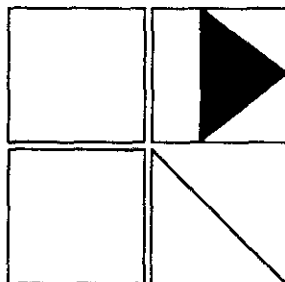


# *Regency Ceramics Limited*

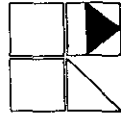
(AN ISO 9002 COMPANY)



## **SIXTEENTH ANNUAL REPORT 1999-2000**

ISO 9002





*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. D.D. GUDSOORKAR	...	DIRECTOR (IDBI NOMINEE)
04.	MR. T.V. CHOWDARY	...	DIRECTOR
05.	MR. G. SRINIVASULU NAIDU	...	DIRECTOR
06.	MRS. G. RADHIKA	...	DIRECTOR
07.	MR. NEELAKANTAN VEDAGIRI	..	DIRECTOR
08.	MR. ROBERTO ZELASCHI (Up to : 25.01.2000)	...	DIRECTOR
09.	MR. RAFFAELE MOZ (Up to : 25.01.2000)	...	DIRECTOR
10.	MR. P. JAYARAJAN (Up to : 29.07.2000)	...	DIRECTOR (PIPDIC NOMINEE)
11.	MR. M. NATARAJAN	...	DIRECTOR (PIPDIC NOMINEE)

**GENERAL MANAGER (FINANCE)**

MR. E. BALAKRISHNA RAO

**AUDITORS**

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

**BANKERS**

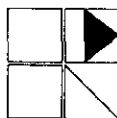
STATE BANK OF INDIA  
THE SOUTH INDIAN BANK LIMITED

**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 Sixteenth Annual General Meeting of the Company will be held on Friday 29th September, 2000 at 11.00 A.M. at Indra Priyadarshini Auditorium, Nampally, Hyderabad - 500001, to transact the following business:

#### **AS ORDINARY BUSINESS:**

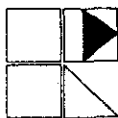
1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To confirm the interim dividend already declared as final Dividend.
3. To appoint a Director in place of Mr. T.V.Chowdary who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. G. Srinivasulu Naidu who retires by rotation and being eligible offers himself for re-appointment.
5. 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 :**

6. To consider and, if thought fit, to pass with or without any modification(s), the following resolution as Ordinary Resolution :  
 "RESOLVED THAT Mr. M. Natarajan who was appointed as PIPDIC Nominee 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.
7. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
 "RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956, and any other provisions as may be applicable, if any, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions, and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company, be and hereby altered in the manner following:  
 Under the heading "Transfer and Transmission of Shares", after Article 17 of the Articles of Association, the following new Articles 17A and 17B be inserted as follows:

#### **"Article 17A : Nomination"**

A holder or joint holder(s) of shares in or debentures (including the Fixed deposit holder under Section 58A of the Companies Act, 1956), of the company may nominate, a person in the prescribed manner to whom the shares and/or the interest of the member in the capital of the company or debentures of the company shall vest in the event of the holder(s) death. Such member may revoke or vary his/her nomination, at any time, by notifying the same to the company to that effect. Such nomination shall be governed by the provisions of Section 109A



## *Regency Ceramics Limited*

and Section 109B of the Act or such other regulations governing the matter from time to time."

### **Article 17B : Dematerialisation of Securities** **Definitions (1)**

"Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996;

"Depositories Act" shall mean the Depositories Act, 1996 including any statutory modification(s) or re-enactment thereof;

"SEBI" means the Securities Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"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 SEBI Act, 1992; and

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

### **Dematerialisation of Securities (2)**

Notwithstanding anything contained in the Articles, the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996;

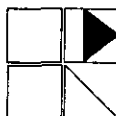
### **Option for Investors (3)**

Every person subscribing to / acquiring 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 securities 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 securities.

### **Securities in Depositories to be in fungible form (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 372A of the Companies Act, 1956 shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owner;



## *Regency Ceramics Limited*

### **Rights of Depositories and Beneficial owners (5)**

- (a) Notwithstanding anything to the contrary contained in the Act or the Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of securities 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 or any other rights 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 rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

### **Service of document (6)**

Notwithstanding anything contained in the Act or the 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 or by delivery of floppies or discs.

### **Transfer of Securities (7)**

Nothing contained in Section 108 of the Act or the 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 the Depository.

### **Allotment of Securities dealt with by a Depository (8)**

Notwithstanding anything in the Act or the Articles, where a Depository deals with securities, the company shall intimate the details thereof to the Depository immediately on allotment of such securities.

### **Distinctive numbers of Securities held in a Depository (9)**

Nothing contained in the Act or the Articles regarding necessity of having distinctive numbers of securities issued by the company shall apply to securities held in a Depository.

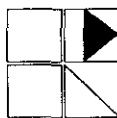
### **Register and Index of Beneficial owners (10)**

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 the Articles.

By Order of the Board  
for **REGENCY CERAMICS LIMITED**

Place: Hyderabad  
Date : 29.07.2000

**G.N.NAIDU**  
Vice Chairman and Managing Director



## Regency Ceramics Limited

### NOTES :

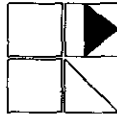
1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF. PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. 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.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 19.09.2000 TO 29.09.2000(BOTH DAYS INCLUSIVE).
4. 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.
5. 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:

S.NO.	NAME OF THE STOCK EXCHANGE	ADDRESS
1.	THE HYDERABAD STOCK EXCHANGE LTD	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  
for **REGENCY CERAMICS LIMITED**

Place: Hyderabad  
Date : 29.07.2000

**G.N.NAIDU**  
Vice Chairman and Managing Director



## *Regency Ceramics Limited*

### **ANNEXURE TO NOTICE**

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

##### **Item No. 6 :**

Pondicherry Industrial Promotion Development and Investment Corporation Limited (PIPDIIC) nominated Mr. M. Natarajan, (General Manager, Admn.) as Director on the Board and accordingly, he was Co-opted as Director at the Meeting held on 29.07.2000. He holds office till the 16th Annual General Meeting where in, he is required to be appointed as Director eligible to retirement by rotation.

Notice was received by the Company in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing Mr. Natarajan's candidature as Director of the Company.

Mr. Natarajan, may be deemed to be interested in the above said resolution.

##### **Item No.7 : NOMINATION**

The Companies (Amendment) Act, 1999 introduced new Sections 109A and 109B providing the holder(s) of security of the company an option to nominate a person to whom the rights of the security holder(s) be vested in the event of the holder(s) death.

##### **DEMATERILISATION OF SECURITIES :**

SEBI's directive dated May 29, 2000 makes it obligatory for the company to admit its securities in both the Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), and establish connectivity before October 30, 2000, to enable dematerialised trading from the said date.

Your Directors felt that the company's equity shares be admitted forthwith, for enormously reducing the time, cost and efforts of the investor and the company and for enabling effective and efficient service and functioning.

At this juncture it is clarified that the above facility for dematerialisation is optional to the shareholders upto October 30, 2000. Thereafter the shares shall be traded only in the demat form. The existing provisions in pursuant of transfers and transmissions in physical form will continue to be in effect upto October 30, 2000.

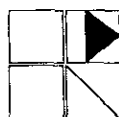
Board has consented to insert Articles 17A and 17B in the Articles of Association of the company, at their meeting held on July 29, 2000 which is subject to the approval of the members of the company. The resolution set out at this Item of the Notice is proposed for approval of the Members of the company in tune with the amendments made under the Companies Act, 1956.

Board recommends you to pass the above resolution. None of the Directors are interested in the above resolution except to the extent of being shareholders of the company.

By Order of the Board  
for **REGENCY CERAMICS LIMITED**

Place : Hyderabad  
Date : 29.07.2000

**G.N. NAIDU**  
Vice Chairman and Managing Director



## Regency Ceramics Limited

### DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report for the Year ended 31st March, 2000 together with audited accounts. The financial results for the year 1999-2000 are briefly given hereunder:

### FINANCIAL RESULTS :

		(Rs.in lacs)	
S.No.	Particulars	1999-2000	1998-99
01.	Turnover	7745	6247
02.	Gross Profit before interest and depreciation	2194	1645
03.	Financing Charges	735	704
04.	Prior Period Adjustments	309	5
05.	Cash Profit	1150	941
06.	Depreciation and Miscellaneous expenses written-off	365	305
07.	Net Profit	785	636
08.	Profit brought forward from previous year	1694	1058
09.	Dividend	163	---
10.	Tax on Corporate dividend	18	---
11.	Transfer to General Reserve	20	---
12.	Balance carried to Balance Sheet	2278	1694

### 01. PRODUCTION :

Your Company has produced 47.39 lakh sqmts of Ceramic Tiles during the year 1999-2000 as against 34.78 lacs sqmts in the previous year recording an increase of 36% over previous year. Your company has completed the expansion from 46000 tonnes to 76000 tonnes per annum and commenced the commercial production from 1st November, 1999. The capacity utilisation during 1999-2000 is 115% taking proportionately the expanded capacity for 5 months.

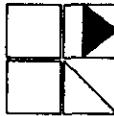
### 02. TURNOVER:

During the year 1999-2000 your company has achieved sales in physical terms to the tune of 46.25 lakh sqmts as against 36.02 lakh sqmts in 1998-99. In financial terms, the turnover which was Rs.62.47 crores in 1998-99 is increased to Rs.77.45 crores in 1999-2000.

### 03. EXPORTS:

Your company has exported 8.25 lakh Sq.mtrs of Ceramic Tiles to different countries of Persian Gulf, Sri Lanka, Mauritius, African Countries like Kenya, Tanzania, Nigeria, Ethiopia. During the year your Company achieved an export turnover of Rs.1075.48 lacs compared to Rs.1061.54 lacs during the previous year.





### *Regency Ceramics Limited*

Your company has been honoured with Certificate of Merit in recognition of Export Achievement during 1998-99 from CAPEXIL, Ministry of Commerce, Government of India and Samman Award 1998-99 from Ministry of Finance, Government of India for the best performance at the zonal level in the category of Exporters-Manufacturer Exporters.

Your company is continuing its efforts in exploring new avenues to export to other parts of the world also.

**04. PROFITABILITY :**

During the year under review, your company made a gross profit of Rs. 2194 lacs as against Rs.1645 lacs in the previous year. The percentage of gross profit to turnover for the year 1999-2000 is 28% as against 26% in the previous year. The company made a net profit of Rs.785 lacs as against Rs. 636 lacs in the previous year, after Prior Year Adjustments.

**05. DIVIDEND :**

Your Directors are happy to inform that an interim dividend of 12% was declared and paid for the year 1999-2000. Your Directors have confirmed that the interim dividend paid above shall be the final dividend for the year 1999-2000. A pay out of Rs. 163.12 lacs was made towards the dividend of 12% on the equity share capital of the company.

**06. CUSTOMS AND EXCISE MATTERS :**

Regarding the payment of Customs duty on capital equipment imported during 1985-86, it has come to the finality by the order of CEGAT, where the departmental appeal is dismissed and now the assessment is to be made by the Collector (Appeals).

**07. CAPITAL EXPENDITURE :**

Your company continues to concentrate on building up its fixed assets in various forms with an intention to reap long term benefits that will result in the increase of the share holders value in the coming years. The net addition made during the year under review amount to Rs. 1997.55 lacs which takes the total gross block to Rs. 8123.06 lacs as at 31.3.2000 against Rs. 6125.51 lacs as on 31.3.1999.

**08. FIXED DEPOSITS :**

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

**09. PAYMENT TO SMALL SCALE INDUSTRIES :**

Your Company is regular in making payments to Small Scale Industries.

**10. 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.