



Regency Ceramics Limited

FORM B

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	REGENCY CERAMICS LIMITED
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	Partly appeared first time and partly since previous year
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Qualifications : Page No.27 to 31 of Annual Report Management's response : Page No.9 to 12 and Page No.36 to 45 of Annual Report.
6.	Additional comments from the board/audit committee chair:	The plant was destroyed on 27.01.2012 and President (Operations) of the Company was killed. Plant under lock-out since then and no production. Hence Audit Qualifications

Signed by

For REGENCY CERAMICS LIMITED

Dr G N Naidu
Chairman and Managing Director

E. Balakrishna Rao
President (Finance)

B. Surendra
Audit Committee Chairman

For Brahmayya & Co
Chartered Accountants
Firm Registration No.000513S

K S Rao
Partner
Membership No.015850



25
Years of
Fine Living
tiles in India
Largest exporter of

Regency Ceramics Limited
Regd Office : 5-8-356, N.N. House, Chirag Ali Lane, Abids, Hyderabad- 500 001, A.P., INDIA
Phone : +91-40-23204555, Fax: +91-40-23201159, E-mail : info@regencytiles.com, Website: www.regencytiles.com
Factory : Yanam-533 464, Phone:+91-884 2321 001/002/501/502, Fax: +91-884 2321200, Email : rcliyanam@regencytiles.com



Regency Ceramics Limited

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Signed by

For REGENCY CERAMICS LIMITED

Dr G N Naidu

Chairman and Managing Director

Encl : Annual Report 2013-14



Regency Ceramics Limited

Regd Office : 5-8-356, N.N. House, Chirag Ali Lane, Abids, Hyderabad- 500 001, A.P., INDIA

Phone : +91-40-23204555, Fax: +91-40-23201159, E-mail : info@regencytiles.com, Website: www.regencytiles.com

Factory : Yanam-533 464, Phone:+91-884 2321 001/002/501/502, Fax: +91-884 2321200, Email : rclyanam@regencytiles.com

BOARD OF DIRECTORS

1. Dr G.N.Naidu	... Chairman and Managing Director
2. Dr M.V.G. Rao	... Director
3. Sri P.J.V. Sarma	... Director (upto 12.02.2014)
4. Sri G. Sreenivasulu Naidu	... Director
5. Smt Bindu G. Naidu	... Director (upto 12.02.2014)
6. Sri T. Ramesh Chandra Bose	... Director (upto 12.02.2014)
7. Sri N. Satyendra Prasad	... Executive Director
8. Sri B.Surendra	... Additional Director (w.e.f. 12.02.2014)
9. Sri D.Chandra Sekhar Babu	... Additional Director (w.e.f. 12.02.2014)

President (International Operations)	: Dr S.V. Ramprasad
President (Finance)	: Sri E. Balakrishna Rao

Audit Committee

Sri P.J.V. Sarma (up to 12.02.2014)
Dr M.V.G. Rao
Sri T. Ramesh Chandra Bose (up to 12.02.2014)
Sri B. Surendra (w.e.f. 12.02.2014)
Sri D.Chandra Sekhar Babu (w.e.f. 12.02.2014)

Investors' Grievance Committee

Sri P.J.V. Sarma (up to 12.02.2014)
Dr G.N. Naidu
Sri B. Surendra (w.e.f. 12.02.2014)

Bankers

State Bank of India
The South Indian Bank Ltd
Corporation Bank
State Bank of Travancore
State Bank of Bikaner & Jaipur

Remuneration Committee

Dr M.V.G.Rao
Sri P.J.V. Sarma (up to 12.02.2014)
Sri T. Ramesh Chandra Bose (up to 12.02.2014)
Sri B. Surendra (w.e.f. 12.02.2014)

Statutory Auditors

M/s Brahmayya & Co.,
Chartered Accountants
Hyderabad

Registered Office

5-8-356, N N House, Chirag Ali Lane
Abids, Hyderabad - 500001
Ph: +91-40-23204555
Fax: +91-40-23201159

Internal Auditors

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

Factory

Yanam – 533464
(Union Territory of Puducherry)

Company's Website: www.regencytiles.com

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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 30th Annual General Meeting of the Company will be held on Tuesday, the September 30, 2014 at 11.00 a.m. at Registered Office: N. N. House, Chirag Ali Lane, Abids, Hyderabad - 500 001, to transact the following business:

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as on 31st March 2014 and statement of Profit and Loss 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 Dr G N Naidu, (DIN:00105597) who retires by rotation and being eligible, offers himself, for reappointment.
3. To appoint M/s Brahmayya & Co., Chartered Accountants, (Registration No.000513S) Hyderabad as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

Special business:

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

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement, Dr M V G Rao, (DIN:00012704) whose office is liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to 29th September 2019.”

5. ***To consider and if thought fit, to pass, with or without modification (s), the following resolution as an ordinary resolution***

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement with stock exchanges, Sri B.Surendra (DIN:06831152) and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company with effect from 12th February, 2014 to hold office for 5 (Five) consecutive years for a term up to 11th February 2019.”

6. ***To consider and if thought fit, to pass, with or without modification (s), the following resolution as an ordinary resolution***

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory



modification(s) or re-enactment thereof for the time being in force) and Clause 49 of Listing Agreement with stock exchanges, Sri D. Chandra Sekhar Babu (DIN:06831136) in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to 11th February 2019.”

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 the provisions of section 196, 197, 203 and 152 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Companies (appointment and remuneration of Managerial personnel) rules, 2014 as may be amended from time to time (including any statutory modifications or re-enactment there of, for the time being in force) and subject to approval of shareholders, the financial institutions/banks in terms of the loan agreements and such other approvals that may be necessary, the consent of the Board of Directors be and is hereby accorded to the reappointment of Dr.G.N.Naidu, (DIN:00105597) as Chairman and Managing Director, for a period of five years with effect from February 09, 2014 on the following terms and conditions as recommended by the Remuneration Committee, which are reproduced below:

Salary and Perquisites: Salary: Rs. 85,000/- (Rupees eighty five thousand only) per month.

(Dr. G N Naidu, Chairman and Managing Director is not taking salary and perquisites from 1st April, 2012 since company has no operations on account of devastating incident occurred on 27.01.2012 and voluntarily decided not to take any salary and Perquisites till the operations of the Company are commenced)

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.

Category A

- i. The expenditure incurred for gas, electricity, water and furnishings shall be reimbursed subject to a ceiling of 10% of the Salary.
- ii. 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.
- iii. Leave Travel Concession:
For self and family once in a year in accordance with the rules specified by the Company.
- iv. Club Fees:
Club fees subject to a maximum of two clubs. This will not include admission and life membership fees.
- v. Personal Accident Insurance.



Category B

- i. Company's contribution towards Provident fund subject to a ceiling of 10% of salary.
- ii. Gratuity payable in accordance with an approved scheme, subject to provisions of applicable rules and regulations.

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 Chairman and Managing Director.
- iii. The Chairman and Managing Director shall not be entitled to any sitting fees for attending the Board/Committee Meetings.

Category D

Commission out of profits of the Company up to a maximum ceiling as defined under section 197 and other applicable provisions, if any, read with schedule V of the Companies Act, 2013."

"**RESOLVED FURTHER THAT** in the event of inadequacy or absence of profits in any financial year, during the tenure of Chairman and Managing Director, Salary, allowances, perquisites, commission and other benefits subject to and within the limits prescribed in Schedule V of the Companies Act, 2013, as existing or as modified or re-enacted from time to time, is payable."

By order of the Board
For **Regency Ceramics Limited**

Place : Hyderabad
Date : 30.05.2014

Dr G N Naidu
Chairman and Managing Director

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 him / her. 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 the commencement of the meeting.**
2. An Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013 relating to items of Special Business to be transacted at the meeting is annexed hereto
3. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in. Members holding shares in D-mat form shall write their Client ID and DP ID No. and those holding in Physical form to write their Folio No. in the attendance slip 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 September 23, 2014 to September 30, 2014 (both days inclusive).
5. Members seeking any information with regard to accounts for the financial year ended 31st March 2014 may send their queries to the company at least 10 days before the meeting, in order to enable the Management to keep the information ready at the Meeting.
6. In case there is any correction/change in your address registered with us, we request you to communicate the same to us/Company's R & T Agent, whose address is given elsewhere in this Annual Report.
7. 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. Shareholders who have 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.
8. The Company has transferred to the 'Investors Education and Protection Fund' the unpaid / unclaimed dividend declared as interim dividend / dividend for the financial year 1999-2000 in June, 2007, for the financial year 2000-01 in October 2008, for the financial year 2001-02 in October 2009, for financial year 2002-03 in November 2010 and for financial year 2003-04 in October 2011. 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.
9. Your company's securities are listed with The Stock Exchange, Mumbai (BSE) and The National Stock Exchange Limited, Mumbai (NSE). The company is regular in paying the annual listing fee to the said Stock Exchanges.
10. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
11. Brief resume of Dr G N Naidu, the director seeking reappointment in the ensuing Annual General Meeting is given in Item No.7 of Explanatory Statement.

By order of the Board
For **Regency Ceramics Limited**

Place : Hyderabad
Date : 30.05.2014

Dr G N Naidu
Chairman and Managing Director



Explanatory statement pursuant to section 102(1) of the Companies Act, 2013

Item No.4:

Dr M V G Rao' s period of office as a director is liable to determination by retirement of directors by rotation under erstwhile applicable provisions of the Companies Act 1956. In terms of section 149 and other applicable provisions of the Companies Act 2013 and clause 49 (as amended) of the listing agreement, Dr M V G Rao being eligible and offering himself for appointment, is proposed to be appointed as an independent director for five consecutive years for a term upto 29th September 2019. A notice under section 160 of the Companies Act 2013 has been received from a member proposing Dr M V G Rao as a candidate for the office of director of the Company.

As per the said Section 149 of the Act, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from him that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

In the opinion of the Board, he fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. He is independent of the management.

Dr M V G Rao, aged about 73 years is possessing B.Sc (Hons.) degree in Chemical Engineering from the Andhra University and PG degree in Pulp and Paper Technology from the Forest Research Institute, Dehradun. He has received advanced training in Rayon Grade Pulping and has been conferred with 'Honoris Causa' by Rohilkhand University, Bareilly in recognition of his signal services towards promotion of closer Industry - Academic Institute ties.

He had worked in senior management positions at M/s South India Viscose Ltd. in Coimbatore and M/s Andhra Pradesh Rayons Limited in Warangal District of Andhra Pradesh State. Dr.M V G Rao spearheaded the successful erection, commissioning and operations of M/s Tamilnadu Newsprint and Papers Limited at Pugalur in Tamilnadu. Dr.Rao's efforts in achieving the spectacular turnaround of M/s.AP Paper Mills Ltd., as its Managing Director in just two years have won him accolades from all over. Dr. Rao was the Chairman of M/s.Vera Laboratories Ltd, Vizianagaram District and is also founder Director of its formulation arm M/s.Vera Pharma Ltd. His rich and wide corporate experience in various fields shall certainly help the company, towards providing various valuable inputs for deliberations of the Board and in improving the overall growth of the company. Presently he is occupying the position of a "Director" in companies such as Nava Bharat Ventures Ltd, Nava Bharat Energy India Ltd, Nava Bharat Sugar and Bio Fuels Limited, V.V.V.Infrastructure Private Limited, Brahmani Infratech Pvt Limited, Regma Ceramics Ltd and also chairs the meetings of Vamshadhara Paper Mills Ltd.

The terms and conditions of appointment of Dr. M V G Rao as an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.



Save and except Dr. M V G Rao and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

Item No.5

The Board of Directors at their meeting held on 12th February 2014 has appointed Sri B.Surendra as an Additional Director of the Company. As per Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956), the above said Additional Director holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing him as a candidate for the office of Director of the Company.

Sri B.Surendra is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. As per the said Section 149 of the Act, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from him that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

In the opinion of the Board, he fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. He is independent of the management.

Sri B. Surendra, aged about 43 years, holds B.A, P.G.M.A (Public Administration) and M.Phil qualifications. He acquired graduation from S.V.University, Tirupathi and professional qualification from the Central University, Hyderabad. The Research work on agricultural crisis and the state responsibility been undertaken by Sri B.Surendra is in progress. He has performed research in power sector reforms during the year 1995. Sri Surendra served the IT industry in Chennai for two years and contributed to the software development. Micro Soft awarded a certificate “Certified Solution Developer” during 1999 to Sri B. Surendra.

The terms and conditions of appointment of Sri B.Surendra as an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Save and except Sri B.Surendra and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.



Item no. 6

The Board of Directors at their meeting held on 12th February 2014 has appointed Sri D. Chandra Sekhar Babu as an Additional Director of the Company. As per Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956), the above said Additional Director holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing him as a candidate for the office of Director of the Company.

Sri D. Chandra Sekhar Babu is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. As per the said Section 149 of the Act, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from him that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

In the opinion of the Board, he fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. He is independent of the management.

Sri D. Chandra Sekhar Babu, aged about 60 years, is in the business for the past 40 years and was involved in different activities such as oil mills, poultry and ceramic tiles. He has developed various designs and patterns in the ceramic floor and wall tiles segment. He has contributed in changing the life style of the people in the state of Andhra Pradesh from using traditional flooring material in to ceramic floor tiles. He has been one of the strong pillars for the development and growth of ceramic industry in the state of Andhra Pradesh and particularly for the company.

The terms and conditions of appointment of Sri D. Chandra Sekhar Babu as an Independent Director shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Save and except Sri D. Chandra Sekhar Babu and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

Item No.7

Dr. G.N. Naidu is a born leader and the visionary behind Regency. He has chartered the company all through its 30 years of journey. Under his leadership, the company has grown exponentially and has achieved different recognitions and received many awards. His entrepreneurial skills have led to the establishment of one of the biggest architectural and structural consultancy company in Hyderabad called as NN Associates. In 1983, he has promoted Regency Ceramics Ltd, a pioneer in single fast fired ceramic tiles.



Regency is one of the major producers of Ceramic Tiles in the country. Dr.G.N.Naidu was the recipient of the Pride of India Gold Medal in 1991 for his distinguished and outstanding services. Burkes University (UK) has conferred on him the honorary degree of Doctor Philosophy in Business Management in 2003. He is also the recipient of the Bharat Ratna Sir Mokshagundam Visvesvaraya Award for his outstanding contribution in the field of engineering in 2006.

The shareholders at the 24th Annual General Meeting held on 27th September, 2008 approved the re-appointment of Dr. G.N.Naidu, Chairman and Managing Director for a further period of 5 years with effect from 09.02.2009 on the payment of remuneration set out therein.

Further, the Shareholders in their 27th Annual General Meeting held on 29.09.2011 accorded their approval for continuation of the tenure of Dr G N Naidu, Chairman and Managing Director, after the attainment of age of 70 years on existing terms and conditions. However, Dr. G N Naidu, Chairman and Managing Director is not taking salary and perquisites from 1st April, 2012 since company has no operations on account of devastating incident occurred on 27.01.2012 and voluntarily decided not to take any salary and Perquisites till the operations of the Company are commenced.

The Company under the leadership of Dr. G. N. Naidu, achieved a key position as one of the leading brands in Ceramic Tiles Industry and also one of the largest tiles manufacturing unit in the country. With his able guidance, the Company's brand got Brand recognition in the International market and the Company has been a continuous recipient of "Export House" status from Government of India.

As a Chairman and Managing Director, he is responsible for the day-to-day management of the Company and assisted by Executive Director, Senior Executives. He is working under the superintendence and control of the Board of Directors.

Considering the notable contribution of the Chairman and Managing Director, Your Directors commend the resolution for your approval.

Except Dr.G.N.Naidu, Sri G.Sreenivasulu Naidu and Sri N Satyendra Prasad and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, in the resolution set out at Item No. 7 of the Notice.

By order of the Board
For Regency Ceramics Limited

Place : Hyderabad
Date : 30.05.2014

Dr G N Naidu
Chairman and Managing Director



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors hereby present their 30th Annual Report along with the Audited Accounts of the company for the financial year ended 31st March 2014.

Financial Results:

		Rs in lakhs	
Sl.No.	Particulars	2013.14	2012-13
1	Turnover	3	607
2	Gross profit before interest and Depreciation	70	(919)
3	Finance charges	249	187
4	Depreciation	931	942
5	Net loss before tax	(1110)	(2048)
6	Income tax	-	-
7	Net Loss after tax	(1110)	(2048)
8	Balance carried to balance sheet	(8114)	(7004)

Review of Operations:

Your company declared lock out of its plant at Yanam with effect from 31.01.2012 after the devastating incident occurred on 27.01.2012. Since then, there is no production in the plant.

During the year under review, your Company sold the left out stocks available in the depot. The sales in financial terms from own operations were Rs. 3 lakhs (previous year Rs. 607 lakhs).

Your Company could not continue trading activity as the marketing staff left the organisation and dealers shifted to other competitors.

Dividend :

Your Directors express their inability to recommend any dividend for the year under review due to insufficient disposable income.

Insurance settlements:

Your Company obtained estimates from refurbishing technical experts for carrying out repairs/replacement of the damaged equipments, put back the plant into operation and lodged the claim with the Insurance Company for settlement. Your company has also requested the insurance company for release of on-account payment to support the finances required for carrying out such repairs/replacement and is awaiting response from them.

Labour settlements:

Some of the employees decided to leave the company and submitted their resignations and your company paid full and final settlement amounts to these employees. Your company will, on the same lines, settle the accounts of remaining employees also upon receipt of resignation letters. Action initiated by your company against the workers involved in the violence is pending for disposal at the Labour Tribunal.

One Time Settlement of Bank Loans:

The lenders of the company offered One Time Settlement of the dues as a compromise. Your company paid part OTS amount and requested for extension of time for the balance



payment. The promoters are in the process of arranging funds and in the meantime, the lenders served a Demand Notice under Sec.13 (2) of SARFAESI Act, 2002 calling for the entire loan amount along with interest (without considering the OTS package). Your company requested the banks not to precipitate any action and committing for the payments. However, SBI issued a possession notice under Sec.13 (4) of SARFAESI Act, 2002 and took symbolic possession of the immovable properties of the company and collateral security offered by M/s Regency Transport Carriers Ltd situated at Yanam and East Godavari & West Godavari Districts of Andhra Pradesh. Your company filed Securitization Application before the Debts Recovery Tribunal and is seeking reliefs including stay of all further proceedings pending settlement of insurance claim. In the meantime, State Bank of Bikaner & Jaipur, one of the lenders of your company signed an Assignment Agreement, assigned and transferred the credit facilities together with all underlying securities and interests to Ms Phoenix ARC Pvt. Ltd. (trustee of Phoenix Trust FY15-5).

Reference to BIFR:

Your Company made a reference to Board for Industrial and Financial Reconstruction (BIFR) as per the provisions under section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985. The aforesaid reference made by the company has been registered as Case no. 19/2014.

Future Outlook:

The ceramic tile industry in India is growing with higher consumption levels seen from tier II and tier III towns and cities. It is expected to expand further in future especially in areas like residential housing, commercial space, retail and entertainment, among others. The ceramic tile industry is expected to witness double digit growth in the production capacity – both in the branded and unorganized sectors. The varied changes in the consumer's preference for decorative use and application of ceramic tiles in indoor and outdoor areas have brought in new trends and developments in the market. With the increase in cost of production due to increase in input costs, increase in the prices of natural gas, etc the margins are under pressure. Currently, the thrust is to withstand market competition by producing value added products, offering competitive pricing and timely supplies.

Your company is putting its best efforts to come out of the challenges and present difficult circumstances in its front. The support from insurance company for early settlement of the claim, release of the claim amount, amicable settlement of labour related issues, the support from the State and Central Government by way of grants, concessions and reliefs will help your company resuming plant operations in a smooth and faster manner.

Customs, Excise, Income tax & other matters:

1. Your Company preferred appeals before the Hon'ble CESTAT, Bangalore against the demand from Customs & Central Excise Department (Service Tax Cell) for service tax on installation, erection and commissioning of plant & machinery imported during the year 2005-06 and on GTA services during the year 2008-09, though paid by the service provider.
2. The income Tax Appellate Tribunal, Hyderabad disposed of the appeal preferred by the Company partly in its favour on the demand from Dy Commissioner of Income Tax, Hyderabad in respect of Assessment year 2004-05 for disallowance of additional depreciation, for which the company is eligible under the Act.



3. Yanam Municipality has demanded Property Tax of Rs.32.35 lakhs for the years from 1998-99 to 2006-07 and your company disputed the same as the grounds are not just proper and reasonable.

Environment and Social concerns:

Your company enjoyed the ISO 9001–2000 certification for quality, the ISO 14001 certification for its Environmental Management Systems and the OHSAS 18001 certification from 'Occupational Health Safety Managing System (OHSMS) for the Health and Safety measures observed in the company. The integrated QESH (Quality, Environment, Safety and Health) policy implemented in all areas of operations was in place.

Directors:

Sri. P J V Sarma, Sri T Ramesh Chandra Bose and Smt. Bindu G Naidu resigned as Directors from the Board with effect from February 12, 2014 due to their preoccupation. The Board recorded its deep sense of appreciation of the un-stinted support, professional guidance and valuable service rendered by Sri. P. J .V Sarma, Sri T Ramesh Chandra Bose and Smt Bindu G Naidu during their long association with the Company.

Dr G N Naidu retires by rotation and, being eligible, offers himself for reappointment.

Dr M V G Rao' s period of office as a Director is liable to determination by retirement of directors by rotation under erstwhile applicable provisions of the Companies Act 1956. In terms of section 149 and other applicable provisions of the Companies Act 2013 and clause 49 (as amended) of the listing agreement, Dr M V G Rao being eligible and offer himself for re-appointment, is proposed to be appointed as an independent director for five consecutive years for a term up to 29th September 2019. A notice under Section 160 of the Companies Act 2013 has been received from a member proposing Dr M V G Rao as a candidate for the office of director of the Company.

Sri B.Surendra and Sri D.Chandra Sekhar Babu were appointed as Additional Directors on the Board of the company on 12th February, 2014 in the category of Independent Directors to fill up the vacancy caused by the resignations of Sri. P.J.V. Sarma and Sri T. Ramesh Chandra Bose. The Company has received notices from members of the Company under section 160 of the Companies Act 2013 in respect of their appointment as Directors at the ensuing Annual general meeting of the Company along with deposit as prescribed there under.

Their profile along with statement fulfills the conditions as required in the Act in the opinion of the Board. The terms and conditons of appointments are furnished in the statement pursuant to Section 102(1) of the Companies Act, 2013 annexed with the Notice for the forthcoming Annual General Meeting.

The Board of Directors accorded to the reappointment of Dr. G.N.Naidu, as Chairman and Managing Director, for a period of five years with effect from February 09, 2014 on the existing terms and conditions as recommended by the Remuneration Committee.

Brief resumes of all the Directors being appointed/re-appointed have been incorporated in the Notice for the forthcoming Annual General Meeting.

Auditor:

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retires at the conclusion of this Annual General Meeting and is eligible for re-appointment.



Auditors' Report:

The Auditors' comments in the Report are self-explanatory.

Auditor's Remark:

- i. Referring to Para on basis for qualified opinion of the Auditors' Report, the Directors would like to refer Notes forming part of Accounts which is self explanatory. The reference to note numbers are as under :
 - a. Para 1 of basis for qualified opinion – Note No.9 and item No.3 of Note.23
 - b. Para 2 of basis for qualified opinion – item No.3 of Note.23
 - c. Para 3 of basis for qualified opinion – Note.5, Note.20 and item No.8 of Note.23
 - d. Para 4 of basis for qualified opinion – Item 4 of Note 23
 - e. Para 5 of basis for qualified opinion – Note.21 and Item .9 of note 23
 - f. Para 6 of basis for qualified opinion – Note.8
 - g. Para 7 of basis for qualified opinion – Item 11 of note.23
- ii. Referring to Para 9 (a), 9(b) and 9(c) of the Annexure to the Auditors' report, your Directors are of the opinion that the Company is in the process of executing various alternative plans to control such delays in future.

Fixed deposits:

During the year, the Company has not accepted any fixed deposits.

Corporate Governance:

The Corporate Governance Report along with the Management Discussion & Analysis Report is annexed as part of this Annual Report.

Auditors report on Corporate Governance is also attached to this report.

Directors' Responsibility Statement:

Your Directors confirm that

- i. In the preparation of annual accounts, applicable accounting standards have been followed;
- ii. the accounting policies adopted are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. the annual accounts have been prepared on a going concern basis.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given in Annexure-I forming part of the report.

Particulars of Employees:

Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies



(Particulars of Employees) Rules, 1975 are not applicable to the Company, since none of the employees of the Company was in receipt of total remuneration in excess of the prescribed limits as amended.

Industrial Relations:

Your Company has always been known to maintain cordial industrial relations with its employees. Your Company believed in developing Human Resources at all levels by imparting continuous training, motivation to attain higher productivity, finer quality, cost control, safety and environment protection.

Acknowledgements:

The Board gratefully acknowledges the ongoing support and co-operation extended by the Financial Institutions/Banks viz: CDR Cell, State Bank of India, The South Indian Bank Ltd, State Bank of Travancore, State Bank of Bikaner and Jaipur, Corporation Bank, Axis Bank, IFCI Ltd, PIPDIC, Central & State Government Departments, GAIL, ONGC, Dealers, Customers, Suppliers and Shareholders. Your Directors place on record their deep sense of appreciation for the dedicated efforts and contribution being made by employees at all levels during the year.

For and on behalf of the Board

Place : Hyderabad
Date : 30.05.2014

Dr. G N Naidu
Chairman and Managing Director

Annexure – I to Directors' Report:

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 217(1) (e) of the Companies Act, 1956 (as applicable):

a. Conservation of Energy:

Your Company committed to energy conservation and had taken up the fuel saving technology for the manufacture of ceramic tiles and was constantly upgrading the same to reduce the consumption of gas and power. Regular maintenance and repairs of all the equipment and machinery were carried out to ensure optimum efficiency and to minimize wastage. Necessary steps were initiated for implementing the energy conservation across the plant.

b. Technology Absorption:

Your Company was continuously endeavoring to upgrade its technology from time to time in all aspects through R&D primarily aiming at reduction of cost of production and improving the quality of the product. Your company developed several value added products and high definition designs with laser printing.

c. Foreign Exchange Earnings and Outgo:

- a) Your Company has earned foreign exchange of Rs. NIL (Previous year Rs.163.07 lakhs).
- b) The foreign exchange outgo on account of imported raw materials, stores & spares, capital goods and other expenses amounted to Rs. NIL (Previous year Rs. 6.63 lakhs).

For and on behalf of the board

Place: Hyderabad
Date: 30.05.2014

Dr. G N Naidu
Chairman and Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development:

The GDP growth of Indian economy during the FY 2013-14 registered less than 5% over the previous year but likely to improve in 2014-15 to 5.5%, subject to implementation of various reforms proposed by the Government of India. The growth of Indian economy is linked to global growth which is likely to improve by 3.9% in 2015. The growth of Indian Industrial sector was impacted by inflation of Indian Rupee against US Dollar. The Indian construction industry showed a lackluster performance in 2013-14 due to monetary and other related policies but the outlook for the construction companies is likely to improve in FY 2014-15. The new Government is committed to remove bottlenecks that are delaying infrastructure projects in India and as such, India's construction sector is poised to reach significant growth in FY 2014-15.

Indian Tile Industry:

The per capita consumption of tiles in India is as low as 0.50 Sqmtr as against 2.0 Sqmtr of consumption in countries like China, etc. and this testimonies a strong hope for more consumption levels, thereby more demand for ceramic tiles in India in the years ahead. Indian tile industry continues to grow with growing urbanization, increase in disposable income levels, extensive use of tiles in the place of other alternatives, growth in entertainment and service industries, more disciplined market dynamics and consumer preferences.

The un-organized sector of Indian tile industry is slowly converting in to organized sector as the preference shifts to branded products. Some of the un-organized sector companies are making marketing tie-ups with branded players by meeting quality standards of branded companies. The tile industry in India as a result is moving in a healthy atmosphere without unethical competitions and creating a global identity.

Industry Outlook:

The emergence of significant housing demand from tier-II and tier-III towns and cities with creation of suitable infrastructure including roads, water and power supplies confirm pragmatic growth trend for the Indian construction sector. The demand for ceramic tiles is increasing in both residential and commercial spaces including hospitality, retail chains, hotels and hospitals as well. The realty sector continues as the primary driving force and the shift in consumer preference towards new technology three dimensional, glazed vitrified, polished vitrified and double charge/full body vitrified tiles are being aligned towards potential value additions. The government initiatives for enhancing the infrastructural facilities in rural and semi urban areas across the country envisage long term prospects for the tiles industry.

However, the companies in the sector are likely to witness challenges on account of declining new order book position in the near term, difficulty in servicing the debts, resulting in to increase in debt levels. Besides, the ever increasing input costs, fuel costs, availability and procurement of quality raw materials, foreign exchange fluctuations, gaps in working capital cycles and availability of skilled labour for ensuring quality of the output are the concerning challenges before the industry.



Company Outlook:

The incident occurred on 27.1.2012 had serious impact on the whole town of Yanam with several people depending on the Company being thrown out of balance. Your company is exploring options for reviving the plant operations in phases and is awaiting settlement of claim by the insurance company, settlement of workers issues and settlement with Bankers.

Your company had established a firm footing in the area, penetrating into various aspects of the society with its activities and is optimistic about bouncing back. This is hence considered to be a temporary phase in the history of the Company.

Internal Control Systems:

Your Company had in place proper and adequate systems of internal controls commensurate with its size and the nature of its operations comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. The internal control system provides reasonable assurance that the transactions are properly recorded and are executed in accordance with proper management authorization and that the assets are safeguarded against loss from unauthorized use or disposition and that the accounting records are adequate for preparation of financial statements and other financial information. The system is reviewed and updated on an on-going basis. The Company was continuously upgrading its internal control systems by various measures such as strengthening of Information Technology, infrastructure, use of external management services and adoption of various recommendations of Audit Committee.

Human Resources and Industrial relations:

Your Company believes that human resource is the most important asset of the organization and lays importance on competence and commitment of human capital for its growth. Accordingly, the HR interventions are aimed at strengthening the service ethic amongst the staff and helping them to realise their full potential. An enabling environment that fosters continuous learning and innovation remains a key focus area of your company.

Your company hopes to resolve the strained labour relations and the matters pending before the industrial tribunal in the near future. Skilled and committed workforces in the plant who had left the company are assuring to rejoin once the plant re-commence operations.

Business Review and Financial Performance

During the year under review, your company's performance was very badly affected as there was no production due to labour unrest which dragged the Company's bottom line further.

The comparative financials, with respect to operational performance are given herein below :



Sl No.	Particulars		2012-13	2013-14	Favourable (+)/ Adverse (-) % age change
1	Production (including outsourced goods for trading)	Lakh sq. mts	0.55	-	-100
2	Capacity utilisation	%	0.20	-	-100
3	Physical sales	Lakh sq. mts	2.92	0.04	-99
4	Realisations	Rs. per sq.mt	207.71	74.95	-64
5	Net Sales/Income from operations	Rs. in Lakhs	582	3	-99
6	Other Income	Rs. in Lakhs	277	386	39
7	Increase/(Decrease) in Stock	Rs. in Lakhs	(352)	(2)	-99
8	Total Income	Rs. in Lakhs	507	387	-24
9	Total Expenditure	Rs. in Lakhs	1426	317	78
10	Operating Profit	Rs. in Lakhs	(919)	70	108
11	Operating Margin	%	(181.19)	18.05	110
12	Finance Charge	Rs. in Lakhs	187	249	-33
13	Gross Profit after finance charge and Before depreciation and tax	Rs. in Lakhs	(1106)	(179)	84
14	-Do-	%	(218.13)	(46.34)	79
15	Depreciation	Rs. in Lakhs	942	931	1
16	Loss before tax	Rs. in Lakhs	(2048)	(1110)	46
17	Tax (including current tax, deferred tax, MAT, FBT)	Rs. in Lakhs	-	-	-
18	Loss after tax	Rs. in Lakhs	(2048)	(1110)	46
19	EPS	In Rs.	(7.75)	(4.20)	46
20	Book Value	In Rs.	(9.41)	(13.61)	-45
21	Reserves & Surplus (Net)	Rs. in Lakhs	(5133)	(6244)	-22
22	Return on Capital employed	%	(152.84)	(72.71)	52
23	Share Market Price range	In Rs.	2.82-4.73	2.09-4.30	

Cautionary Forward-looking Statements:

This section of the Annual Report has been included in adherence to the spirit enunciated in the Code of Corporate Governance approved by the Securities and Exchange Board of India. Shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Further, though utmost care has been taken to ensure that the opinions expressed by the management herein contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the above presents an exhaustive coverage on and of all issues related to the same. The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Shareholders are hence cautioned not to place undue reliance



on these statements and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Regency is committed to achieve the highest standards of corporate governance, corporate responsibility and risk management in directing and controlling the business. The Company's philosophy on Corporate Governance envisages the attainment of the high level of transparency, accountability, disclosure, supervision, internal controls, risk management, high standards of safety, product and service quality in all areas of its operations and interactions with its stakeholders, including employees, shareholders, creditors, customers and institutional and other lenders and places due emphasis on regulatory compliance. Regency continues to recognize the importance of Corporate Governance and acknowledges its responsibilities towards all stakeholders including Central and State Government, Regulatory Authorities, Lending Institutions, Customers, Suppliers, Employees and the Shareholders.

Your Company has laid down a Code of Conduct for its Board Members and Senior Management Personnel. All the Directors and the Senior Management Personnel have affirmed compliance with the said Code of Conduct.

Your Board of Directors present the Corporate Governance Report for the year 2013-14 in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges.

2. BOARD OF DIRECTORS:

a) Composition of Board

The Board of Directors of the Company ("the Board") comprises of six directors, which includes an Executive Chairman and Managing Director, an Executive Director and four Non-executive Directors, three of them are Independent directors .

b) Attendance of each Director at Board Meetings during the financial year 2013-14, at the last Annual General Meeting and number of other Directorships / Chairmanships / Memberships of Committees of each Director in various companies are given hereunder:

During the financial year 2013-14, Four Board Meetings were held on 29th May 2013, 13th August 2013, 13th November 2013 and 12th February 2014 and the time gap between any two Board Meetings did not exceed four months.



Sl. No.	Name of the Director	Category	Attendance		Number of other Director-ships	Membership in Board Committees in other Companies as on 31-03-2014	
			Board Meetings	At last AGM		Chairman	Member
			1	Dr. G. N. Naidu (Chairman and Managing Director)	Promoter & Executive	4	Yes
2	N. Satyendra Prasad (Executive Director)	Promoter & Executive	3	Yes	3	-	-
3	*Bindu G. Naidu(up to 12.02.14)	Promoter & Non- Executive	-	No	4	-	1
4	G. Sreenivasulu Naidu	Promoter & Non- Executive	1	No	4	-	-
5	Dr. M. V. G. Rao	Non-Executive Independent	3	Yes	8	1	2
6	**P.J.V. Sarma(up to 12.02.14)	Non-Executive Independent	3	No	1	-	-
7	**T. R. C. Bose(up to 12.02.14)	Non-Executive Independent	3	No	8	-	7
8	***B. Surendra(w.e.f.12.02.14)	Non-Executive Independent	1	-	-	-	-
9	***D. Chandra Sekhar Babu (w.e.f.12.02.14)	Non-Executive Independent	1	-	-	-	-

* Smt Bindu G Naidu, ceased to be Promoter & Non- Executive Director of the Company w.e.f. 12.02.2014

** Sri P J V Sharma and Sri T R C Bose ceased to be Non Executive Independent Directors of the Company w.e.f 12.02.2014

*** Sri B Surendra and Sri D Chandra Sekhar Babu joined as Additional Directors of the company w e f 12.02.2014.

c) Other provisions as to Board and Committees

(i) Number of Board Meetings held and the dates on which held:

During the financial year 4 Board Meetings were held. The details of the Board Meetings are as under:

Date of the Meeting	Board Strength	No. of Directors present
29 th May 2013	8	6
13 th August 2013	7	4
13 th November 2013	7	4
12 th February 2014	9	6

(ii) None of the Directors on the Board of the Company is either a member in more than ten Committees or act as Chairman of more than five companies across all the Companies in which they are Directors.



d) Code of Conduct

The Code of Conduct was circulated among all the Board Members and Senior Management Personnel and was affirmed on an annual basis. The content of the Code of Conduct is posted on the Company's Website at www.regencytiles.com. A declaration to this effect by Dr. G N Naidu, Chairman and Managing Director of the Company is given below:

DECLARATION OF COMPLIANCE OF CODE OF CONDUCT

Pursuant to Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October 2004, it is hereby declared that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel. I hereby confirm that the Company has in respect of the financial year ended 31st March 2014, received from the senior management personnel of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For REGENCY CERAMICS LIMITED

Place : Hyderabad

Date : 30.05.2014

Dr. G N Naidu

Chairman and Managing Director

3. AUDIT COMMITTEE:

a) Brief description and terms of reference:

Audit Committee comprises of Non-executive Independent Directors. The terms of reference are comprehensive and cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

b) Composition, Names of Members and Chairman:

The constitution of the Audit Committee is given below:

S. No	Name	Designation	Category
1	*P.J.V. Sarma	Chairman	Non-Executive Independent Director
2	Dr. M.V.G. Rao	Member	Non-Executive Independent Director
3	*T. R. C. Bose	Member	Non-Executive Independent Director
4	**B.Surendra	Member	Non-Executive Independent Director
5	**D.Chandra Sekhar Babu	Member	Non-Executive Independent Director

*Sri P J V Sarma and T R C Bose, ceased to be Non Executive Independent Directors of the Company w.e.f 12.02.2014

** Sri B.Surendra and Sri D.chandra Sekhar Babu, Non Executive Independent Directors appointed as Additional Directors w.e.f. 12.02.2014.

The Company continued to derive benefit from the deliberations of the Audit Committee. The members of the Committee with their knowledge and experience contributed to the performance of the Company. The Minutes of each Audit Committee Meeting are placed before the Board and discussed in the meeting.



c) Meetings of the Audit Committee and attendance during the year:

During the financial year, four Audit Committee meetings were held i.e. on 29th May 2013, 13th August 2013, 13th November 2013 and 12th February 2014.

The attendance of the Members at the above meetings was as follows:

Name of the Director	No. of Meetings attended
*P.J.V. Sarma	3
Dr. M.V. G.Rao	3
*T.R.C. Bose	3
**B. Surendra	1
**D. Chandra Sekhar Babu	1

* Sri P J V Sarma and T R C Bose, ceased to be Non Executive Independent Directors of the Company w.e.f 12.02.2014

** Sri Sri B.Surendra and Sri D.chandra Sekhar Babu, appointed as Additional Directors w.e.f 12.02.2014.

4. REMUNERATION COMMITTEE:

a) Remuneration committee comprises of Non-executive Independent Directors. The terms of reference are comprehensive and cover the matters specified for Remuneration Committee under Clause 49 of the Listing Agreement.

b) Composition, Name of Members and Chairman:

Name	Designation	Category
*P.J.V. Sarma	Chairman	Non-Executive Independent Director
*T.R.C Bose	Member	Non-Executive Independent Director
Dr. M V G Rao	Member	Non-Executive Independent Director
**B.Surendra	Member	Non-Executive Independent Director
**D.Chandra Sekhar Babu	Member	Non-Executive Independent Director

* Sri P J V Sarma and T R C Bose, ceased to be Non Executive Independent Directors of the Company w.e.f 12.02.2014

** Sri B Surendra and Sri D Chandra Sekhar Babu appointed as Additional Directors of the company w e f 12.02.2014.

Presently, the Non-executive Directors of the company do not receive any remuneration from the Company. The Chairman and Managing Director and Executive Director are voluntarily not taking salary from 1st April, 2012 in view of the devastating incident occurred on 27.01.2012.

c) Details of remuneration paid during the year 2013-14 to the Directors are furnished hereunder.

The aggregate value of salary, perquisites and commissions for the year ended 31st March 2014 paid to Dr. G N Naidu, Chairman and Managing Director and Sri N Satyendra Prasad, Executive Director is Rs. nil :



5. SHARE TRANSFER CUM INVESTORS' GRIEVANCE COMMITTEE:

In terms of the Corporate Governance Code, the Share Transfer cum Investors' Grievance Committee was constituted to specifically look into the matters relating to redressal of shareholders complaints such as transfer / transmission of shares, non-receipt of Annual Report, Dividend Warrants, etc., besides, overseeing and reviewing of all matters connected with the securities transfers, issuing duplicate share certificates, dematerialization of shares.

5 meetings of Share Transfer cum Investor Grievance Committee were held during the year 2013-14. The dates on which the meetings were held are as follows:

4th May 2013, 13th August, 2013, 30th September, 2013, 09th January, 2014 and 12th February, 2014.

The composition of the Share Transfer cum Investors' Grievance Committee and details of the meetings attended by the members are given below:

Director / Member	Category	No. of meetings attended
*P J V Sarma	Non-executive Independent	5
Dr. G.N. Naidu	Promoter & Executive, Non-Independent	5
**B.Surendra	Non-executive Independent	1
**D.Chandra Sekhar Babu	Non-executive Independent	1

* Sri P J V Sarma ceased to be Non Executive Independent Director of the Company w.e.f 12.02.2014

** Sri B Surendra and Sri D Chandra Sekhar Babu appointed as Additional Directors of the company w e f 12.02.2014.

The total number of complaints received and replied to the satisfaction of shareholders during the year 2013-14 is nil. There are no outstanding complaints as on 31st March, 2014.

6. GENERAL BODY MEETINGS:

The details of the previous three Annual General Meetings of the company are as follows:

Year	Venue	Date	Time
2010-2011	Regency Ceramics Ltd Regd Off: 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad - 500001	September 29, 2011	11.00A M
2011-2012	Regency Ceramics Ltd Regd Off: 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad - 500001	December 27, 2012	11.00A M
2012-2013	Regency Ceramics Ltd Regd Off: 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad - 500001	September 30, 2013	11.00A M



No Special resolutions were passed through Postal Ballot during the financial year under report.

7. DISCLOSURES:

- **Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.**

There are no materially significant related party transactions that have potential conflict with the interests of the Company at large. The details of the transactions considered to be related party transactions are given elsewhere in this Annual Report.

- **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years - NIL**

8. MEANS OF COMMUNICATION:

Quarterly / Half yearly / Annual results of the Company are communicated to the Stock Exchanges immediately after the same are approved by the Board and are published in prominent English and Telugu News papers namely Financial Express, Surya and Andhra Prabha.

The Company's website www.regencytiles.com contains a separate section "Investors Desk" where shareholders information is available.

Annual Report containing inter-alia, Audited Annual accounts, Financial Statements, Director's Report, Auditor's Report, Management Discussion and Analysis Report, Report on Corporate Governance and other important information is circulated to Members and others entitled thereto.

9. GENERAL SHAREHOLDER INFORMATION:

Date & Time of AGM	:	September 30, 2014 at 11.00 a.m.
Venue	:	Regency Ceramics Limited, Regd Off: 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad - 500001
Financial Calendar (tentative)	:	Annual General Meeting: September 30, 2014 Mailing of Annual Reports: September 04, 2014 1 st Quarter Un-audited results: second week of August'14 2 nd Quarter Un-audited results: second week of November'14 3 rd Quarter Un-audited results: second week of February'15 4 th Quarter audited results: end of May 2015
Book Closure Date	:	September 23, 2014 to September 30, 2014 (both days inclusive)
Listing on Stock Exchanges & Stock codes	:	The Stock Exchange, Mumbai : 515018 The National Stock Exchange Ltd: REGENCERAM
ISIN allotted to Company's Scrip:	:	INE277C01012



R & T Agents : M/s Venture Capitals & Corporate Investments Pvt Ltd.
(For both Demat and (Unit: Regency Ceramics Ltd.)
Physical segment) 12-10-167, Bharat Nagar, Hyderabad – 500018,
Plant Location : Yanam, Puducherry

Share Transfer System:

Shares lodged with the company / R&T Agent in Physical form for transfer are processed and registered within a period of 15 days from the date of receipt provided all documents are proper, clear and valid in all respects. The Share Transfer Cum Investors' Grievances Committee meets every fortnight to approve the transfers, subject to receipt of investors' requests.

Dematerialization:

The Company's shares are traded on the Stock Exchanges compulsorily in demat mode. As on 31st March 2014, 79.44% of the Company's total shares representing 2,10,04,436 shares were held in dematerialized form and the balance is in physical form. The shareholders holding the shares in physical form, have been advised to get their shares converted to DEMAT form to avail various advantages such as, quick delivery of transfers, minimizing the risks of loss in transit, bad deliveries along with the exemption from Stamp Duty. To enable the shareholders to convert their shares into electronic form through any of the DPs, your Company has entered into a tripartite agreement with National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL).

Stock Market Data:

Months	Stock Exchange, Mumbai		National Stock Exchange	
	High	Low	High	Low
April, 2013	3.92	3.30	3.35	3.30
May, 2013	4.10	3.27	3.20	3.00
June, 2013	3.90	2.84	2.90	2.80
July, 2013	3.80	3.25	2.90	2.70
August, 2013	3.94	3.73	-	-
September, 2013	3.89	3.70	-	-
October, 2013	4.30	3.96	2.95	2.75
November, 2013	3.89	3.70	3.30	3.00
December, 2013	3.52	2.60	3.10	2.90
January, 2014	3.50	2.41	3.00	2.80
February, 2014	2.83	2.36	2.80	2.70
March, 2014	2.60	2.09	-	-



Address for Communication:

Sl.No.	Shareholders correspondence for	Addressed to
1.	Transfer / Dematerialization / Consolidation / Split of shares, Issue of Duplicate Share Certificates, Non-receipt of dividend etc., change of address of Members and Beneficial Owners and any other query relating to the shares of the Company.	M/s Venture Capital and Corporate Investments Private Limited Regd Off: .12-10-167, Bharat Nagar, Hyderabad -500 018. Tel: +91 – 40-23818475/76 Fax: 040-23868024 Email: info@vccilindia.com
2.	Investor Correspondence / Queries on Annual Report, Revalidation of Dividend Warrants, Sub-Division, etc.	M/s Regency Ceramics Limited 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad - 500 001. Tel: +91-40-23204555 Fax: 040 – 23201159 Email: cosec@regencytiles.com

Shareholders holding shares in DEMAT mode should address all their correspondence to their respective Depository Participants (DPs).

Shareholding Pattern as on 31st March 2014:

Category	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Resident Individuals	14417	95.96	5737363	21.70
Bodies Corporate	198	01.32	5010098	18.95
Promoters	13	00.09	15429309	58.35
NRI's	370	02.46	162225	00.61
Others	26	00.17	102591	00.39
Total	15024	100.00	26441586	100.00

Distribution of Shareholding of the Company as on 31st March 2014:

No. of shares Held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 - 500	13397	89.17	2003586	07.58
501 - 1000	882	05.87	718551	02.72
1001 - 2000	373	02.48	565525	02.14
2001 - 3000	119	00.79	301514	01.14
3001 - 4000	51	00.34	181186	00.68
4001 - 5000	49	00.33	225745	00.85
5001 - 10000	74	00.49	535551	02.03
10001 - 50000	58	00.39	1230320	04.65
50001 and above	21	00.14	20679608	78.21
Total	15024	100.00	26441586	100.00



WHISTLE BLOWER POLICY

The company has established a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of mechanism and also provide for direct access to the Chairman of the Audit Committee.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

Your Company's policies and practices embrace most of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs. The company will be reviewing its corporate governance parameters in the context of recommendations under the said guidelines for appropriate adoption in keeping with the Company's unique business model.

GREEN INITIATIVE – PAPERLESS COMMUNICATION

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants and in case you desire to have a different e-mail id to be registered, please update the same with your Depository Participant from time to time. Members who hold shares in physical form are requested to register their email address by sending e-mail to cosec@regencytiles.com.

Auditor's Certificate on compliance of conditions of Corporate Governance as per clause 49 of the Listing Agreement with the Stock Exchanges:

To the Members of Regency Ceramics Limited

We have examined the compliance of conditions of Corporate Governance by Regency Ceramics Limited, Hyderabad (A.P.) for the year ended 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the recognized Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2014, no investor grievances are pending against the Company as on 30th May 2014 as per the records maintained by the Company and presented to the Investors / Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Brahmayya & CO.**

Chartered Accountants

Firm Registration No. 000513S

K S Rao

Partner

Membership No. : 15850

Place : Hyderabad

Date : 30.05.2014



Certification by Chief Executive Officer and Chief Financial Officer of the Company:

- 1) We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's code of conduct.
- 3) We accept the responsibility of establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 4) We have indicated to the Auditors and Audit Committee:
 - i) significant changes in internal controls during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - iii) that there have been no instances of significant fraud of which we have become aware, involving the management or an employee having a significant role in the Company's internal control system.

For Regency Ceramics Ltd.,

Dr G N Naidu
Chairman and Managing Director

E. Balakrishna Rao
President (Finance)

Place : Hyderabad
Date : 30.05.2014



INDEPENDENT AUDITORS' REPORT

To the Members of **REGENCY CERAMICS LIMITED, HYDERABAD.**

Report on the Financial Statements:

We have audited the accompanying financial statements of **REGENCY CERAMICS LIMITED, HYDERABAD** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion:

1. Manufacturing operations of the company were stopped due to riots, strike and malicious damage at factory since 27.01.2012. The company declared lock out of the plant on 31.01.2012 and the condition of the fixed assets & its realizable value could not be estimated. The machinery and building were not insured during the year and disclosed at book value after providing depreciation on account of efflux of time.
2. The condition of the raw materials, stores & spares and its realizable value could not be estimated by the company. The stocks were not insured during the year and disclosed at book value.
3. During the year, the company has not provided the provisional liability towards salary, wages and other benefits to its factory employees pending orders / judgement of the industrial Tribunal. Further, the company has not provided for its liability towards



Gratuity and leave encashment in accordance to AS-15 "Employee Benefits". Since the company could not compute the liability in the absence of complete records, we are unable to comment upon the impact of non-provision of additional loss of the company for the year and on the current liabilities as at 31.03.2014.

4. There are no confirmatory letters in respect of Debtors, Creditors, loans and advances and other current assets.
5. During the year, the company has not provided interest on term loans, working capital loans to the extent of Rs.978.11 Lakhs calculated @ interest rates as per sanction. The lenders opted for settlement of dues under OTS as a compromise. The company paid part amount and requested for extension of time. However, the lenders issued a Demand Notice under SARFAESI Act for recovery of their dues. During the year, the company has treated the Long term Borrowings from banks under "Current Maturities of Long term Borrowings".
6. The company has not provided the liability towards interest and penalties payable on account of statutory dues and we were informed by the company that the statutory authorities shall waive the same in view of the unprecedented incident.
7. The company during the year filed a reference under section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 with the Board for Industrial and Financial Reconstruction and same has been registered.
8. In view of the above, the Net Loss would increase and the shareholders funds would reduce to this extent.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the basis for qualified opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditors' Report) Order, 2003, ("the order") issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227 (3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow statement dealt with by this report are in agreement with the books of account;



- d) Except for the effects of the matter described in the basis for qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the Directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For BRAHMAYYA & CO.,
Chartered Accountants.
Firm Registration No. 000513S

(K.S.RAO)

Partner

Membership No.015850

Place : Hyderabad

Date : 30.05.2014

ANNEXURE TO AUDITOR'S REPORT

referred to in paragraph 3 of our report of even date

Re : Regency Ceramics Limited, Hyderabad.

- 1) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) As explained to us, the management could not verify physically the fixed assets situated at Yanam, due to riots, strike and malicious damage.
c) During the year the Company has not disposed off any of the fixed assets.
- 2) Physical verification of inventory has been conducted in the previous year in the presence of officials of Customs and Central Excise.
- 3) a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
b) In view of our comment in paragraph 3(a) above, 3(b),(c) & (d) of the aforesaid order are not applicable to the Company.
c) During the year, the Company has taken unsecured loans from a party covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount involved during the year was Rs.1053.16 lakhs.
d) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
e) The Company has not made any stipulation on payment of principal/ interest.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company



and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

- 5) a) According to the information and explanations given to us by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that Section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposits from the public. Hence, the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
- 7) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 8) During the year, there is no production and its related activity in the factory and as such, cost records under Section 209(1)(d) of the companies Act, 1956 have not been maintained.
- 9) a) According to the records, the Company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to information and explanations given to us, the Company is not regular in depositing with appropriate authorities, undisputed dues in respect of CST Rs.56.65 Lakhs, VAT Rs.361.51 Lakhs, Service Tax Rs.44.75 Lakhs, ESI Rs.8.21 Lakhs, TDS Rs.13.94 Lakhs and Income Tax Rs.58.19 Lakhs outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- c) According to the records of the Company and the information and explanations given to us, the dues of Service Tax / Income-Tax / Taxes which have not been deposited on account of any dispute are as follows.

Nature of dues	Amount (Rs. in Lakhs)	Period to which the amount relates	From where dispute is pending
Service Tax	35.04	2006-2007	CESTAT, Bangalore
Income Tax	101.17	2003-2004	Income Tax Appellate Tribunal
Municipal Tax	32.35	1998-2007	Yanam Municipality



- 10) The Company has accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to banks.
- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- 14) The company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 15) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) The Company has not availed any term loans during the year.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- 18) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) During the year, the Company has not issued any Debentures, therefore the question of creating security or charge in respect thereof does not arise.
- 20) During the year, the company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
- 21) Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For Brahmayya & CO.
Chartered Accountants
Firm Registration No. 000513S

Place : Hyderabad
Date : 30.05.2014

K S Rao
Partner
Membership No. : 015850



BALANCE SHEET AS AT 31ST MARCH, 2014

(Rs.in Lakhs)

Particulars	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
a) Share Capital	1	2644.16	2644.16
b) Reserves and Surplus	2	(6243.54)	(5133.05)
		(3599.38)	(2488.89)
2. Non- Current Liabilities			
a) Long-term borrowings	3	-	-
b) Other Long term liabilities	4	1855.93	802.77
c) Long-term provisions	5	216.09	345.97
		2072.02	1148.74
3. Current Liabilities			
a) Short-term borrowings	6	2182.26	2812.30
b) Trade payables	7	2300.84	2432.87
c) Other current liabilities	8	10069.38	10529.79
		14552.48	15774.96
TOTAL		13025.12	14434.81
II. ASSETS			
1. Non-Current Assets			
a) Fixed Assets			
Tangible	9	6872.27	7826.02
b) Non-current investments	10	202.42	202.42
c) Long-term loans and advances		23.32	23.32
		7098.01	8051.76
2. Current Assets			
a) Inventories	11	664.00	666.17
b) Trade receivables	12	937.57	1233.20
c) Cash and cash equivalents	13	404.81	379.06
d) Short-term loans and advances	14	1744.28	1904.71
e) Other current assets	15	2176.45	5927.11
		5927.11	2199.91
TOTAL		13025.12	14434.81
Notes on accounts and Accounting Policies	23 24		

The Notes referred above form an integral part of the financial statements

As per our report of even date.
For M/s.**BRAHMAYYA & CO.**,
Chartered Accountants
Firm Registration No.000513S

Dr G N NAIDU
Chairman and
Managing Director

N.SATYENDRA PRASAD
Executive Director

K.S.RAO
Partner
Membership No.15850

E. BALAKRISHNA RAO
President (Finance)

Place : Hyderabad
Date : 30.05.2014



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. In Lakhs)

Particulars	Note No.	Current Year	Previous Year
I. INCOME			
Revenue from operations	16	3.12	581.50
Other Income	17	386.49	277.27
Total		389.61	858.77
II. EXPENSES			
Cost of Raw material Consumed	18	-	-
Purchases of stock-in-trade		-	75.81
Changes in inventories of finished goods, work in Process and stock-in-trade	19	2.17	351.60
Employee benefits expense	20	157.09	908.84
Finance costs	21	249.49	187.36
Depreciation and amortization expense	9	930.94	942.11
Other expenses	22	160.41	441.47
Total		1500.10	2907.19
III. Loss before tax		(1110.49)	(2048.42)
IV. Tax Expense			
-Deferred Tax		-	-
V. Loss after tax		(1110.49)	(2048.42)
VI. Earnings per equity share (of Rs.10 each)			
Basic & Diluted		(4.20)	(7.75)
Notes on accounts and Accounting Policies	23 24		

The Notes referred above form an integral part of the financial statements

As per our report of even date.

For M/s. **BRAHMAYYA & CO.**,
Chartered Accountants
Firm Registration No.000513S

DR G N NAIDU
Chairman and
Managing Director

N.SATYENDRA PRASAD
Executive Director

K.S.RAO
Partner
Membership No.15850

E. BALAKRISHNA RAO
President (Finance)

Place : Hyderabad
Date : 30.05.2014



NOTES FORMING PART OF THE ACCOUNTS

NOTE 1 : SHARE CAPITAL

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Rs in Lakhs	No. of shares	Rs in Lakhs
Authorised				
Equity Shares of Rs.10/- each	30000000	3000.00	30000000	3000.00
Total	30000000	3000.00	30000000	3000.00
Issued				
Equity Shares of Rs.10/- each	26508586	2650.86	26508586	2650.86
Total	26508586	2650.86	26508586	2650.86
Subscribed and Paid up				
Equity Shares of Rs.10/- each fully paid up	26441586	2644.16	26441586	2644.16
Total	26441586	2644.16	26441586	2644.16

Disclosure pursuant to Note no.6(A)(d) of part I of Schedule VI to the Companies Act, 1956

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Rs in Lakhs	No. of shares	Rs in Lakhs
Shares Outstanding at the beginning of the year	26441586	2644.16	26441586	2644.16
Shares Issued during the year	-	-	-	-
Shares redeemed / bought back during the year	-	-	-	-
Shares outstanding at the end of the year	26441586	2644.16	26441586	2644.16

Disclosure pursuant to Note no.6(A)(g) of part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	Shares Held	%	Shares Held	%
G N Naidu	7020533	26.55	7020533	26.55
Radhika Naidu	4704036	17.79	4704036	17.79
Bindu G Naidu	1895934	7.17	1617920	6.12
Regency Transport carriers Limited	3314470	12.54	3314470	12.54



Particulars	(Rs in Lakhs)	
	As at 31.03.2014	As at 31.03.2013
NOTE 2		
RESERVES AND SURPLUS		
a. Capital Reserve		
At the Commencement of the year	<u>0.86</u>	<u>0.86</u>
Closing Balance	<u>0.86</u>	<u>0.86</u>
Other Reserves		
b. General Reserve		
At the commencement of the year	<u>1540.35</u>	<u>1540.35</u>
Closing Balance	<u>1540.35</u>	<u>1540.35</u>
c. Share Premium		
At the commencement of the year	<u>329.61</u>	<u>329.61</u>
Closing Balance	<u>329.61</u>	<u>329.61</u>
d. Surplus		
At the commencement of the year	<u>(7003.87)</u>	<u>(4955.45)</u>
Add: Current year	<u>(1110.49)</u>	<u>(2048.42)</u>
Closing Balance	<u>(8114.36)</u>	<u>(7003.87)</u>
Total (a+b+c+d)	<u>(6243.54)</u>	<u>(5133.05)</u>

NOTE 3
LONG TERM BORROWINGS: (SECURED)

A) Term Loans		
Corporation Bank	-	-
State Bank Of Travancore	-	-
State Bank of India	-	-
State Bank of Bikaner & Jaipur	-	-
Corporation Bank -TL 2	-	-
State Bank of Travancore- TL 2	-	-
State Bank of India- TL 2	-	-
State Bank of Bikaner & Jaipur -TL 2	-	-
	<u>-</u>	<u>-</u>
B) Funded Interest Term Loans		
Corporation Bank	-	-
State Bank of Travancore	-	-
State Bank of India	-	-
State Bank of Bikaner & Jaipur	-	-
	<u>-</u>	<u>-</u>
C) Working Capital Term Loans		
State Bank of India	-	-
The South Indian Bank Ltd.,	-	-
	<u>-</u>	<u>-</u>
D) Other Loans		
Under Hypothecation / Hire Purchase		
	-	-
Total (A+B+C+D)	<u>-</u>	<u>-</u>



The lenders opted for settlement of dues under an OTS as a compromise. The company paid 28.93% and requested for extension of time. However, a Demand Notice under SARFAESI Act for recovery of dues was issued to the company. In view of the above, the Long Term Borrowings are considered as current maturities of long term borrowings and shown under Note No.8 (Other Current Liabilities). Hypothecation / Hire purchase loans under (D) above are repayable within one year and shown under Note No.8 (Other Current Liabilities)

(Rs in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
-------------	---------------------	---------------------

NOTE 4

OTHER LONG TERM LIABILITIES(UNSECURED)

Loans from Body Corporate & Others	30.00	30.00
Loans from Directors	1825.93	772.77
Total	1855.93	802.77

NOTE 5

LONG TERM PROVISIONS

Gratuity	197.84	309.34
Leave Encashment	18.25	36.63
Total	216.09	345.97

Gratuity Provision as per AS-15 and Leave Encashment were not provided in the books due to loss of employee records in the factory during the incident occurred on 27.01.2012

NOTE 6

SHORT TERM BORROWINGS (SECURED)

Cash Credit		
i) State Bank of India	1614.93	2223.13
ii) The South Indian Bank Ltd	567.33	589.17
Total	2182.26	2812.30

Terms of Repayment and Security

These Borrowings are repayable on demand, secured by first charge on current assets of the company, ranking paripassu with other member banks and further secured by second charge on the company's fixed assets ranking paripassu with other member banks of the consortium. These Borrowings are further secured by i) pledge of 10% equity shares of the company held by the promoters, ii) tangible collateral security provided by the promoters equivalent to 15% of the share capital of the company and iii) personal guarantee of 3 promoter directors of the company on paripassu basis to all the lenders. Interest is payable on monthly basis.

The company paid part of settlement amount under OTS and requested for extension of time. However, a Demand Notice under SARFAESI Act for recovery of dues was issued by Banks to the company.



(Rs in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
-------------	---------------------	---------------------

NOTE 7**TRADE PAYABLES**

Trade Payables

- Due to Micro, Small and Medium Enterprises	193.98	186.67
- Others	2106.86	2246.20
Total	2300.84	2432.87

Disclosures required by the Micro Small and Medium Enterprises Development (MSMED) Act, 2006 are as under:

(a) (i) The Principal amount remaining unpaid at the end of the year	193.98	186.67
(ii) Interest due on principal remaining unpaid at the end of the year	-	-
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	-	-
(ii) Interest actually paid under Section 16 of the MSMED Act.	-	-
(c) Normal Interest due and payable during the year, for all the delayed payments as per the agreed terms	-	-
(d) Total Interest accrued during the year and remaining unpaid	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company.

NOTE 8**OTHER CURRENT LIABILITIES****Current Maturities of Long Term Borrowings:****A) Term Loans**

Corporation Bank	1729.53	1761.53
State Bank Of Travancore	1424.41	1529.18
State Bank of India	1861.11	1861.11
State Bank of Bikaner & Jaipur	1336.20	1496.55
Corporation Bank -TL 2	40.57	40.62
State Bank of Travancore- TL 2	16.47	30.22
State Bank of India- TL 2	66.91	66.91
State Bank of Bikaner & Jaipur -TL 2	54.66	54.66
	6529.86	6840.78
Hypothecation / Hire Purchase Loans	9.82	34.88
	6539.68	6875.66

B) Funded Interest Term Loans

Corporation Bank	36.98	37.50
State Bank of Travancore	11.13	26.65
State Bank of India	66.37	66.36
State Bank of Bikaner & Jaipur	1.28	1.28
	115.76	131.79



C) Working Capital Term Loans		
State Bank of India	696.28	696.28
The South Indian Bank Limited	224.09	232.47
	<u>920.37</u>	<u>928.75</u>
D) Other Current Liabilities		
Creditors for Other Finance	573.93	595.77
Creditors for expenses	1216.94	1267.98
Advance from Customers	294.94	313.93
Trade Deposit from Dealers	337.71	345.86
Income Tax	58.19	58.19
Due to Directors	11.86	11.86
	<u>2493.57</u>	<u>2593.59</u>
Total (A+B+C+D)	<u>10069.38</u>	<u>10529.79</u>

Terms of Repayment and Security:

Term Loans under A,B and C above are repayable in quarterly instalments. Interest is payable on monthly basis. These loans are secured by first paripasu charge by way of mortgage and hypothecation over all the fixed assets of the company, both existing and future, further secured by second paripassu hypothecation charge over current assets of the company both present and future. These loans are further secured by i) pledge of 10% equity shares of the company held by the promoters, ii) tangible collateral security provided by the promoters equivalent to 15% of the share capital of the company and iii) personal guarantee of 3 promoter directors of the company on paripassu basis to all the lenders. Hypothecation / Hire Purchase loans under (A) above are secured by hypothecation of vehicles and guaranteed by the promoter directors of the company

The Interest on Term Loans and Working Capital Loans for the year 2013-14 amounting to Rs.978.11 lakhs (Previous Year Rs.1114.23 Lakhs) calculated @ interest rates as per sanction was not provided in the books in line with the treatment made by the banks. The actual interest liability shall vary depending upon the actual date of payment.

Creditors for Other Finance and Creditor for Expenses include dues payable to the Statutory Authorities. The liability towards Interest and Penalties payable on account of Statutory Dues were not provided in the books expecting waiver in the current situation.



(Rs in Lakhs)

**Note 9 :
FIXED ASSETS**

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS AT 01.04.2013	ADDITIONS DURING THE YEAR	SALES/ ADJUSTMENTS DURING THE YEAR	COST AS AT 31.03.2014	UPTO 01.04.2013	FOR THE YEAR	ON SALES/ ADJUSTMENTS	UPTO 31.03.2014	AS AT 31.03.2014	AS AT 31.03.2013
1	LAND	156.37	-	-	156.37	-	-	-	-	156.37	156.37
2	BUILDINGS	1836.83	-	-	1836.83	752.40	54.34	-	806.75	1030.08	1084.43
3	PLANT & MACHINERY	18372.89	-	25.55	18347.34	11889.79	863.06	2.74	12750.11	5597.23	6483.10
4	OFFICE EQUIPMENT & COMPUTERS	478.88	-	21.61	457.27	440.74	5.37	21.61	424.51	32.77	38.14
5	FURNITURE & FIXTURES	69.76	-	-	69.76	66.30	1.52	-	67.82	1.93	3.45
6	VEHICLES	123.38	-	17.73	105.65	86.66	6.65	17.73	75.58	30.08	36.72
7	LIVE STOCK	23.81	-	-	23.81	-	-	-	-	23.81	23.81
	TOTAL	21061.92	-	64.89	20997.03	13235.89	930.94	42.08	14124.77	6872.27	7826.02
	PREVIOUS YEAR	21459.68	-	397.76	21061.92	12547.30	942.11	253.51	13235.90	7826.02	8912.38

NOTE : The company suffered extensive damage to the assets situated at Factory, Yanam due to unprecedented violence occurred on 27th January, 2012 and declared lock-out of the Plant from 31st January 2012. The financial results for the year ended 31st March 2014 were prepared without considering loss/damage to Plant & Machinery, Buildings and other assets of the company in the books. Depreciation has been provided in the normal course due to efflux of time.



NOTE 10

NON-CURRENT INVESTMENTS (NON-TRADE, AT COST)

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Rs in Lakhs	No. of shares	Rs in Lakhs
Un-Quote:				
i) National Savings Certificates and Indira Vikas Patras (Deposited with Sales Tax Department)		0.42		0.42
ii) Equity Shares Rs.10 each in Regma Ceramics Limited	20,00,000	200.00	20,00,000	200.00
iii) Equity Shares Rs.10 each in Sai Regency Power co ltd	10,000	1.00	10,000	1.00
Quoted :				
iv) Equity shares Rs.10 each in IFCl Ltd, (market value Rs.2.65 lakhs (previous year Rs 2.63 lakhs)) -	10,000	1.00	10,000	1.00
Total		202.42		202.42

(Rs in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
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NOTE 11

INVENTORIES

Raw Materials (Valued at lower of cost or net realisable value)	482.29	482.29
Stores & Spares (Valued at lower of cost or net realisable value)	54.72	54.72
Finished Goods (including in-transit for exports) (Valued at lower of cost or net realisable value)	-	2.17
Stock in Trade (Acquired for trading)	50.84	50.84
Stocks-in-process (Valued at lower of cost or net realisable value)	70.08	70.08
Packing Materials (Valued at lower of cost or net realisable value)	6.07	6.07
Total	664.00	666.17

NOTE 12

TRADE RECEIVABLES

(Unsecured and considered good)		
Receivables for a period exceeding six months	937.57	836.29
Considered Doubtful	29.22	84.73
Less: Provision for Doubtful Debts	29.22	84.73
Other trade receivable	-	396.91
Total	937.57	1233.20



(Rs in Lakhs)

Particulars	As at 31.03.2014	As at 31.03.2013
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NOTE 13

CASH AND CASH EQUIVALENTS

Cash in hand	8.64	9.14
In Current Accounts	11.96	63.54
In No-Lien Accounts	349.14	191.70
In Fixed deposits against BG/LCs	35.07	114.68
Total	404.81	379.06

The company paid part of the OTS amount under settlement to all the banks. Corporation Bank had shown the same in the No-lien Account, State Bank of India had shown part of this amount in the No-Lien Account while others have adjusted against the regular Term loan Accounts. The Company made similar treatment in the books in line with the treatment made by the respective banks.

NOTE 14

SHORT TERM LOANS AND ADVANCES

Advance for purchase, other advances and deposits	1706.81	1817.37
Advances to Staff & Workers	17.51	46.92
Deposits Recoverable	19.96	40.42
Total	1744.28	1904.71

NOTE 15

OTHER CURRENT ASSETS

Claims Receivable	1881.78	1880.40
Balance with Govt. Departments	196.11	195.52
Prepaid Expenses	0.19	0.20
Interest accrued on Deposits and Investments	13.17	39.01
Advance Tax & TDS	85.20	84.78
Total	2176.45	2199.91

Particulars	Current Year	Previous Year
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NOTE 16

REVENUE FROM OPERATIONS

Domestic Sale	3.12	409.61
Export Sale	-	197.51
Total	3.12	607.12
Less : Excise Duty	-	(25.62)
Total	3.12	581.50



(Rs.in Lakhs)

Particulars	Current Year	Previous Year
NOTE 17		
OTHER INCOME		
Interest	6.78	33.16
Insurance Claims	-	37.88
Profit on sale of assets	11.30	148.30
Brand usage charges	-	12.54
Miscellaneous Income	5.53	5.70
Lease Rental Charges	-	19.78
Export Incentives	-	7.28
Excess Provisions Written back	74.86	-
Credit Balances Written back	7.64	-
Dividend Received	0.10	0.50
Rent received	3.67	3.36
Profit on sale of Investments	-	8.77
Prior period income	149.17	-
Exchange Fluctuation	127.44	-
Total	386.49	277.27
NOTE 18		
COST OF RAW MATERIAL CONSUMED		
Opening Stock	482.29	482.29
Add: Purchases	-	-
	482.29	482.29
Less: Closing Stock	482.29	482.29
Total Cost of Raw materials consumed :	-	-
NOTE 19		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Inventories at the beginning of the year		
Finished Stock	2.17	340.19
Trading Stock	50.84	64.42
Stock in process	70.07	70.07
	123.08	474.68
Less: Inventories at the end of the year		
Finished Stock	-	2.17
Trading Stock	50.84	50.84
Stock in process	70.07	70.07
	120.91	123.08
(Increase)\ Decrease	2.17	351.60
NOTE 20		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, bonus and Other benefits	79.50	727.93
Gratuity	2.94	2.80
Contribution to Provident Fund	3.84	9.21
Contribution to ESI	0.37	1.09
Workmen and Staff Welfare Expenses	2.03	30.17
Compensation	68.41	137.64
Total	157.09	908.84



The unprecedented industrial violence on 27.1.2012 had resulted in deaths of personnel and destruction of buildings and equipment in the factory. Consequently, a lock-out was declared at the factory from 31.01.2012. Thus, the company is not liable for payment under "No Work - No Pay" principle and accordingly, the Salary, Wages and other benefits to employees were not considered as provisional liability and not taken in the books pending orders / judgment of the Industrial Tribunal.

(Rs.in Lakhs)

Particulars	Current Year	Previous Year
NOTE 21		
FINANCE COST		
Interest	246.95	180.26
Bank Charges	2.54	7.10
Total	249.49	187.36

The Interest on Term Loans and Working Capital Loans for the year 2013-14 amounting to Rs.978.11 lakhs was not provided in the books in line with the treatment made by the banks. The actual interest liability shall vary depending upon the actual date of payment.

NOTE 22

OTHER EXPENSES

Power and Fuel	-	51.82
Repairs to -Buildings	0.79	1.14
-Machinery	-	2.17
-Others	4.53	8.58
Rates and Taxes	9.68	20.16
Excise duty on Finished Goods	-	(43.31)
Rent	11.93	34.25
Insurance	0.64	10.29
Printing and Stationery	2.51	3.62
Postage, Telegrams, Telephone and Telex	7.53	16.97
Travelling and Conveyance	15.86	38.53
Directors sitting fees	0.04	0.18
Vehicles Maintenance / Hire Charges	9.93	14.18
Payments to auditors - as auditors	1.12	1.12
- as Tax audit fee	-	0.45
Legal and Professional Charges	16.72	43.72
Loss on Sale of Fixed assets	5.31	16.48
General Expenses	46.18	53.08
Debit Balances written off	3.93	0.28
Prior Year Expenses	23.17	0.45
Carriage, Freight and Insurance on despatches	0.16	93.17
Commission on Sales	-	0.95
Advertisement	0.38	30.39
Discount on Sales	-	42.80
Total	160.41	441.47

The provision for Excise Duty on Damaged Finished Goods for which claim has been made with the Insurance Company amounting to Rs.35.26 lakhs was made in the books.



Note 23 :

OTHER NOTES FORMING PART OF ACCOUNTS :

	As at 31.03.2014 (Rs. in lakhs)	As at 31.03.2013 (Rs. in lakhs)
01. Estimated Amount of contracts remaining to be executed on Capital Accounts and not provided for	-	-
02. Contingent Liabilities not provided for:		
i) On account of Letters of Credit and Bank Guarantees given by Bankers.	-	-
ii) Demand from Directorate of Enforcement, disputed by the Company pending in Appellate Tribunal for Foreign Exchange.	5.50	5.50
iii) Demand from Customs & Central Excise (Service Tax Cell), disputed by the company, Pending in appeal before CESTAT, Bangalore.	35.04	35.04
iv) Demand from Yanam Municipality (Property Tax-With retrospective effect) disputed by the company- pending with commissioner, Yanam Municipality	32.35	32.35
v) Demand from The Dy Commissioner of Income Tax, Hyderabad, disputed by the Company. Appeal allowed by ITAT, Hyderabad. DCIT modified the demand to Rs.101.17 Lakhs after giving partial effect to ITAT orders. The company again requested DCIT to set aside the modified order by giving effect to the entire ITAT orders.	101.17	101.17
03. The company suffered extensive damage to the Buildings, Plant & Machinery and other assets situated at Factory, Yanam due to unprecedented violence, occurred on 27th January, 2012. Stocks of Finished goods, Raw materials, stores and spares, stocks-in-process and other inventories were damaged / looted to a large extent. The Company declared lock-out of the Plant from 31st January 2012. The extent of loss/damage to Plant & Machinery, Buildings and other assets of the company were not considered in the books pending assessment and disclosed at book value after providing depreciation on account of efflux of time. The company could not estimate the condition of the existing fixed assets & its realizable value. As such, the machinery & buildings could not be insured. Similarly, the condition of the existing raw materials, stores & spares and its realizable value could not be estimated by the company, not insured and disclosed at book value.		
04. The Company has not obtained confirmation of balances from Sundry Debtors and Sundry Creditors and is in the process of obtaining confirmation of balances from Sundry Debtors, Sundry Creditors, loans and advances, other current assets and other liabilities.		



	Current Year (Rs. in lakhs)	Previous year (Rs. in lakhs)
05. CIF Value of Imports		
i) Raw material	-	-
ii) Packing Material, Stores & Spares	-	-
iii) Capital Goods	-	-
	<hr/>	<hr/>
06. Expenditure in Foreign Currency:		
i) Travelling Expenses	-	6.63
ii) Sales Commission	-	-
07. Earnings in Foreign Exchange:		
F.O.B. Value of Exports	-	163.07
08. The company has not provided the provisional liability towards salary, wages and other benefits to its factory employees pending orders/judgment of the industrial Tribunal. Further, the company has not provided for its liability towards Gratuity and leave encashment as per AS-15 due to loss of employee records in the factory during the violent incidence occurred on 27 th January, 2012.		
09. The lenders opted for settlement of dues under OTS as a compromise. The company paid part amount and requested for extension of time. The company has not provided interest on term loans, working capital loans to the extent of Rs.978.11 Lakhs (Previous Year Rs.1114.23 Lakhs) calculated @ interest rates as per sanction in line with the treatment given by the banks.		
10. The lenders, however, issued a Demand Notice under SARFAESI Act for recovery of their dues.		
11. The company filed a reference under section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 with the Board for Industrial and Financial Reconstruction (BIFR). The reference made by the company has been registered in the BIFR as Case No.19/2014.		
12. Remittance in foreign currency on account of Dividend: There is no remittance in foreign currency on account of Dividend during the year 2013-14.		
13. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
14. Segment Reporting : The entire operations of the Company relate only to one segment.		
15. Related Party Disclosure:		
Name of the party		Nature of relationship:
1) Regma Ceramics Limited	:	Company under the same management:
2) Regency Educational Society	:	Other entities where Directors/their relatives are interested
3) Dr. G.N. Naidu	}	Key Management Personnel
4) Smt. Bindu G Naidu		
5) Sri. N. Satyendra Prasad		



(Rs. in lakhs)

Particulars	Business		Outstanding	
	Current Year	Previous Year	As on 31.03.14	As on 31.03.13
i) Company under the same management				
- Subscription to Equity Shares	-	-	200.00	200.00
- Brand usage charges earned	-	12.54	(367.82)	(399.06)
ii) Unsecured loans from Directors	-	-	(1962.43)	(993.62)
iii) Other entities where Directors/ their relatives are interested.				
- Advances given	-	-	(93.02)	71.99
(Figures in bracket represent amount payable to them)				
iv) Payment to Key Management personnel				
- Rent	6.00	6.00		
- Remuneration (Directors)	-	-		
- Remuneration (other than directors)	-	128.00		

	Current Year (Rs. in lakhs)	Previous year (Rs. in lakhs)
16. Composition of Net Deferred Tax Asset/(Liability):		
Components of Deferred Tax:		
Deferred Tax Assets:		
Loss as per Income Tax Act	2778.80	2995.35
Provision for doubtful debts	9.03	26.81
Disallowances u/s 43B of Income Tax Act	15.45	46.35
Deferred Tax Liability:	2803.28	3068.51
Depreciation	1477.45	1661.64
Deferred Tax (Liability)/Asset (Net)	1325.83	1406.87

Note: The Company has not recognized deferred tax asset as a matter of prudence

17. Earning per Share:		
i) Net Loss after tax (Rs. in lakhs)	(1110.49)	(2048.42)
ii) No. of equity shares of Rs.10/- each	2,64,41,586	2,64,41,586
iii) Weighted average No. of shares	2,64,41,586	2,64,41,586
iv) Earning per share (in Rs.)	(4.20)	(7.75)

18. Consequent to the Notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2014 are prepared under Revised Schedule VI. Accordingly, the previous year's figures also have been reclassified to confirm to this year's classification.

Note 24 :

SIGNIFICANT ACCOUNTING POLICIES:

01. SYSTEM OF ACCOUNTING:

The company generally follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

02. FIXED ASSETS:

Fixed Assets are stated at cost of acquisition inclusive of foreign exchange fluctuation, inland freight, duties and taxes and incidental expenses related to acquisition.

03. DEPRECIATION:

Depreciation on the Assets of the company is provided on Straight Line Method as per Schedule XIV to the Companies Act, 1956.

04. SALES:

Gross sales are stated net of Sales Tax and inclusive of Excise duty.



05. EMPLOYEE BENEFITS:

Contribution to provident fund is remitted to the Provident Fund Commissioner and such paid/payable amounts are charged against revenue.

Group Gratuity Scheme is administrated through Trustees for which policies are taken from LIC of India. The above payments/ provisions are charged to revenue. The liabilities towards such schemes are determined by an independent actuarial valuation as per the requirements of Accounting Standard-15.(Revised 2005) on "Employee Benefits". Encashment of leave is accounted for on accrual basis.

06. INVENTORIES:

Inventories are valued at lower of cost or net realizable value. The cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity.

07. INVESTMENTS:

Long term investments are stated at cost. Any decline in the value of long term investment is recognized by providing for such diminution in the value of investments, unless the reduction is of temporary in nature.

08. RECOGNITION OF INCOME:

Advance Licenses and Import Entitlements received against exports made by the company are accounted in the books on accrual basis.

09. FOREIGN EXCHANGE TRANSACTIONS:

Foreign currency transactions are accounted at the exchange rates ruling on the date of transactions. The net gain/loss arising on revenue account during the year in respect of foreign exchange transaction is reckoned in the Profit and Loss Account.

10. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of long lead time capital assets are capitalized as a part of cost of the asset. All other borrowing costs are charged to revenue.

11. DEFERRED TAXATION:

Deferred tax, being tax on timing difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years, has been recognized. Deferred tax assets, arising from temporary timing differences and out of unabsorbed loss or depreciation are recognized to the extent that there is reasonable certainty that the assets can be realized in future.

12. RESEARCH AND DEVELOPMENT:

- i. Revenue expenditure is charged to Profit & Loss Account.
- ii. Capital expenditure is shown as addition to fixed assets under natural heads.

13. CONTINGENT LIABILITIES:

Contingent liabilities not provided for are indicated by way of a Note and will be provided/ paid on crystallization.

The Notes referred above form an integral part of the financial statements

As per our report of even date.

For M/s.**BRAHMAYYA & CO.**,
Chartered Accountants
Firm Registration No.000513S

Dr G N NAIDU
Chairman and
Managing Director

N.SATYENDRA PRASAD
Executive Director

K.S.RAO
Partner
Membership No.15850

E. BALAKRISHNA RAO
President (Finance)

Place : Hyderabad
Date : 30.05.2014



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

(Rs. In Lakhs)

PARTICULARS	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before Tax	(1110.49)	(2048.42)
Adjustments for:		
Depreciation	930.94	942.11
Interest(net)	240.17	147.10
Profit on sale of Fixed Assets(Net)	(5.99)	(131.83)
Profit on sale of Investment	-	(8.77)
Operating profit / (loss) before working capital changes	54.64	(1099.81)
Adjustments for:		
Trade and other receivables	453.68	746.56
Inventories	2.17	351.60
Trade payables	(361.95)	75.88
Net Cash Flow from Operating Activities	148.54	74.23
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	28.80	276.08
Sale of Investments	-	4.00
Interest received	32.62	54.50
Net Cash Used in investing activities	61.42	334.58
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans from Directors	1053.16	321.27
Repayment of loans to Institutions and others	(360.37)	(344.50)
Increase/(Decrease) in Working Capital Loan	(630.03)	(209.51)
Interest paid	(246.95)	(174.55)
Net Cash used in Financing Activities	(184.19)	(407.29)
Net increase / (decrease) in cash and cash equivalents(A+B+C)	25.77	(1.53)
Cash and Cash equivalents as at 01.04.2013 (Opening Balance)	379.06	377.53
Cash and Cash equivalents as at 31.03.2014 (Closing Balance)	404.83	379.06

The Notes referred above form an integral part of the financial statements

As per our report of even date.

For M/s.**BRAHMAYYA & CO.,**
Chartered Accountants
Firm Registration No.000513S

Dr G N NAIDU
Chairman and
Managing Director

N.SATYENDRA PRASAD
Executive Director

K.S.RAO
Partner
Membership No.15850

E. BALAKRISHNA RAO
President (Finance)

Place : Hyderabad
Date : 30.05.2014



Regency Ceramics Limited

Registered Office: N.N.House, Chirag Ali Lane, Hyderabad – 500 001 (A.P)

PROXY

Reg.Folio No./Client Id. No		No. of Shares held	
-----------------------------	--	--------------------	--

I/We _____ of _____
in the District of _____ being a member / members of REGENCY
CERAMICS LIMITED hereby appoint Mr/Mrs/Ms _____
_____ in the district of _____ as my/our Proxy
to vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company
to be held on Tuesday the 30th September, 2014 at 11.00 A.M and at any adjournment
thereof, at the Registered office of the Company at 5-8-356, N N House, Chirag Ali
Lane, Abids, Hyderabad.-500001. Telangana State.

Signed this _____ day of September, 2014.

1/- Re Revenue Stamp

Signature _____

Note : The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

A Proxy need not be a member.

NO COMPLIMENTS

Regency Ceramics Limited

Registered Office: N.N.House, Chirag Ali Lane, Hyderabad – 500 001 (A.P)

ATTENDANCE SLIP

Shareholders attending the Meeting in person or by the Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 30th Annual General Meeting of the Company at the Registered office of the Company at 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad.-500001, on Tuesday 30th September, 2014 at 11.00 A.M.

Full name of the Shareholder (in block letters)

Signature

Regd. Folio No. :

Client ID* :

DP ID* :

Full name of the Proxy (in block letters)

Signature