

BOARD OF DIRECTORS

1. Dr. G.N. Naidu	... Chairman and Managing Director
2. Sri T.V. Chowdary	... Director (Up to 29.5.2013)
3. Dr. M.V.G. Rao	... Director
4. Sri P.J.V Sarma	... Director
5. Sri G. Sreenivasulu Naidu	... Director
6. Smt Bindu G. Naidu	... Director
7. Sri T. Ramesh Chandra Bose	... Director
8. Sri N. Satyendra Prasad	... Executive Director

President (International Operations) :

Dr. S.V. Ramprasad

President (Finance)

Mr. E. Balakrishna Rao

Audit Committee

Investors' Grievance Committee

Sri T.V. Chowdary (Up to 29.5.2013)

Sri T.V. Chowdary (Up to 29.5.2013)

Sri P.J.V Sarma

Sri P.J.V Sarma

Dr. M.V.G. Rao

Dr. G.N. Naidu

Sri T. Ramesh Chandra Bose

Remuneration Committee

Sri T.V. Chowdary (Up to 29.5.2013)

Bankers

Sri P.J.V Sarma

State Bank of India

Sri T. Ramesh Chandra Bose

The South Indian Bank Ltd

Dr. M.V.G. Rao (w.e.f. 29.5.2013)

Corporation Bank

State Bank of Travancore

State Bank of Bikaner & Jaipur

Registered Office

Statutory Auditors

5-8-356, N N House,

M/s Brahmayya & Co.,

Chirag Ali Lane, Abids,

Chartered Accountants

Hyderabad - 500001

Hyderabad

Ph: +91-40-23204555

Internal Auditors

Fax: +91-40-23201159

M/s K S Rao & Co.,

Factory

Chartered Accountants

Yanam - 533464

Hyderabad

(Union Territory of Puducherry)

Company's Website: www.regencytiles.com

Contents	Page Nos.
Notice to the Shareholders	1-2
Directors' Report	3-7
Management Discussion and Analysis Report	8-11
Report on Corporate Governance	11-19
Certification by CEO & CFO	20
Auditors' Report	21-26
Balance Sheet	27
Statement of Profit and Loss	28
Notes	29-39
Other Notes Forming Part of Accounts	40-42
Significant Accounting Policies	42-43
Cash flow Statement	44

INDEX



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 29th Annual General Meeting of the Company will be held on Monday, the September 30, 2013 at 11.00 a.m. at Registered Office of the Company at 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 2013 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 Sri G.Sreenivasulu Naidu, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri. T. Ramesh Chandra Bose, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s Brahmayya & Co., Chartered Accountants, 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.

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

Place : Hyderabad
Date : 29.05.2013

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 himself / herself. Proxy need not be a member of the company; Proxy form duly completed should be deposited at the company's registered office at least 48 hours before the commencement of the meeting.**
2. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in. Members holding shares in Demat 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.
3. The Register of Members and Share Transfer books of the company will remain closed from September 23, 2013 to September 30, 2013 (both days inclusive).
4. Members seeking any information with regard to accounts for the financial year ended 31st March 2013, 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.
5. 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.
6. 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.

7. 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.
8. 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.
9. 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.

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

Place : Hyderabad
Date : 29.05.2013

Dr G N Naidu
Chairman and Managing Director

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

SRI G. Srinivasulu Naidu, aged about 71 years is a Law graduate and a practising Advocate in profession since 1969. He is associated as a Director of your company since 1993-94. His diversified knowledge and experience in both criminal and civil cases, corporate affairs and other fields has helped the company in its difficult times. He was earlier a member of the panel of advocates for United India Insurance Ltd., Cuddapah, New India Insurance Ltd. Cuddapah, and standing counsel for A.P Mineral Development Corporation. Cuddapah and as a standing counsel for APSRTC, Cuddapah.

Sri T. Ramesh Chandra Bose, aged about 72 years, holds B.E (Electrical) and FIE qualifications. He has over 47 years of experience in Thermal, Gas and Hydro Power Projects and presently working as Managing Director for Athena Chhattisgarh Power Pvt. Ltd. He is also Professional Director in Kakatiya Cement, Sugar and Industries Ltd, Hyderabad, Konaseema Gas Power Limited, Hyderabad, Country Wide Power Transmission Ltd, New Delhi, Vijai Electricals Ltd, Hyderabad, SEW Infrastructure Ltd, Hyderabad and IVRCL Limited, Hyderabad. He has vast experience in APSEB. He was the Former Director (Projects) in APTRANSCO.

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

Place : Hyderabad
Date : 29.05.2013

Dr G N Naidu
Chairman and Managing Director



Director's Report to the Shareholders :

Your Directors hereby present their 29th Annual Report along with the Audited Accounts of the company for the financial year ended 31st March 2013.

Financial Results :

Sl.No.	Particulars	Rs in lakhs	
		2012-13	2011-12
1	Turnover	607	17828
2	Gross profit before interest and Depreciation	(919)	(196)
3	Finance charges	187	1558
4	Depreciation	942	972
5	Net loss before tax	(2048)	(2726)
6	Income tax	-	(348)
7	Net Loss after tax	(2048)	(2378)
8	Balance carried to balance sheet	(7004)	(4955)

Review of Operations:

On 27.01.2012, a section of workers joined hands with few anti-social elements and caused extensive damage to the equipment, buildings, electrical installations, raw material, finished goods and records by using iron rods, boulders and set on fire to the equipment, sheds and vehicles. Your company declared lock out of its plant at Yanam after the incident with effect from 31.01.2012. Since then, there is no production.

During the year under review, your Company sold the sound finished stocks available both in the plant and at depots. The sales in physical and financial terms from own operations were 2.58 lakh sq. mts (Previous year 68.31 lakh sq.mts) and Rs.514.22 lakhs (previous year Rs.14478 lakhs) respectively.

Your Company could not continue trading activity as the marketing staff left the organisation and dealers shifted to other competitors. The sales in physical and financial terms from trading during the year were 0.34 lakh sq.mts (previous year 11.79 lakh sq. mts) and Rs. 92.90 lakhs (previous year Rs.3350 lakhs) respectively.

Exports:

Your Company achieved an export turnover of Rs. 197.51 lakhs (previous year Rs.1359.33 lakhs).

Dividend:

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

Lockout of the factory:

Your Company is in discussions with Original Equipment Manufacturers (OEMs) and reconditioning technical experts for taking up repairs/replacement of the damaged equipment and machinery and put back the plant into operation. As per the Insurance policy taken, your Company is eligible to claim the cost of repairs to the plant and machinery. However, wherever repairs are not possible



or repair cost is more than the replacement cost, your company is eligible to claim for replacement value. 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.

The Government of Puducherry issued a G.O. dt.10.04.2013 prohibiting the continuance of the lockout declared by the management. However, in view of the situation prevailing in Yanam, your company approached the Hon'ble High Court of Madras and obtained stay.

Labour settlements:

Arrangements are being made for settlement of dues to workers leaving the company. Most of the employees have submitted resignations and your company has already settled many employee accounts and is in the process of finalizing the settlement in respect of remaining number of cases.

Your company initiated action against the workers involved in violence and requested the labor tribunal for early disposal of the same. The CBI is also investigating cases related to the incident and in the process, has arrested some employees and others involved.

One Time Settlement of Bank Loans:

The lenders of the company conveyed their respective sanctions for settlement of their dues under One Time Settlement (OTS) as a compromise. Your company paid 10% of the OTS amount and seeking extension of time from the lenders for the balance payment.

Future Outlook:

In India, real estate industry is expanding especially in areas like housing, office space, retail and entertainment, among others. The ceramic tile industry is witnessing constant growth in the production capacity - both in the organized and unorganized sectors. The varied changes in the consumer's perspective towards the decorative use of ceramic tiles and its application in indoor and outdoor areas have brought in new trends and developments in the market. With the over capacity positions in the country, the thrust will be to withstand market competition by producing value added products, offering competitive pricing, innovative designs and series, etc., The focus as such is on consistent improvement in the product mix with value addition.

All efforts are being made to sort out the present difficult circumstances that your company is facing. The support from insurance company for releasing the on-account payment immediately and for early settlement of the claim and releasing the claim amount fully is very important for resuming operations. The State and Central Governments will have to support your company by way of grants and reliefs in this crucial juncture.

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.

Achievements /Accomplishments:

Your Company enjoyed the status of "Export House", recognized by the Ministry of Commerce, Government of India, in view of consistent export performance till its validity i.e up to 31st March 2013.

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 is in place.

Directors:

Sri G.Sreenivasulu Naidu and Sri. T. Ramesh Chandra Bose, Directors retire by rotation and are eligible for re-appointment in this AGM.

Auditors:

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

Auditors' Report:

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

Auditors' 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. 9 and Item No. 3 of Note. 23.
 - b. Para 2 of basis for qualified opinion - Note. 5, 20 and Item No. 9 of Note. 23.
 - c. Para 3 of basis for qualified opinion - Item No. 4 of Note. 23.
 - d. Para 4 of basis for qualified opinion - Note. 3, 6, 8, 13 and 21.
 - e. Para 5 of basis for qualified opinion - Note. 8.
- 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 : 29.05.2013

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 fuel saving technology for the manufacture of ceramic tiles and was constantly upgrading the same to reduce the consumption of gas and power. Your company used to carryout regular maintenance and repairs of all the equipment and machinery to ensure optimum efficiency and to minimize wastage. Your company used to initiate for implementing the energy conservation across the plant.

b. Technology Absorption:

Your Company was 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 had developed several value added products and high definition designs with laser printing. Special concept tiles had been developed for improving the realization. Your Company developed and formulated its own designs and frits for floor glossy glaze and new innovative designs in Wood finish tiles.

c. Foreign Exchange Earnings and Outgo:

- a) Your Company earned foreign exchange of Rs. 163.07 lakhs. (Previous year Rs. 1135.84 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. 928.80 lakhs)

For and on behalf of the Board

Place : Hyderabad
Date : 29.05.2013

Dr G N Naidu
Chairman and Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development:

The Indian economy during the FY 2012-13 registered a GDP growth of 5%. The industrial sector was impacted by general inflation and inflation of Indian Rupee against US Dollar. The FY2012-13 had a growth of 6.0% for the Indian construction sector. Due to monetary issues and other related policies the Indian construction industry showed a lackluster performance in 2012-13. But the outlook for the construction sector beyond FY2012-13 is brightening up. Not only are monetary conditions likely to improve for construction companies in FY2013-14, but the government is also making pertinent efforts to remove bottlenecks that are delaying infrastructure projects in India. India's construction sector is poised to reach 7.6% growth in FY2013-14.

Indian Tile Industry:

The Indian tile industry, despite an overall slowdown of the economy continues to grow at a healthy 15% per annum. Investments in the last 5 years have aggregated over Rs. 5000 crores. The overall size of the Indian ceramic tile industry is approximately Rs 18,000 crore (FY12). The production during 2011-12 stood at approx 600 million square meters. India ranks in the top 3 list of countries in terms of tile production in the world. With proper planning and better quality control our exports (presently insignificant) contribution can significantly increase.

The Indian tile industry is divided into organized and unorganized sector. The organized sector comprises of approximately 14 players. The current size of the organized sector is about Rs 7,200 Crores. The unorganized sector accounts for nearly 60% of the total industry bearing testimony of the growth potential of this sector.

Industry Outlook:

The long term outlook for Indian construction sector continues to remain encouraging. The demand for both residential and commercial spaces remains unstinted. This is fuelled by the projected growth for the hospitality, retail and aviation sectors as well. The realty sector continues to be the primary driving force and the consumers' preferences are being aligned towards pronominal value additions, with rising disposable incomes and the ever increasing urbanization. The long term prospects are also affirmative envisaging the government initiatives for enhancing the infrastructural facilities in rural and semi urban areas across the country.

The ceramic industry in the country is growing and the prospects are bright as the use of ceramics in infrastructure and automobile sectors is increasing. Boom in housing sector coupled by the government policies fuelling strong growth in housing sector; Retail boom in the Indian economy has also influenced the demand for higher end products.

However, in the near term, companies in the sector could witness challenges on



account of sluggishness of new order inflows, executive concerns surrounding their current order books, elongated working capital cycle and resultant increase in debt levels, as reported by ICRA Ltd.

The competition offered by the unorganized players of the industry is a major impediment as well. The ever increasing operating costs, supply of natural gas and its prices, availability and procurement of raw materials whose prices again tend to be volatile, foreign exchange risks, gaps in working capital cycles and availability of skilled labour for ensuring quality of the output are the menacing aspects affecting the industry.

Company Outlook:

The recent incident had an impact on the whole town of Yanam with several people depending on the Company being thrown out of balance. Your company is in the process of exploring options for recommencing the plant operations and is awaiting clearances from various agencies including settlement of claim by the insurance company.

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

Internal Control Systems:

Your Company has 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 is 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



workforce in the plant who have left the company are keen to rejoin once the plant re-commence its 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		2011-12	2012-13	Favourable (+)/Adverse (-) % age change
1	Production (including outsourced goods for trading)	Lakh sq. mts	75.86	0.55	-99
2	Capacity utilisation	%	49	0.2	-100
3	Physical sales	Lakh sq. mts	80.10	2.92	-96
4	Realisations	Rs.per sq.mt	222.64	207.71	-7
5	Net Sales/Income from operations	Rs.in Lakhs	16575	582	-96
6	Other Income	Rs.in Lakhs	467	277	-41
7	Increase/(Decrease) in Stock	Rs.in Lakhs	(677)	(352)	-48
8	Total Income	Rs.in Lakhs	16365	507	-97
9	Total Expenditure	Rs.in Lakhs	16560	1426	91
10	Operating Profit	Rs.in Lakhs	(196)	(919)	-370
11	Operating Margin	%	(1.20)	(181.19)	-15058
12	Finance Charge	Rs.in Lakhs	1558	187	88
13	Gross Profit after finance charge and Before depreciation and tax	Rs.in Lakhs	(1753)	(1106)	37
14	-Do-	%	(10.71)	(218.13)	1936
15	Depreciation	Rs.in Lakhs	972	942	3
16	Loss before tax	Rs.in Lakhs	(2726)	(2048)	25
17	Tax (including current tax, deferred tax, MAT, FBT)	Rs.in Lakhs	(348)	—	100
18	Loss after tax	Rs.in Lakhs	(2378)	(2048)	14
19	EPS	In Rs.	(8.99)	(7.75)	14
20	Book Value	In Rs.	(1.67)	(9.41)	-465
21	Reserves & Surplus (Net)	Rs.in Lakhs	(3085)	(5133)	-66
22	Return on Capital employed	%	(35)	(16)	54
23	Share Market Price range	In Rs.	3.40-7.75	2.82-4.73	

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 2012-13 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 Eight Directors, which includes an Executive Chairman and Managing Director, an Executive Director and Six Non-executive Directors. Out of Six Non-executive Directors four of them are Independent.

b) Attendance of each Director at Board Meetings during the financial year 2012-13, 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 2012-13, Four Board Meetings were held and the time gap between any two Board Meetings did not exceed four months.

S. No.	Name of the Director	Category	Attendance		Number of other Directorships	Membership in Board Committees in other Companies as on 31-03-2013	
			Board Meetings	At last AGM		Chairman	Member
1	Dr. G. N. Naidu (Chairman and Managing Director)	Promoter & Executive	4	Yes	4	-	-
2	N. Satyendra Prasad (Executive Director)	Non Promoter & Executive	4	Yes	2	-	-
3	Bindu G. Naidu	Promoter & Non- Executive	1	No	4	-	1
4	G. Sreenivasulu Naidu	Promoter & Non- Executive	1	No	1	-	-
5	T.V.Chowdary*	Non-Executive Independent	4	Yes	6	-	2
6	Dr. M. V. G. Rao	Non-Executive Independent	3	Yes	7	1	2
7	P.J.V.Sarma	Non-Executive Independent	3	No	1	1	1
8	T. Ramesh Chandra Bose	Non-Executive Independent	3	No	7	-	7

* Sri T.V. Chowdary, ceased to be Non Executive Independent Director of the company w.e.f. 29-05-2013



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
15th May 2012	8	7
13th August 2012	8	4
09th November 2012	8	5
12th February 2013	8	7

(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 2013, 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

Dr G N Naidu

Chairman and Managing Director

Place : Hyderabad

Date : 29.05.2013

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	T.V.Chodary*	Member	Non-Executive Independent Director
3	Dr.M.V.G.Rao	Member	Non-Executive Independent Director
4	T. R. C. Bose	Member	Non-Executive Independent Director

* Sri T.V. Chowdary, ceased to be Non Executive Independent Director of the company w.e.f. 29-05-2013



The Company continues to derive benefit from the deliberations of the Audit Committee. Sri P J V Sarma, the Chairman of the Audit Committee, is having rich experience and professional knowledge in Corporate Finance, Project Finance, Corporate Banking, Marketing & Relationship Management, Leasing and other financial products, M&A, Restructuring and General Insurance, Structured Products, design, Credit enhancement and financial products, Strategy formulation, Corporate Planning and Risk Management. The other 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.

Mrs. T. Deepthi, Company Secretary is the Secretary of the Audit Committee till January 04, 2013.

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

During the financial year, four Audit Committee meetings were held i.e. on 15th May 2012, 13th August 2012, 09th November 2012 and 12th February 2013.

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
T.V.Chowdary*	4
Dr.M.V.G.Rao	3
T.R.C. Bose	3

* Sri T.V. Chowdary, ceased to be Non Executive Independent Director of the company w.e.f. 29-05-2013

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.V.Chowdary*	Member	Non-Executive Independent Director
T. R. C. Bose	Member	Non-Executive Independent Director

* Sri T.V. Chowdary, ceased to be Non Executive Independent Director of the company w.e.f. 29-05-2013

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

c) Attendance during the year

No meetings were held during the Year.

d) Details of remuneration paid during the year 2012-13 to the Directors are furnished hereunder.

The aggregate value of salary, perquisites and commissions for the year ended 31st March 2013 paid to Dr. G.N. Naidu, Chairman and Managing Director and Sri N. Satyendra Prasad, Executive Director is as follows:

	Amount (Rs. in lakhs)
Dr. G. N. Naidu	1.02
Sri N. Satyendra Prasad	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.

7 meetings of Share Transfer cum Investor Grievance Committee were held during the year 2012-13. The dates on which the meetings were held are as follows:

18th May 2012, 26th July 2012, 09th November 2012, 20th December 2012, 07th February 2013, 26th February, 2013 and 25th March 2013.

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
T.V.Chowdary (Chairman)*	Non-executive Independent	6
P J V Sarma	Non-executive Independent	7
Dr. G.N.Naidu	Promoter & Executive, Non-Independent	7

* Sri T.V. Chowdary, ceased to be Non Executive Independent Director of the company w.e.f. 29-05-2013

Mrs. T. Deepthi, Company Secretary, is the Compliance Officer of the Company till January 04, 2013. The total number of complaints received and replied to the satisfaction of shareholders during the year 2012-13 are nil. There are no outstanding complaints as on 31st March, 2013.

6. GENERAL BODY MEETINGS:

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

Year	Venue	Date	Time
2009-2010	Indira Priyadarshini Auditorium, Nampally Hyderabad	September 25, 2010	11.00 A.M
2010-2011	Regency Ceramics Ltd Regd Off: 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad.	September 29, 2011	11.00 A.M
2011-2012	Regency Ceramics Ltd Regd Off: 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad.	December 27, 2012	11.00 A.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, 2013 at 11.00 a.m.
Venue	:	Regency Ceramics Limited, Regd Off: 5-8-356, N N House, Chirag Ali Lane, Abids, Hyderabad - 500001
Financial	:	Annual General Meeting : 30th September 2013
Calender (tentative)	:	Mailing of Annual Reports : 04th September 2013
		1st Quarter Un-audited results : second week of August'13
		2nd Quarter Un-audited results : second week of November'13
		3rd Quarter Un-audited results : second week of February'14
		4th Quarter audited results : end of May 2014
Book Closure Date	:	September 23, 2013 to September 30, 2013 (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		(Unit: Regency Ceramics Ltd.)		
Demat and	:	12-10-167, Bharat Nagar, Hyderabad - 500018,		
Physical segment)				
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 2013, 78.37% of the Company's total shares representing 2,07,22,495 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, 2012	3.65	2.86	3.75	3.50
May, 2012	3.78	3.20	3.75	3.40
June, 2012	4.15	3.35	3.98	3.40
July, 2012	3.88	3.06	4.10	3.45
August, 2012	3.68	2.82	3.60	2.95
September, 2012	3.26	2.82	3.55	2.95
October, 2012	3.58	2.87	3.75	2.85
November, 2012	3.94	3.08	3.80	3.30
December, 2012	4.50	3.67	4.65	3.55
January, 2013	4.73	3.60	4.65	3.50
February, 2013	4.25	3.41	4.00	3.15
March, 2013	3.68	3.19	3.80	3.00

***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: 040-23818475/76 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. (A.P) Ph No: +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 2013:

Category	No. of shareholders	% share-holders	No. of shares	% of shareholding
Resident Individuals	14465	95.88	5905154	22.33
Bodies Corporate	201	1.33	5039322	19.06
Promoters	13	0.09	15219545	57.56
NRI's	377	2.50	165611	0.63
Others	30	0.20	111954	0.42
Total	15086	100.00	26441586	100.00

Distribution of Shareholding of the Company as on 31st March 2013:

No. of shares held	No. of shareholders	% share-holders	No. of shares	% of shareholding
1 - 500	13454	89.18	2018957	7.64
501 - 1000	881	5.84	717878	2.70
1001 - 2000	373	2.47	567217	2.15
2001 - 3000	123	0.82	310958	1.18
3001 - 4000	50	0.33	177548	0.67
4001 - 5000	49	0.32	225924	0.85
5001 - 10000	75	0.50	536595	2.03
10001 - 50000	57	0.38	1172702	4.44
50001 and above	24	0.16	20713807	78.34
Total	15086	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 2013, 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 2013, no investor grievances are pending against the Company as on 29th May 2013 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

Place: Hyderabad
Date : 29.05.2013

K S Rao
Partner
Membership No. : 15850



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 : 29.05.2013



INDEPENDENT AUDITOR'S 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, 2013, 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 condition of the



fixed assets and the realizable value could not be estimated. The machinery and building were insured and disclosed at book value after providing depreciation on account of efflux of time.

2. During the year, the company has provided the provisional liability towards salary, wages and other benefits to its factory employees in the absence of complete records for six months only 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 31.03.2013.
3. There are no confirmatory letters in respect of Debtors, Creditors, loans and advances and other current assets.
4. During the year, the company has not provided interest on term loans, working capital loans to the extent of Rs.1114.23 Lakhs. We were informed by the company that the lenders opted for settlement of dues under OTS as a compromise and agreed the settlement amount to 60% of the outstanding as on the cut off date of 08th June 2012. The last date for payment of entire settlement amount is lapsed and were informed by the management that the lenders are considering extension of time for payment. During the year, the company has treated the Long term Borrowings from banks under "Current Maturities of Long term Borrowings".
5. 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.
6. Accordingly, 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, 2013;



- 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 subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013, 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

Place: Hyderabad
Date : 29.05.2013

(K.S.RAO)
Partner
Membership No.15850



**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.
e) 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.321.27 lakhs.
f) 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.
g) 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 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 of Rs.56.65 Lakhs, VAT Rs.367.11 Lakhs, Service Tax Rs.48.29 Lakhs, Provident Fund of Rs. 24.83 Lakhs, ESI of Rs.6.53 Lakhs, TDS of Rs.12.94 Lakhs and Income Tax of Rs.58.19 Lakhs outstanding as at 31st March, 2013 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 lenders of the Company opted for settlement of dues under an OTS as a compromise and accordingly the company has not paid the 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 Brahmaya & CO.
Chartered Accountants
Firm Registration No. 000513S

K S Rao
Partner
Membership No. : 15850

Place: Hyderabad
Date : 29.05.2013



Regency Ceramics Limited

BALANCE SHEET AS AT 31ST MARCH, 2013

(Rs. in Lakhs)

PARTICULARS	Note No.	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
a) Share Capital	1	2644.16	2644.16
b) Reserves and Surplus	2	(5133.05)	(3084.63)
		(2488.89)	(440.47)
2. Non- Current Liabilities			
a) Long-term borrowings	3	-	7238.84
b) Other Long term liabilities	4	1148.63	897.82
c) Long-term provisions	5	345.97	364.16
		1494.60	8500.82
3. Current Liabilities			
a) Short-term borrowings	6	2812.30	3021.82
b) Trade payables	7	2432.87	2396.80
c) Other current liabilities	8	10183.93	3161.12
		15429.10	8579.74
TOTAL		14434.81	16640.09
II. ASSETS			
1. Non-Current Assets			
a) Fixed assets			
Tangible	9	7826.02	8912.38
b) Non-current investments	10	202.42	206.42
c) Long-term loans and advances		23.32	23.32
		8051.76	9142.12
2. Current Assets			
a) Inventories	11	666.17	1017.77
b) Trade receivables	12	1233.20	1490.02
c) Cash and cash equivalents	13	379.06	377.53
d) Short-term loans and advances	14	1904.71	2346.34
e) Other current assets	15	2199.91	2266.31
		6383.05	7497.97
TOTAL		14434.81	16640.09
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 : 29.05.2013



29th Annual Report 2012-13

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in Lakhs)

PARTICULARS	Note No.	Current Year	Previous Year
I. INCOME			
Revenue from operations	16	581.50	16575.00
Other Income	17	277.27	467.37
Total		<u>858.77</u>	<u>17042.37</u>
II EXPENSES			
Cost of Raw material Consumed	18	-	4253.57
Purchases of stock-in-trade		75.81	3066.51
Changes in inventories of finished goods, work in Process and stock-in-trade	19	351.60	677.39
Employee benefits expense	20	908.84	2038.46
Finance costs	21	187.36	1557.81
Depreciation and amortization expense	9	942.11	972.46
Other expenses	22	441.47	7201.68
Total		<u>2907.19</u>	<u>19767.88</u>
III. Loss before tax		(2048.42)	(2725.51)
IV. Tax Expense		-	(347.58)
-Deferred Tax			
V. Loss after tax		(2048.42)	(2377.93)
VI. Earnings per equity share (of Rs.10 each)			
Basic & Diluted		(7.75)	(8.99)
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 : 29.05.2013



Regency Ceramics Limited

NOTE - 1 :
SHARE CAPITAL

PARTICULARS	As at 31.03.2013		As at 31.03.2012	
	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 31.03.2013		As at 31.03.2012	
	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 31.03.2013		As at 31.03.2012	
	Shares held	%	Shares held	%
G N Naidu	7020533	26.55	7020533	26.55
Radhika Naidu	4704036	17.79	4704036	17.79
Bindu G Naidu	1617920	6.12	1558407	5.89
Regency Transport carriers Limited	3314470	12.54	3314470	12.54



29th Annual Report 2012-13

(Rs. in Lakhs)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
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>(4955.45)</u>	<u>(2577.52)</u>
Add: Current year	<u>(2048.42)</u>	<u>(2377.93)</u>
Closing Balance	<u>(7003.87)</u>	<u>(4955.45)</u>
Total (a+b+c+d)	<u>(5133.05)</u>	<u>(3084.63)</u>
NOTE - 3		
LONG TERM BORROWINGS: (SECURED)		
A) Term Loans		
Corporation Bank	-	1576.55
State Bank Of Travancore	-	1392.10
State Bank of India	-	1766.22
State Bank of Bikaner & Jaipur	-	1365.13
Corporation Bank -TL 2	-	30.00
State Bank of Travancore - TL 2	-	27.45
State Bank of India - TL 2	-	34.50
State Bank of Bikaner & Jaipur -TL 2	-	26.85
	<u> </u>	<u>6218.80</u>
B) Funded Interest Term Loans		
Corporation Bank	-	27.00
State Bank of Travancore	-	24.00
State Bank of India	-	34.50
State Bank of Bikaner & Jaipur	-	23.55
	<u> </u>	<u>109.05</u>
C) Working Capital Term Loans		
State Bank of India	-	637.50
The South Indian Bank Ltd.,	-	212.50
	<u> </u>	<u>850.00</u>
D) Other Loans		
Under Hypothecation / Hire Purchase	-	60.99
Total (A+B+C+D)	<u>-</u>	<u>7238.84</u>



The lenders of the company opted for settlement of dues to the Banks under an OTS as a compromise. As such, the Term loans, Funded Interest Term loans and Working Capital Term loans under (A), (B) and (C) above, 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 accordingly shown under Note No.8 (Other Current Liabilities).

PARTICULARS	(Rs. in Lakhs)	
	As at 31-03-2013	As at 31-03-2012

**NOTE - 4
OTHER LONG TERM LIABILITIES(UNSECURED)**

Trade Deposits from Dealers	345.86	416.32
Loans from Body Corporate & Others	30.00	30.00
Loans from Directors	772.77	451.50
Total	1148.63	897.82

**NOTE - 5
LONG TERM PROVISIONS**

Gratuity	309.34	320.74
Leave Encashment	36.63	43.42
Total	345.97	364.16

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	2223.13	2348.75
ii) The South Indian Bank Ltd	589.17	551.75
Bill Discounting	-	121.32
Total	2812.30	3021.82

Terms of Repayment and Security :

These Borrowings are repayable on demand, secured by first charge on current assets of the company, ranking pari passu with other member banks and further secured by second charge on the company's fixed assets ranking pari passu 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 pari passu basis to all the lenders. Interest is payable on monthly basis.

The lenders of the company opted for settlement of dues to the Banks under an OTS as a compromise. The company paid 10% of the OTS amount and requested for extension of time for the balance payment.



(Rs. in Lakhs)

PARTICULARS	As at 31-03-2013	As at 31-03-2012
NOTE - 7		
TRADE PAYABLES		
- Due to Micro,Small and Medium Enterprises	186.67	187.12
- Others	2246.20	2209.68
Total	2432.87	2396.80
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	186.67	187.12
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	1761.53	163.72
State Bank Of Travancore	1529.18	152.21
State Bank of India	1861.11	190.69
State Bank of Bikaner & Jaipur	1496.55	148.32
Corporation Bank -TL 2	40.62	12.73
State Bank of Travancore- TL 2	30.22	29.48
State Bank of India- TL 2	66.91	37.18
State Bank of Bikaner & Jaipur -TL 2	54.66	29.75
	6840.78	764.08
Hypothecation / Hire purchase loans	34.88	101.38
	6875.66	865.46
B) Funded Interest Term Loans		
Corporation Bank	37.50	12.12
State Bank of Travancore	26.65	26.70
State Bank of India	66.36	38.00
State Bank of Bikaner & Jaipur	1.28	24.61
	131.79	101.43
C) Working Capital Term Loans		
State Bank of India	696.28	62.45
South Indian Bank	232.47	12.50
	928.75	74.95
D) Other Current Liabilities		
Creditors for Other Finance	595.77	551.24
Creditors for Expences	1267.98	1241.65
Advance from Customers	313.93	257.20
Income Tax	58.19	58.19
Due to Directors	11.86	11.00
	2247.73	2119.28
Total (A+B+C+D)	10183.93	3161.12



*** 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. These loans are further secured by second paripasu 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 paripasu 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

*** One Time Settlement:**

The plant suffered a major set back due to the incident occurred on 27.01.2012 and as such, the lenders opted for settlement of dues to the Banks under an OTS as a compromise. The OTS settlement is at 60% of the outstanding amount as on the cut off date of 8.6.2012, to be paid interest free with in the stipulated period. The company paid 10% of the OTS amount and requested the lenders for extension of time for the balance payment. The details are as under:

Rs. In Lakhs

Name of the Bank	Outstanding as on 31.03.13	Outstanding as on 08.06.12 (cut off date)	Amount Under OTS	10% Upfront Paid	Balance Payable
State Bank of India	5257.87	5641.00	3385.00	339.00	3046.00
Corporation Bank	1839.64	1833.28	1106.00	110.00	996.00
State Bank of Bikaner & Jaipur	1552.49	1663.00	977.00	98.00	879.00
State Bank of Travancore	1586.06	1653.74	992.24	99.22	893.02
South Indian Bank	903.64	772.00	462.00	46.20	415.80
Total	11139.70	11563.02	6922.24	692.42	6229.82

The company has not provided interest for the year 2012-13 on the Term Loans and Working Capital Loans amounting to Rs. 1114.23 lakhs in view of OTS in line with the treatment made by the banks. The actual interest liability shall vary depending upon the actual date of balance OTS payment.

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



NOTE - 9
FIXED ASSETS

(Rs. in Lakhs)

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		COST AS AT 01.04.12	ADDITIONS DURING THE YEAR	SALES/ ADJ. DURING THE YEAR	COST AS AT 31.03.13	UPTO 01.04.12	FOR THE YEAR	ON SALES / ADJ.	UPTO 31.03.13
1	LAND	156.37	-	-	156.37	-	-	-	156.37
2	BUILDINGS	1851.15	-	14.32	1836.83	701.42	54.41	3.43	1084.43
3	PLANT & MACHINERY	18411.30	-	38.41	18372.89	11028.75	865.30	4.25	11889.79
4	OFFICE EQUIPMENT & COMPUTERS	482.32	-	3.44	478.88	436.25	5.65	1.15	440.74
5	FURNITURE & FIXTURES	78.47	-	8.71	69.76	67.10	2.88	3.68	66.30
6	VEHICLES	455.41	-	332.03	123.38	313.78	13.87	241.00	86.66
7	LIVE STOCK	24.66	-	0.85	23.81	-	-	-	23.81
TOTAL		21459.68	-	397.76	21061.92	12547.30	942.11	253.51	13235.90
PREVIOUS YEAR		21577.67	50.92	168.91	21459.68	11662.65	972.46	87.81	12547.30

Note : The company suffered extensive damage to the assets situated at Factory, Yanam due to unprecedented violence occurred on 27th January, 2012. The Company declared lock-out of the Plant from 31st January 2012. The financial results for the year ended 31st March 2013 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 31.03.2013		As at 31.03.2012	
	No. of shares	Rs. in Lakhs	No. of shares	Rs. in Lakhs
Unquote :				
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 IFCI Ltd, (market value Rs 2.63 lakhs) (previous year Rs 20.95 lakhs) -	10,000	1.00	50,000	5.00
Total		202.42		206.42

(Rs. in Lakhs)

PARTICULARS	As at	As at
	31-03-2013	31-03-2012

NOTE - 11

INVENTORIES

Raw Materials	482.29	482.29
(Valued at lower of cost or net realisable value)		
Stores & Spares	54.72	54.72
(Valued at lower of cost or net realisable value)		
Finished Goods (including in-transit for exports)	2.17	340.19
(Valued at lower of cost or net realisable value)		
Stock in Trade (Acquired for trading)	50.84	64.42
Stocks-in-process	70.08	70.08
(Valued at lower of cost or net realisable value)		
Packing Materials	6.07	6.07
(Valued at lower of cost or net realisable value)		
Total	666.17	1017.77

NOTE -12

TRADE RECEIVABLES

(Unsecured and considered good)

Receivables for a period exceeding six months	836.29	827.39
Considered doubtful	84.73	170.29
Less : provision for doubtful debts	84.73	170.29
Other trade receivables	396.91	662.63
Total	1233.20	1490.02



PARTICULARS	As at 31-03-2013	As at 31-03-2012
NOTE - 13		
CASH AND CASH EQUIVALENTS		
Cash in hand	9.14	13.20
Money in transit	-	77.84
In Current Accounts	63.54	127.20
In No-Lien Accounts	191.70	-
In Fixed deposits against BG/LCs	114.68	159.29
Total	379.06	377.53

The company paid 10% of the OTS amount under settlement to all the banks. Corporation Bank and State Bank of Bikaner & Jaipur considered the same in the No-lien Account and the other three banks have adjusted the same 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	1817.37	2245.16
Advances to Staff & Workers	46.92	48.11
Deposits recoverable	40.42	53.07
Total	1904.71	2346.34

NOTE - 15**OTHER CURRENT ASSETS**

Claims Receivable	1880.40	1889.12
Balance with Govt. Departments	195.52	218.00
Prepaid Expenses	0.20	17.26
Interest accrued on Deposits and Investments	39.01	60.34
Advance Tax & TDS	84.78	81.59
Total	2199.91	2266.31



Regency Ceramics Limited

(Rs. in Lakhs)

PARTICULARS	Current Year	Previous Year
NOTE - 16		
REVENUE FROM OPERATIONS		
Domestic Sale	409.61	16468.64
Export Sale	197.51	1359.33
Total	607.12	17827.97
Less : Excise Duty	(25.62)	(1252.97)
Total	581.50	16575.00
NOTE - 17		
OTHER INCOME		
Interest	33.16	21.42
Insurance Claims	37.88	3.34
Profit on sale of assets	148.30	200.95
Brand usage charges	12.54	26.44
Miscellaneous Income	5.70	56.89
Lease Rental Charges	19.78	72.50
Export Incentives	7.28	75.91
Excess Provisions / Credit Balances Written back	-	6.12
Dividend Received	0.50	0.50
Rent received	3.36	3.30
Profit on sale of Investments	8.77	-
Total	277.27	467.37
NOTE - 18		
COST OF RAW MATERIAL CONSUMED		
Opening Stock	482.29	1283.53
Add : Purchases	-	4165.97
	482.29	5449.50
Less: Closing Stock	482.29	482.29
Less: Claims Receivable	-	713.64
Total Cost of Raw materials consumed	-	4253.57
Details of Raw Materials Consumed:		
Ball Clay	-	375.10
White Clay	-	362.57
Pilsperser	-	108.20
Feldspar	-	223.47
Glazes and Colourants	-	2581.34
Others	-	602.89
Total	-	4253.57



PARTICULARS	Current Year	Previous Year
NOTE -19		
CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE		
Inventories at the beginning of the year		
Finished Stock	340.19	1243.73
Trading Stock	64.42	118.28
Stock in process	70.07	88.03
	<u>474.68</u>	<u>1450.04</u>
Less: Inventories at the end of the year		
Finished Stock	2.17	340.19
Trading Stock	50.84	64.42
Stock in process	70.07	70.07
	<u>123.08</u>	<u>474.68</u>
Less: Loss / Damages during the year		
Finished Stock	-	238.24
Stock in process	-	59.73
	-	297.97
(Increase)\ Decrease	<u>351.60</u>	<u>677.39</u>

NOTE - 20**EMPLOYEE BENEFITS EXPENSE**

Salaries, Wages, bonus and Other benefits	727.93	1754.10
Gratuity	2.80	65.00
Contribution to Provident Fund	9.21	101.02
Contribution to ESI	1.09	31.14
Workmen and Staff Welfare Expenses	30.17	87.20
Compensation	137.64	-
Total	<u>908.84</u>	<u>2038.46</u>

The unprecedented industrial violence on 27.1.12 resulted in deaths of personnel and destruction of buildings and equipment in the factory. Consequent to this, a lock-out was declared at the factory. Though the company is not liable for payment under "No Work - No Pay" principle, the Salary, Wages and other benefits to employees for six months are considered as provisional liability and taken in the books under employee benefits expense pending orders / judgment of the Industrial Tribunal.



Regency Ceramics Limited

(Rs. in Lakhs)

PARTICULARS	Current Year	Previous Year
NOTE - 21		
FINANCE COST		
Interest	180.26	1458.28
Bank Charges	7.10	99.53
Total	187.36	1557.81
The Interest on Term loans and working capital loans for the year 2012-13 amounting to Rs. 1114.23 lakhs was not provided in view of OTS, inline with banks. The actual interest liability shall vary depending upon the actual date of balance OTS payment.		
NOTE - 22		
OTHER EXPENSES		
Consumption of Stores and Spares	-	902.80
Consumption of Packing Material	-	653.30
Power and Fuel	51.82	2831.82
Repairs to - Buildings	1.14	57.22
- Machinery	2.17	383.28
- Others	8.58	71.71
Rates and Taxes	20.16	51.10
Excise duty on Finished Goods	(43.31)	(55.59)
Rent	34.25	143.37
Insurance	10.29	17.08
Printing and Stationery	3.62	13.31
Postage, Telegrams, Telephone and Telex	16.97	47.47
Travelling and Conveyance	38.53	109.39
Directors sitting fees	0.18	0.10
Vehicles Maintenance / Hire Charges	14.18	22.76
Payments to auditors - as auditors	1.12	1.12
- as Tax audit fee	0.45	0.45
Legal and Professional Charges	43.72	34.20
Donations	-	0.23
Loss on Sale of Fixed assets	16.48	4.25
General Expenses	53.08	106.18
Debit Balances written off	0.28	0.56
Provision for Doubtful Debts	-	50.56
Prior Year Expenses	0.45	1.19
Carriage, Freight and Insurance on despatches	93.17	1341.10
Commission on Sales	0.95	32.25
Advertisement	30.39	32.95
Discount on Sales	42.80	264.37
Other selling expenses	-	0.53
Bad debts written off	-	82.62
Total	441.47	7201.68

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 31.03.13 (Rs.in lakhs)	As at 31.03.12 (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.	—	530.91
	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 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 financial results for the year ended 31st March 2013 were prepared considering the effect of the loss / damage to FG stocks, Raw Materials, stores and spares, stocks-in-process and other inventories in the books of accounts. However, the value of loss/damage to Plant & Machinery, Buildings and other assets of the company and also, claim under loss of profit were not considered in the books pending assessment.		
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, other liabilities and advances.		
05.	The company extended "Letter of Comfort" to ICICI Bank aggregating to Rs.23.70 Lakhs with an undertaking to convert the same into Corporate Guarantee in line with terms and conditions of the sanction to M/s. Regma Ceramics Ltd., a Body Corporate under the same management.		



	Current Year (Rs.in lakhs)	Previous Year (Rs.in lakhs)
06. CIF Value of Imports:		
i) Raw material	-	212.11
ii) Packing Material, Stores & Spares	-	716.69
iii) Capital Goods	-	-
	<hr/>	<hr/>
07. Expenditure in Foreign Currency:		928.80
i) Travelling Expenses	6.63	0.45
ii) Sales Commission	0.00	24.18
08. Earnings in Foreign Exchange:		
F.O.B. Value of Exports	163.07	1,135.84
09. Gratuity provision as per AS-15 was not provided in the books due to loss of employee records in the factory during the violent incidence occurred on 27 th January,2012.		
10. Remittance in foreign currency on account of Dividend:		
There is no remittance in foreign currency on account of Dividend during the year 2012-13		
11. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
12. Segment Reporting: The entire operations of the Company relate only to one segment.		
13. 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		
4) Smt. G.Radhika		
5) Smt. Bindu G Naidu		
6) Sri. N. Satyendra Prasad		
	}	Key Management Personnel
		(Rs. in Lakhs)

	Particulars	Business Current Year	Outstanding as on 31.03.13	
			Previous Year	31.03.12
i)	Company under the same management			
	- Subscription to Equity Shares	-	-	200.00
	- Brand usage charges earned	12.54	26.44	(399.06) (130.28)
ii)	Unsecured loans from Directors	-	-	(993.62) (593.75)
iii)	Other entities where Directors/their relatives are interested.			
	- Advances given	-	-	71.99
	(Figures in bracket represent amount payable to them)			
iv)	Payment to Key Management personnel			
	- Rent	6.00	74.12	
	- Remuneration (Directors)	-	33.50	
	- Remuneration (other than Directors)	128.00	24.04	
	(Service Compensation)			



14. Composition of Net Deferred Tax Asset/(Liability):

Components of Deferred Tax:

	Current Year (Rs. In Lakhs)	Previous Year (Rs. In Lakhs)
Deferred Tax Assets:		
Loss as per Income Tax Act	2995.35	2806.62
Provision for doubtful debts	26.81	52.62
Disallowances u/s 43B of Income Tax Act	46.35	108.15
	3068.51	2967.39
Deferred Tax Liability:		
Depreciation	1661.64	1879.64
Deferred Tax (Liability)/Asset (Net)	1406.87	1087.75

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

15. Earning per Share:

i) Net Loss after tax (Rs. in lakhs)	(2048.42)	(2,377.93)
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.)	(7.75)	(8.99)

16. Consequent to the Notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2013 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 : 29.05.2013



29th Annual Report 2012-13

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013 (Rs. in Lakhs)

PARTICULARS	2012-13	2011-12
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before Tax	(2048.42)	(2725.51)
Adjustments for:		
Depreciation	942.11	972.46
Interest(net)	147.10	1438.53
Profit on sale of Fixed Assets(Net)	(131.83)	(196.71)
Profit on sale of Investment	(8.77)	-
Operating loss before working capital changes	(1099.81)	(511.23)
Adjustments for:		
Trade and other receivables	743.51	(19.63)
Inventories	351.60	2534.01
Trade payables	75.88	184.72
Cash generated from operations	71.88	2187.87
Income Tax & Fringe Benefit Tax paid	0.00	(20.00)
Net Cash Flow from Operating Activities	71.18	2167.87
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	(35.83)
Sale of Fixed Assets	276.08	261.01
Sale of Investments	4.00	-
Interest received	54.50	2.29
Net Cash Used in investing activities	334.58	227.47
C) CASH FLOW FROM FINANCING ACTIVITIES		
Loans from Directors	321.27	25.00
Loans from Banks and institutions	-	-
Repayment of loans to Institutions and others	(344.50)	(738.02)
Increase/(Decrease) in Working Capital Loan	(209.51)	(481.62)
Interest paid	(174.55)	(1458.28)
Net Cash used in Financing Activities	(407.29)	(2652.92)
Net decrease in cash and cash equivalents(A+B+C)	(1.53)	(257.58)
Cash and Cash equivalents as at 01.04.2012 (Opening Balance)	377.53	635.11
Cash and Cash equivalents as at 31.03.2013 (Closing Balance)	379.06	377.53

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 : 29.05.2013



Regency Ceramics Limited

Registered Off : N.N. House, Chirag Ali Lane, Hyderabad - 500 001.

PROXY

Reg. Folio No. / Clid. 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 attend and vote for me /us on my/ our behalf at the
29th Annual General Meeting of the Company to be held on Monday 30th
September, 2013 at 11.00 A.M. and at any adjournment there of at the Registered
Office of the Company at 5-8-356, N.N. House, Chirag Ali Lane, Abids, Hyderabad
- 500 001 (A.P).

Signed this _____ day of September, 2013

Signature _____

Affix
Re. 1/-
Revenue
Stamp

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

A Proxy need not be a member.

NO GIFTS

Regency Ceramics Limited

Registered Off : N.N. House, Chirag Ali Lane, Hyderabad - 500 001

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 29th Annual General Meeting of the Company at the Registered Office of the Company at N.N. House, Chirag Ali Lane, Abids, Hyderabad - 500 001 (A.P) on Monday the 30th September, 2013 at 11.00 A.M.

Full name of the Shareholder (in block letters) Signature

Regd. Folio No. :

Clint ID* :

DP ID* No. :

Full Name of the Proxy (in block letters) Signature

FORM B

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

1.	Name of the Company:	REGENCYCERAMICS LIMITED
2.	Annual financial statements for the year ended	31st March, 2013
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:	<p>Qualifications : Page No.21 & 22 of Annual Report</p> <p>Management's response : Page No. 5 and Page No.31 to 40 of Annual Report.</p>
6	Additional comments from the board/audit committee	The whole plant was destroyed on 27.01.2012 and President (Operations) of the Company was killed. Hence Audit Qualifications

Signed by

For REGENCY CERAMICS LIMITED



Dr G N Naidu

Chairman and Managing Director

Encl : Annual Report 2012-13



Regency Ceramics Limited

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

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