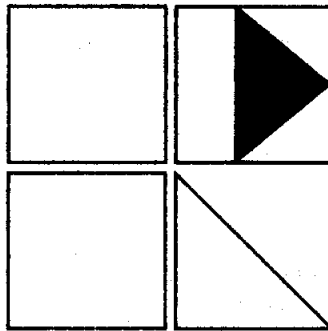


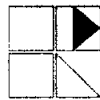
# *Regency Ceramics Limited*

(An ISO 9002 & ISO 14001 Company)



**17th  
Annual Report  
2000-2001**





## 17<sup>th</sup> Annual Report 2000-01

### Board of Directors

01.	Mr. V. Chandramowli, Retd. IAS	.....	Chairman
02.	Mr. G.N. Naidu	.....	Vice Chairman and Managing Director
03.	Mrs. Usha Srinivasan (w.e.f. April 04, 2001)	.....	Director (IDBI Nominee)
04.	Mr. D.D. Gudsoorkar (upto April 03, 2001)	.....	Director (IDBI Nominee)
05.	Mr. T.V. Chowdary	.....	Director
06.	Mr. G. Srinivasulu Naidu	.....	Director
07.	Mrs. G. Radhika	.....	Director
08.	Mr. Neelakantan Vedagiri	.....	Director
09.	Mr. Natarajan M.	.....	Director (PIPDIC Nominee)
10.	Mrs. Bindu G. Naidu (w.e.f. January 27, 2001)	.....	Whole time Director

### General Manager (Finance)

E.Balakrishna Rao

### Company Secretary

Satish Kumar Subudhi

### Auditors

M/s. K.S. Rao & Co.,  
Chartered Accountants  
Hyderabad

### Bankers

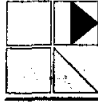
State Bank of India  
The South Indian Bank Limited

### Registered Office

N.N. House  
Chirag Ali Lane  
Hyderabad - 500 001  
Andhra Pradesh

### Factory

Yanam - 533 464  
(Union Territory of Pondicherry)



## Regency Ceramics Limited

### Notice to the Shareholders

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Thursday, the September 27, 2001 at 11.00 A.M., at Indira Priyadarshini Auditorium, Public Garden, Nampally, Hyderabad - 500 001, to transact the following business:

#### Ordinary Business:

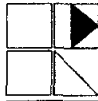
1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2001 and Profit and Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. V. Chandramowli who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Neelakantan Vedagiri who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. K.S.Rao & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### Special Business:

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and / or charging of all or any of the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the Undertaking of the Company and / or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of the Financial Institutions / Banks:

- A. to secure the repayment of term loans availed from the following Financial Institutions/ Banks, aggregating Rs.4350 lacs (Rupees Four thousand three hundred and fifty lacs only) together with interest at the agreed rate, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the Financial Institutions / Banks in terms of Loan Agreements / Letter of Sanction in respect of the said loans.
  - i. Industrial Development Bank of India,
  - ii. ICICI Ltd.
  - iii. IIBI Ltd.
  - iv. UTI Bank Ltd. &
  - v. The South Indian Bank Ltd.



## 17<sup>th</sup> Annual Report 2000-01

- B. to authorise the Board of Directors of the Company agreeing with the aforesaid Financial Institutions / Banks in terms of the Loan agreements / Letter of Sanction to reserve the right to take over the management of the Company in certain events.

RESOLVED FURTHER THAT the mortgage / charges created / to be created and / or all agreements / documents executed / to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT the Company hereby accords its consent and approval under Section 314(1) and other applicable provisions (if any) of the Companies Act, 1956 to Smt. Bindu G. Naidu a relative of Mr. G. N. Naidu, Vice Chairman & Managing Director of the Company to hold an office or place of profit of the Company with effect from 18.09.2000 on the following terms :

- Basic Salary : Rs.15,000/- p.m.
- Dearness Allowance at the rate of Rs.1,000/- p.m.
- Books and periodicals at the rate of Rs.1,000/- p.m
- Contribution to provident fund and superannuation funds as per the rules of the Company.

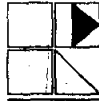
- e. Other benefits as per the rules of the Company."

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

"RESOLVED THAT Smt. Bindu G. Naidu, who was appointed as an additional Director of the Company by the Board of Directors at its meeting held on January 27, 2001, holds office until the conclusion of this Annual General Meeting, as per Section 260 of the Companies Act, 1956 and in respect of whom, the Company has (pursuant to Section 257 of the Companies Act, 1956) received a notice in writing proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Special Resolution:

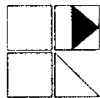
"RESOLVED THAT pursuant to Sections 198, 267, 309, 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and further subject to any other approval that may be necessary, approval of the Company be and is hereby accorded to the appointment and remuneration of Smt. Bindu G. Naidu as Whole Time Director of the company for a period of three years , with effect from 27.01.2001 on the following terms of remuneration.



## Regency Ceramics Limited

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>i. Salary in the scale of Rs. 15000-3000-21000 p.m.</li> <li>ii. House Rent Allowance not exceeding Rs.10,000/- p.m.</li> <li>iii. Servant Allowance not exceeding Rs.5,000/- p.m.</li> <li>iv. Books and Periodicals not exceeding Rs.2,000/- p.m.</li> <li>v. Provision of car with driver for use on Company's business.</li> <li>vi. Reimbursement of telephone expenses at residence.</li> <li>vii. Company's contribution towards PF as per Company's rules.</li> <li>viii. Payment of Gratuity as per Company's rules.</li> <li>ix. Encashment of leave as per Company's rules.</li> <li>x. Mediclaim insurance and other personal insurance applicable to the employees of the Company as per Company's rules.</li> </ul> | <ul style="list-style-type: none"> <li>xi. The Whole Time Director shall not be entitled to any sitting fees for attending the Board/ Committee Meetings.</li> </ul> <p>RESOLVED FURTHER THAT in the event of inadequacy or absence of profit in any financial year, the Company shall pay Smt. Bindu G. Naidu, in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to and within the limits prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956, as existing or as modified or re-enacted from time to time."</p> <p style="text-align: right;">By Order of the Board<br/>for Regency Ceramics Limited</p> <p style="text-align: right;">Satish Kumar Subudhi<br/>Company Secretary</p> <p>Place: Hyderabad<br/>Date : 23.07.2001</p> |
|--|---|

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17<sup>th</sup> Annual Report 2000–01

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 18.09.2001 TO 27.09.2001 (BOTH DAYS INCLUSIVE).

4. MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY ANY CHANGE IN THEIR ADDRESS AND THE DETAILS OF THEIR BANK ACCOUNT IN THE PROFORMA ANNEXED TO THIS ANNUAL REPORT TO THE COMPANY'S REGISTERED OFFICE AT 5-8-356, N.N. HOUSE, CHIRAG ALI LANE, HYDERABAD - 500 001.

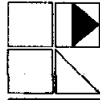
5. YOUR COMPANY'S SECURITIES ARE LISTED AT THE FOLLOWING STOCK EXCHANGES AND THE COMPANY IS REGULAR IN PAYING THE ANNUAL LISTING FEE TO THE STOCK EXCHANGES.

S.NO.	NAME OF THE STOCK EXCHANGE	ADDRESS
1.	THE HYDERABAD STOCK EXCHANGE LIMITED	3-6-275, HIMAYATHNAGAR HYDERABAD - 500 029
2.	THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED	EXCHANGE PLAZA, 5TH FLOOR, PLOT NO. C/1, G BLOCK, BANDRA - KURLA COMPLEX BANDRA EAST MUMBAI - 400 051
3.	THE STOCK EXCHANGE, 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

SATISH KUMAR SUBUDHI  
COMPANY SECRETARY





## Regency Ceramics Limited

### Annexure to Notice :

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

##### ITEM NO.6

The Company has undertaken an expansion cum modernisation project at a total cost of Rs. 63 crores.

In this regard, the Financial Institutions/ Banks have sanctioned the eligible Rupee term loans subject to mortgaging and / or charging of all the immovable and movable properties of the Company wheresoever situate, present and future, to secure the repayment of the said loans.

The provisions of Section 293(1)(a) of the Companies Act, 1956 require the approval of Members of the Company for mortgaging and / or creating charge on its properties. The Members are requested to approve and ratify the charges created in favour of Financial Institutions / Banks.

None of the Directors of the Company except Smt. Usha Srinivasan, who is a nominee of IDBI on the Board of the Company, may be deemed to be concerned or interested in the resolution.

##### ITEM NOS. 7, 8 & 9 :

Under Section 314(1) of the Companies Act, 1956, a special resolution is required for enabling any relative of a Director of the Company holding office or place of profit under your Company. Smt. Bindu G. Naidu, who joined your Company's services on 18.09.2000 on a monthly salary of Rs. 15,000/- p.m with usual benefits / perquisites, is relative of Mr. G. N. Naidu, Vice Chairman & Managing Director of the Company. Accordingly, in terms of Section 314(1) of the Act, the members are requested to grant their consent to Smt. Bindu G. Naidu holding the office or place of profit under your Company on the terms and conditions set out in the aforesaid resolution.

Smt. Bindu G. Naidu was appointed as Additional Director of the Company with

effect from January 27, 2001. As per the provisions of Section 260 of the Companies Act, 1956, Smt. Bindu G. Naidu holds office upto the date of this Annual General Meeting. The Company has received a notice in writing pursuant to provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member proposing Smt. Bindu G. Naidu as Director, liable to retire by rotation.

Smt. Bindu G. Naidu was appointed as Whole Time Director of the Company for a period of three years with effect from January 27, 2001, in terms of provisions of the Companies Act, 1956.

Smt. Bindu G. Naidu is a Graduate from Osmania University, A.P and acquired MBA qualification with specialisation in Finance from P.S.G Institute of Management, Coimbatore. Her sharp intellect, key insight and logical analysis of various issues have provided most valuable inputs in improving the activities of the Company. She has been actively participating in setting up of the expansion cum modernisation project. In recognition of her commitment and inputs for the expansion cum modernisation project, she was appointed as a Whole-Time Director on the Board of the Company.

The Board commends these resolutions for your approval.

None of the Directors except Mr. G. N. Naidu, Smt. G. Radhika and Smt. Bindu G. Naidu deemed to be concerned or interested in the said resolutions.

By Order of the Board  
for Regency Ceramics Limited

Satish Kumar Subudhi  
Company Secretary

Place : Hyderabad  
Date: 23.07.2001



## 17<sup>th</sup> Annual Report 2000-01

### Directors' Report

To  
The Members,

Your Directors have pleasure in presenting to you the 17<sup>th</sup> Annual Report with the Audited Accounts of the Company for the year ended March 31, 2001.

#### FINANCIAL RESULTS:

The financial highlights of performance are as follows:

		(Rs. in lacs)	
S.No.	Particulars	2000-2001	1999-2000
01.	Turnover	10616	7745
02.	Gross Profit before interest and depreciation	2551	2194
03.	Financing Charges	723	735
04.	Prior Period Adjustments	19	309
05.	Cash Profit	1809	1150
06.	Depreciation and Miscellaneous expenses written-off	471	365
07.	Net Profit before tax	1338	785
08.	Income tax	275	--
09.	Dividend	163	163
10.	Tax on Corporate dividend	17	18
11.	Transfer to General Reserve	60	20
12.	Balance carried to Balance Sheet	3102	2278

#### PRODUCTION:

Your Company produced 63.31 lakhs sqmts of Ceramic Tiles during the year 2000-01 as against 47.39 lacs sqmts in the previous year recording an increase of 34%. The capacity utilisation was 110%. The Company has added balancing equipment costing Rs 188.64 lakhs using its internal accruals, which resulted in the enhancement of the installed capacity from 76000 MT to 90000 MT.

#### OPERATIONS:

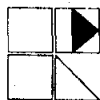
During the year ended March 31, 2001, your company recorded a turnover of Rs.10616 lakhs and a net profit after tax of Rs.1063 lakhs against Rs.7745 lakhs and

Rs. 785 lakhs respectively in the previous year. An increase in profitability has been possible due to the conscious efforts made by the company in controlling costs and by increasing the productivity with the available resources.

The sales in physical terms also increased to 63.86 lakhs sqmts during the year under review against 46.25 lakhs sqmts in 1999-00.

#### EXPORTS:

Your company has exported 11.16 lakhs sqmts of Ceramic Tiles to different countries of Persian Gulf, Africa, Sri Lanka and Mauritius. During the year your company achieved an export turnover of



## Regency Ceramics Limited

Rs.1524 lacs compared to Rs. 1075 lacs in the previous year recording an increase of 42%. Your company's efforts in exploring new avenues to export to other parts of the world yielded results and the company made its maiden shipment to U.S.A.

### ACHIEVEMENTS:

Your Company was the proud recipient of the 'Certificate of Merit' in recognition of Export Achievement during 1999-00 from CAPEXIL, Ministry of Commerce, Government of India. Your company has been placed first in 'Top 10 ICD' list for the maximum number of Export loaded containers handled by Container Corporation of India Ltd., Hyderabad.

### DIVIDEND:

Your Directors are happy to recommend a dividend of 12% for the year 2000-01. If approved by the Shareholders, a pay out of Rs.163.11 lacs, is to be made towards the dividend of 12% (i.e Re.1.20 per equity share of Rs.10/- each) on the equity share capital of the company.

### CAPITAL EXPENDITURE:

The Company concentrates on building up its fixed assets with an intention to reap long term benefits that will increase the share holders value in the coming years. The net addition made during the year under review amount to Rs.757.92 lacs which takes the total gross block to Rs.8880.98 lacs as at 31.3.2001 against Rs. 8123.06 lacs as on 31.3.2000.

### CUSTOMS AND EXCISE MATTERS:

With regard to the dispute for the payment of Customs duty on capital equipment imported during 1985-86, your Company has preferred an appeal to CEGAT against the order passed by the Commissioner(Appeals).

### GROWTH PLANS:

The company has embarked upon a modernisation cum expansion project for its further growth. The implementation of the project is in progress and is expected to be commissioned during the current financial year.

Your directors are confident that the expansion cum modernisation will further enhance the business and profitability in the coming years.

### ENVIRONMENT AND SOCIAL CONCERN:

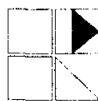
The audit for ISO 14001 was successfully completed and your company was accredited with 'Environmental Management System (EMS)' certification, apart from the certification under ISO 9002 for its consistent quality of products. Continuous efforts are being made to bring down the wastage and to conserve energy.

During the year under review, your company has provided a medical bus with doctors to extend medical facilities to the families and dependents of employees of the Company staying in and around Yanam.

You are all aware of the devastating earthquake that struck the State of Gujarat on January 26, 2001. Your company promptly extended its helping hand by contributing Rs. 1 lakh to the Prime Minister's National Relief Fund supplemented by a voluntary contribution of one day's salary by the employees of the Company. As a part of relief measure, your Company also sent a special bus with a team of doctors, medicines, clothes, food packets etc. to the worst effected area.

### DIRECTORS:

Dr. V. Chandramowli and Mr. Neelakantan Vedagiri, Directors retire



## 17<sup>th</sup> Annual Report 2000-01

by rotation and being eligible, offer themselves for re-appointment.

During the year Smt. Bindu G. Naidu was co-opted by the Board, as a Director and subsequently appointed as a Whole Time Director, in its meeting held on January 27, 2001.

Industrial Development Bank of India (IDBI), has appointed Smt. Usha Srinivasan, AGM, IDBI, Hyderabad as its nominee director on the Board in the place of Mr. D.D. Gudsoorkar, with effect from April 04, 2001. Your Directors place on record their appreciation of Mr. D.D. Gudsoorkar's valuable co-operation and services to the Company and welcome Smt. Usha Srinivasan to the Board.

### DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of annual accounts, the applicable accounting standards have been followed;
- ii) accounting policies were applied consistently and the judgements and estimates made, are reasonable and prudent so as to give a true and fair view of the affairs of the Company as at March 31, 2001, and of the profit or loss of the Company for the period;
- iii) 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 have been taken;
- iv) the annual accounts have been prepared on a going concern basis.

### 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.

### AUDITORS REPORT:

The Auditor's comments in the Report are self-explanatory.

### AUDIT COMMITTEE:

Pursuant to the provisions of newly inserted Section 292A of the Companies Act, 1956, your Company constituted the Audit Committee of the Board of Directors, with the following Directors:

1. Mr. Neelakantan Vedagiri.
2. Dr. V. Chandramowli.
3. Mr. G. N. Naidu.

The committee has reviewed the Accounts of Company for the year ended March 31, 2001.

### FIXED DEPOSITS:

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

### PAYMENT TO SMALL SCALE INDUSTRIES:

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

### DEMATERIALISATION OF SHARES:

Company's equity shares are under compulsory demat trading, by all investors, with effect from October 30, 2000. The shareholders who still hold equity shares in physical form are advised to convert their holdings into electronic form. The Company has signed necessary agreements with the depositories, namely, National Securities Depository Ltd.