

BOARD OF DIRECTORS

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

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

Audit Committee

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

Investors' Grievance Committee

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

Bankers

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

Remuneration Committee

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

Statutory Auditors

M/s Brahmayya & Co.,
 Chartered Accountants
 Hyderabad

Registered Office

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

Internal Auditors

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

Factory

Yanam – 533464
 (Union Territory of Puducherry)

Company's Website: www.regencytiles.com

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NOTICE TO THE SHAREHOLDERS

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

Ordinary Business:

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

Special business:

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

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

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

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

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

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



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

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

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

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

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

Perquisites:

Perquisites as under, shall be restricted to an amount equal to the annual salary. Contribution to Provident Fund and Superannuation fund to the extent they are exempted under the Income Tax Act, 1961 and encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.

Category A

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



Category B

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

Category C

- i. Free use of Company's car with driver.
- ii. Free telephone facility at residence.
All long distance personal calls shall be duly logged and paid for by the Chairman and Managing Director.
- iii. The Chairman and Managing Director shall not be entitled to any sitting fees for attending the Board/Committee Meetings.

Category D

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

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

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

Place : Hyderabad
Date : 30.05.2014

Dr G N Naidu
Chairman and Managing Director

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll, instead of him / her. Proxy need not be a member of the company; Proxy form duly completed should be deposited at the company's registered office at least 48 hours before the commencement of the meeting.**
2. An Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013 relating to items of Special Business to be transacted at the meeting is annexed hereto
3. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in. Members holding shares in D-mat form shall write their Client ID and DP ID No. and those holding in Physical form to write their Folio No. in the attendance slip for attending the meeting. Copies of Annual Reports will not be provided at the meeting.



4. The Register of Members and Share Transfer books of the company will remain closed from September 23, 2014 to September 30, 2014 (both days inclusive).
5. Members seeking any information with regard to accounts for the financial year ended 31st March 2014 may send their queries to the company at least 10 days before the meeting, in order to enable the Management to keep the information ready at the Meeting.
6. In case there is any correction/change in your address registered with us, we request you to communicate the same to us/Company's R & T Agent, whose address is given elsewhere in this Annual Report.
7. The Company has already transferred the unclaimed dividend declared for the financial year 1991-92 to the general revenue account of the Central Government as required by the Companies Un-paid Dividend (Transfer to the General Revenue account of the Central Government) Rules, 1978. Shareholders who have not claimed or collected the dividend for the aforesaid financial year may claim their dividend by writing to the Registrar of Companies, Andhra Pradesh, Kendriya Sadan, Koti, Hyderabad - 500 001.
8. The Company has transferred to the 'Investors Education and Protection Fund' the unpaid / unclaimed dividend declared as interim dividend / dividend for the financial year 1999-2000 in June, 2007, for the financial year 2000-01 in October 2008, for the financial year 2001-02 in October 2009, for financial year 2002-03 in November 2010 and for financial year 2003-04 in October 2011. Please note that once the unclaimed dividend is transferred to the aforesaid 'Investors Education and Protection Fund' of the Central Government, no claim shall lie in respect thereof.
9. Your company's securities are listed with The Stock Exchange, Mumbai (BSE) and The National Stock Exchange Limited, Mumbai (NSE). The company is regular in paying the annual listing fee to the said Stock Exchanges.
10. Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
11. Brief resume of Dr G N Naidu, the director seeking reappointment in the ensuing Annual General Meeting is given in Item No.7 of Explanatory Statement.

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

Place : Hyderabad
Date : 30.05.2014

Dr G N Naidu
Chairman and Managing Director



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

Item No.4:

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

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

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

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

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

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

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

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



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

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

Item No.5

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

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

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

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

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

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

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

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

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



Item no. 6

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

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

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

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

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

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

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

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

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

Item No.7

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



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

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

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

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

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

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

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

By order of the Board
For Regency Ceramics Limited

Place : Hyderabad
Date : 30.05.2014

Dr G N Naidu
Chairman and Managing Director



DIRECTORS' REPORT TO THE SHAREHOLDERS

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

Financial Results:

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

Review of Operations:

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

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

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

Dividend :

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

Insurance settlements:

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

Labour settlements:

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

One Time Settlement of Bank Loans:

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