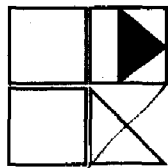


**18TH
ANNUAL REPORT
2001-2002**

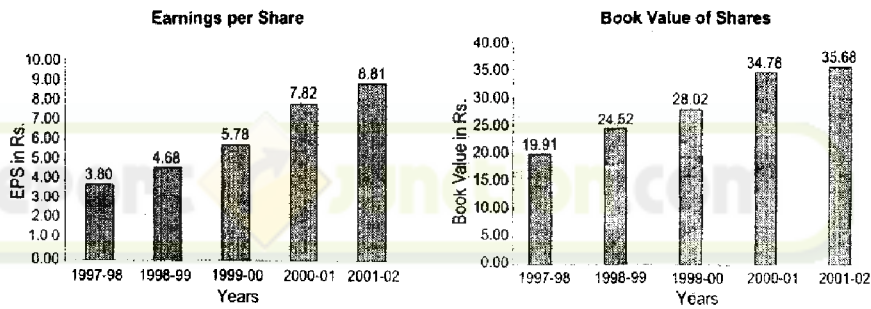
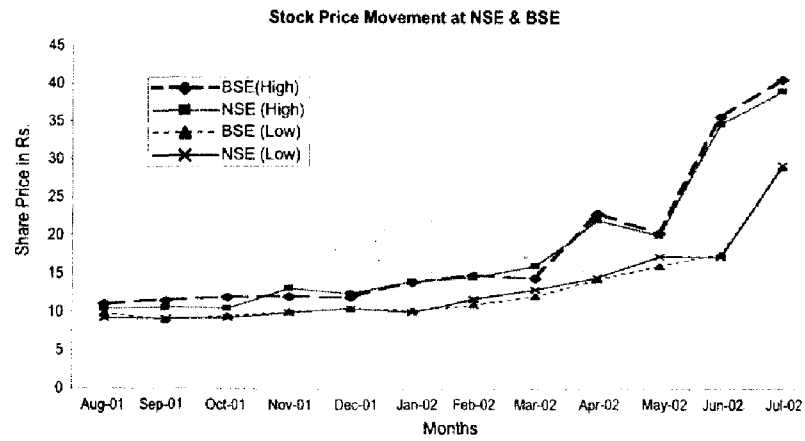
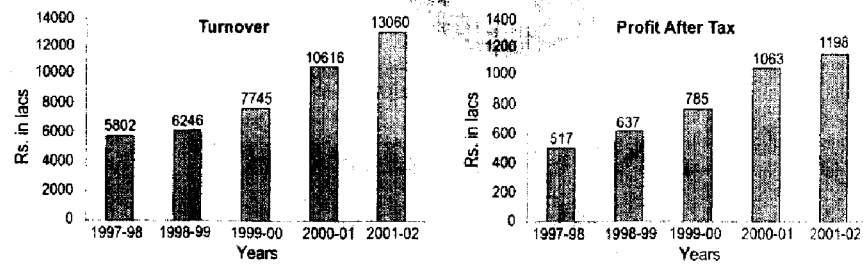


Regency Ceramics Limited

(Recognised Export House by Govt. of India)
(An ISO 9002 & ISO 14001 Company)



Performance at a Glance



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**Board of Directors**

01.	Dr. V.Chandramowli, Retd. I A S	...	Chairman
02.	Sri. G.N.Naidu	...	Vice Chairman and Managing Director
03.	Smt. Bindu G.Naidu	Whole Time Director
04.	Sri. T.V.Chowdary	...	Director
05.	Sri. G.Srinivasulu Naidu	...	Director
06.	Smt. G.Radhika	...	Director
07.	Sri. Neelakantan Vedagiri	...	Director
08.	Sri. M.Natarajan	...	Director (PIPDIC Nominee)
09.	Smt. Usha Srinivasan	...	Director (IDBI Nominee)
10.	Sri. S.V. Jagannath (w.e.f. 06.04.2002)	Director (ICICI Nominee)

General Manager (Finance)

E. Balakrishna Rao

Company Secretary

Satish Kumar Subudhi

Audit Committee

Sri. Neelakantan Vedagiri
Smt. G. Radhika
Dr. V. Chandramowli
Sri. T.V. Chowdary

Investors' Grievance Committee

Dr. V.Chandramowli
Sri. Neelakantan Vedagiri
Sri. G.N.Naidu

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
(Union Territory of Pondicherry)

**Notice to the Shareholders**

Notice is hereby given that the 18th Annual General Meeting of the Company will be held on Friday, the September 27, 2002 at 10.00 a.m. at Indira Priyadarshini Auditorium, Public Gardens, 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, 2002 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 for the financial year 2001-02.
3. To appoint a Director in place of Smt. G. Radhika who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Sri. T.V.Chowdary 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 Sri.S.V.Jagannath, nominated by ICICI Bank Limited, who was inducted as an additional Director on the Board of the Company pursuant to provisions of Section 260 of the Companies Act, 1956, by the Board of Directors at its meeting held on April 06, 2002 and holds office until the conclusion of this Annual General Meeting, and in respect of whom the Company, pursuant to Section 257 of the Companies Act, 1956, has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to Sections 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to any other approvals that may be necessary, approval of the Company be and is hereby accorded to revise the remuneration of Smt. Bindu G. Naidu, Whole Time Director, with effect from 01.04.2002 for the remaining period of her tenure as set out herein below:

- > Basic Pay : Rs. 50,000/- per month
- > Other perks and allowances shall remain the same as before."

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

"RESOLVED THAT pursuant to Sections 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to any other approvals that may be necessary, approval of the Company be and is hereby accorded to the payment of remuneration, to Sri. G.N.Naidu, Vice Chairman and Managing Director, including commission, salary, perks etc. up to a maximum of 5% of the net profits of the respective years with effect from 01.04.2001 for the remaining period of his tenure."

By Order of the Board
for Regency Ceramics Limited

Place : Hyderabad
Date : 29.07.2002

Satish Kumar Subudhi
Company Secretary

**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 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 September 17, 2002 to September 27, 2002 (both days inclusive).**
4. **Members are requested to notify immediately the details of their bank accounts and 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. **The Company has already transferred the unclaimed dividend declared for the financial year 1991-92 to the General Revenue Account of the Central Government as required by the Companies Un-paid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected the dividend for the aforesaid financial year may claim their dividend by writing to the Registrar of Companies, Andhra Pradesh, Kendriya Sadan, Koti, Hyderabad - 500 001.**
6. **Pursuant to the provisions of section 205 A of the Companies Act, 1956 and the amendment thereto, the dividend for the financial year ended 31st March 1996 and there-after, which remain unpaid or unclaimed for a period of 7 years will be transferred to the 'Investors Education and Protection Fund' of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far, with regard to the interim dividend declared for the financial year 1999-00 and the final dividend for the financial year 2000-01, are requested to write to the Company Secretary, Regency Ceramics Limited, N.N. House, Chirag Ali Lane, Abids, Hyderabad - 500 001. Please note that once the unclaimed dividend is transferred to the aforesaid 'Investors Education and Protection Fund' of the Central Government, no claim shall lie in respect thereof.**
7. **The proposed dividend, if declared at the meeting will be made payable after deducting TDS as per the provisions of the Income Tax Act, 1961 on or before 26th October, 2002 in respect of shares held in physical form to those members whose names appear on the register of members of the company after giving effect to all valid transfers lodged with the company on or before the end of business hours of September 16, 2002 and in respect of shares held in electronic form to those "Beneficial Owners" whose names appear in the statement of beneficial ownership furnished by the National Securities Depository Services Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at the end of the business hours on September 16, 2002.**
8. **No Tax will be deducted at source from dividend, in case the shareholder is a resident individual and such dividend does not exceed Rs. 2500/-. Any member who is otherwise entitled to exemption should submit a certificate from Assessing Officer (in Form 15) or a declaration (in Form 15G) in duplicate, to the company by September 17, 2002.**

By Order of the Board
for Regency Ceramics Limited

Place : Hyderabad
Date : 29.07.2002

Satish Kumar Subudhi
Company Secretary

**Annexure to Notice :****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 6**

ICICI Bank Limited nominated Sri. S.V.Jagannath as a Director and accordingly, he was inducted on the Board of the Company under the provisions of Section 260 of the Companies Act, 1956 with effect from April 06, 2002.

In terms of Section 260 of the Companies Act, 1956, Sri.S.V.Jagannath holds office of Director until the conclusion of this Annual General Meeting. The Company has received a notice pursuant to the provisions of Section 257 of the Companies Act, 1956, from a shareholder along with the requisite deposit proposing his candidature to the Office of Director.

Your Directors commend the resolution for your approval.

None of the Directors except Sri. S.V.Jagannath is deemed to be interested in the above said resolution.

Item No. 7

The members of the Company at the Annual General Meeting held on 27th September, 2001 approved the appointment of Smt. Bindu G. Naidu as Whole Time Director and the payment of remuneration set out therein. In view of the onerous responsibility shouldered by her and the prevalent remuneration levels of managerial personnel in the country, a revision in the remuneration of the Whole Time Director is proposed.

The revised pay and allowances proposed to be paid w.e.f. 01.04.2002 to Smt. Bindu G.Naidu, Whole Time Director till the end of her tenure are set out hereunder:

➤ Pay

Pay scale has been revised from existing salary scale of Rs. 15000-3000-21000 p.m. to a consolidated pay of Rs. 50,000/- per month.

➤ Other Perks

Other perks shall remain the same as before which are as follows:

- i. House Rent Allowance not exceeding Rs.10,000/- p.m.
- ii. Any Other Allowance not exceeding Rs.5,000/- p.m.
- iii. Books and Periodicals not exceeding Rs.2,000/- p.m
- iv. Provision of Car with driver for use on company's business.
- v. Reimbursement of telephone expenses at residence.
- vi. Company's contribution towards PF as per company's rules.
- vii. Payment of Gratuity as per company's rules.
- viii. Encashment of leaves as per Company's rules.
- ix. Mediclaim insurance and other personal insurance applicable to the employees of the company as per company's rules.
- x. The Whole Time Director shall not be entitled to any sitting fees for attending the Board/Committee Meetings.

The Board commends the resolution for your approval.

The aforesaid abstract(s) of terms of remuneration may be treated as the Memorandum issued pursuant to Section 302 of the Companies Act, 1956.

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

**Item No. 8**

The shareholders at the Annual General Meeting held on 30th September, 1999 approved the re-appointment of Sri. G.N.Naidu, Vice Chairman and Managing Director for a further period of 5 years and the payment of remuneration setout therein.

His leadership, continuous efforts and endeavour to place the Company on the niche position in the Ceramic Industry in India, is yielding results, that may be depicted from the financial performance of the Company. The Company has been able to sustain in the depressed economic scenario and able to maintain the increase in turnover and profitability with his continued excellence and dedication. It may be worth noted, the onerous responsibility shouldered by him in the wake of day-to-day increased activities of the Company.

Pursuant to Section 309 and other applicable provisions of the Companies Act, 1956, the total remuneration (including salary, commission, perks etc.) payable to all managerial personnel, shall not exceed 10% of the net profits of the Company, where the Company has more than one managerial personnel.

Considering the notable contribution of Sri. G.N.Naidu, Vice Chairman and Managing Director of the company, the Directors at their meeting held on July 29, 2002 approved the payment of remuneration including commission, salary, perks etc. up to a maximum of 5% of the net profits of the respective years with effect from 01.04.2001 for the remaining period of his tenure, subject to approval of Financial Institutions/Banks and shareholders.

The aforesaid particulars with regard to remuneration may be treated as the Memorandum issued pursuant to Section 302 of the Companies Act, 1956.

Your Directors commend the resolution for your approval.

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

By Order of the Board
for **Regency Ceramics Limited**

Place : Hyderabad
Date : 29.07.2002

Satish Kumar Subudhi
Company Secretary

Report  Junction.com



Additional information on Directors recommended for appointment / seeking re-election at the ensuing Annual General Meeting :

G. Radhika aged about 34 years is a B.Com graduate from Osmania University and has the distinction of bagging the gold medal in MBA (Finance & Marketing) from T.A.Pai Management Institute, Manipal. She worked as Marketing Analyst in Regency Ceramics Limited in the year 1992 for a period of one year and has been associated with the Company since 1997 as a Director. Her expertise in the field of Marketing and key insight has proved instrumental to the growth of the business of the Company. At present she holds directorships in M/s. Regency Merchant Banking Limited, M/s. Regency Rare Minerals and Chemicals Ltd and M/s. iSpace Software Technologies Limited. She is also a member of the Audit Committee.

T.V.Chowdary aged about 59 years, was associated with the Company since its inception. He is an Engineering Graduate in Mining and holds a Master Degree in Business Administration (MBA). He worked as Managing Director of M/s. A.P. Rural Irrigation Corporation, and Chaired Non-conventional Energy Development Corporation of A.P and presently he is Director in M/s. Divyasakthi Granites Limited, Hyderabad and M/s. Trimex Industries Limited, Chennai. His diversified knowledge and noteworthy experience of 30 years in various fields has proved handy to the Company in its difficult times. He is one of the key persons in nurturing the Company from its childhood to this adult stage. In addition to above Directorships he is also a member of Audit Committee.

S.V.Jagannath, aged about 34 years is a Graduate in Engineering (Locomotive Engineering) and also holds a Post Graduate Diploma in Management. He was inducted as Nominee Director of ICICI Bank Limited on the Board of the company. He is associated with ICICI Bank Limited for the past 8 years and holds Directorships in M/s.Suryavanshi Spinning Mills Limited, M/s. Synergies – Dooray Automotive Limited and M/s. Sanghi Spinners India Limited.

By Order of the Board
for **Regency Ceramics Limited**

Place : Hyderabad
Date : 29.07.2002

Satish Kumar Subudhi
Company Secretary

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**Report of the Directors to the Shareholders :**

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2002.

Financial Results:

The financial results for the year under review along with the comparative figures for the previous year are as follows:

		(Rs. in lacs)	
S.No.	Particulars	2001-02	2000-01
01.	Turnover	13060	10616
02.	Gross Profit before interest and depreciation	3578	2551
03.	Finance Charges	899	723
04.	Prior Period Adjustments	01	19
05.	Cash Profit	2678	1809
06.	Depreciation and Miscellaneous expenses written-off	684	471
07.	Net Profit before tax	1994	1338
08.	Income tax	797	275
09.	Dividend	204	163
10.	Tax on Corporate dividend	—	17
11.	Transfer to General Reserve	100	60
12.	Balance carried to Balance Sheet	3092	3102

Operations/Performance:

The overall performance of your company during this year has been satisfactory particularly in the context of recessionary trend. During the year under review, your company has successfully completed the modernisation and expansion project for its further growth and commenced the commercial production with effect from 24.09.2001. Your directors are confident that the expanded capacity will enhance the growth prospects for the current year.

It is a matter of immense satisfaction to your Directors to place before you the Company's highest ever performance since inception. Your Company's turnover in financial terms for the year under review has increased by 23% and the profit before tax by 49%. Such increase in profit is made possible with increase in productivity and reduction in costs. The Company utilized its existing and enhanced capacity after expansion during the year under review and produced 79.97 lacs Sqmts. of ceramic tiles as against 63.31 lacs Sqmts. during the previous year.

Exports:

Your company recorded an export turnover of Rs. 2577.53 lacs as against Rs.1524.39 lacs during the previous year representing an increase of 69%. The increase in the export turnover stands testimony to international quality of the Company's products.

Achievements:

In recognition of its excellent export performance, your company has been accredited with the status of 'Export House'. Your Company continued to receive the 'Certificate of Merit' award since 1998-99 from CAPEXIL, Ministry of Commerce, Government of India for its export performance and is among the Top in the ICD list for the maximum number of Export containers handled by Container Corporation of India Ltd., Hyderabad.