditure bringing the total fixed assets to Rs.6125.51 lakhs from Rs.5636.84 lakhs at the end of the previous year.

### 08. FIXED DEPOSITS:

During the year the Company has not accepted any Fixed Deposits.

### 09. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Sec.217(1)(e) of the Companies Act, 1956 is given in Annexure.I forming part of the report.

### 10. PARTICULARS OF EMPLOYEES AND INDUSTRIAL RELATIONS:

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 is given at Annexure.II forming part of the report.

Your Directors are happy to inform that the industrial relations are warm and cordial during the year 1998-99.

### 11. DIRECTORS:

Smt. G.Radhika and Mr Raffaele Moz Directors retire by rotation and being eligible offer themselves for re-appointment.

During the year Mr Neelakantan Vedagiri was co-opted as Director by the Board, in pursuance of Article 36(e) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. The said Director vacates the office at the forthcoming Annual General Meeting and is eligible for re-appointment.



## *Regency Ceramics Limited*

Sri P. G. Naidu, Whole Time Director expired on 07.03.99. The Directors place on record their appreciation of services rendered by him during his long association with the Company and for his guidance and support.

Sri. G.N.Naidu whose term of office as Vice Chairman and Managing Director concluded on 8th February, 1999 was re-appointed by the Board for a further period of five years w.e.f. 9th February, 1999 subject to the approval of shareholders.

### **12. AUDITORS**

M/s.K.S.Rao & Co., Chartered Accountants, Hyderabad, the Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

### **13. AUDITORS' REPORT:**

The Auditors comments in the Report are self explanatory.

### **14. ACKNOWLEDGEMENTS:**

Your Directors wish to express their sincere gratitude for the continued co-operation and assistance extended by various departments viz. Government of India, Pondicherry and Government of Andhra Pradesh, Financial Institutions viz. IFCI, IDBI, ICICI, Foreign Collaborators, State Bank of India, South Indian Bank Ltd, PIPDIC, Gas Authority of India Ltd, ONGC and Shareholders of the Company.

Your Directors also appreciate the dedicated and sincere services of the employees.

For and on behalf of the Board

Place : Hyderabad  
Date : 29.07.1999

**DR. V. CHANDRA MOWLI**  
Chairman