



33rd Annual Report 2016-17



Regency Ceramics Limited

CIN : L26914TG1983PLC004249

Regd Office: 6-3-1090/A/7, IMS House, 3rd Floor, Somajiguda, Hyderabad - 500082

Phone : 040-23319902, 23327555

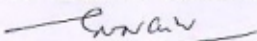
FORM B

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

| | | |
|----|---|---|
| 1. | Name of the Company: | REGENCY CERAMICS LIMITED |
| 2. | Annual financial statements for the year ended | 31st March, 2017 |
| 3. | Type of Audit qualification | <i>Qualified</i> |
| 4. | Frequency of qualification | <i>since previous year</i> |
| 5. | Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report: | Qualifications : <i>Page No.34 to 38 of Annual Report</i> Management's response : <i>Page No.10 and Page No.46 to 56 of Annual Report.</i> |
| 6. | Additional comments from the board/audit committee chair: | <i>The plant was destroyed and President (Operations) of the Company was killed on 27.01.2012. Plant under lock-out since then and no production. Hence Audit Qualifications.</i> |

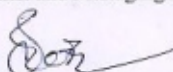
Signed by

For REGENCY CERAMICS LIMITED



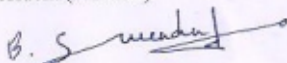
Dr G N Naidu

Chairman and Managing Director



E. Balakrishna Rao

President (Finance)



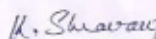
B. Surendra

Audit Committee Chairman

for Brahmayya & co

Chartered Accountants

Firm Registration No.000513S



K. Shravan

Partner

Membership No. 215798



BOARD OF DIRECTORS

| | |
|------------------------------|--|
| 1. Dr G.N.Naidu | ... Chairman and Managing Director |
| 2. Sri G. Sreenivasulu Naidu | ... Director |
| 3. Sri B.Surendra | ... Director |
| 4. Sri D.Chandra Sekhar Babu | ... Director |
| 5. Smt G.Vijaya Vani | ... Director (upto 14.02.2017) |
| 6. Smt Y.Vijaya lakshmi | ... Additional Director (wef.14.02.2017) |
| 7. Sri N. Satyendra Prasad | ... Executive Director |

President (International Operations)
President (Finance)

: Dr S.V. Ramprasad
 : Sri E. Balakrishna Rao

Audit Committee

Sri B. Surendra
 Sri D.Chandra Sekhar Babu
 Smt G.Vijaya Vani (upto 14.02.2017)
 Smt Y.Vijaya lakshmi (wef.14.02.2017)

Investors' Grievance Committee

Dr G.N. Naidu
 Sri B. Surendra
 Sri D.Chandra Sekhar Babu

Bankers

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

Remuneration Committee

Sri B. Surendra
 Sri D.Chandra Sekhar Babu
 Smt G.Vijaya Vani (upto 14.02.2017)
 Smt Y.Vijaya lakshmi (wef.14.02.2017)

Statutory Auditors

M/s Brahmayya & Co
 Chartered Accountants
 Hyderabad

Registered Office

6-3-1090/A/7, 3rd Floor, IMS House
 Somajiguda, Hyderabad - 500082
 Ph: +91-40-23327555

Internal Auditors

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

Factory

Yanam – 533464
 (Union Territory of Puducherry)

Company's Website: www.regencytiles.com

INDEX

Contents :

Page Nos.

| | |
|--|---------|
| Notice to the Shareholders | 1 - 5 |
| Directors' Report | 6 -13 |
| Management Discussion and Analysis Report | 14 - 15 |
| Report on Corporate Governance | 16 - 23 |
| CEO Certificate | 24 |
| MGT 9 | 25 - 29 |
| Secretarial Audit Report | 30 - 33 |
| Independent Auditors' Report | 34 - 38 |
| Balance Sheet | 39 |
| Statement of Profit and Loss | 40 |
| Cash Flow Statement | 41 |
| Notes Forming part of the Financial Statements | 42 - 56 |



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 33rd Annual General Meeting of the Company will be held on Wednesday, the September 27, 2017 at 12.30 p.m. at Registered Office: 6-3-1090/A/7, 3rd Floor, IMS House, Somajiguda, Hyderabad - 500 082, to transact the following business:

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as on 31st March 2017 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 auditors of the company and to fix their remuneration:

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (Act) read with the Companies (Audit and Auditors) Rules, 2014 (Rules) including any statutory modification(s) or re-enactment thereof, for the time being in force, M/s. K S Rao & Co., Chartered Accountants, (Registration No. 003109S) Hyderabad, who have confirmed their eligibility to be appointed as Auditors, in terms of section 141 of the Act read with Rule 4 of the Rules, be and are hereby appointed as Statutory Auditors of the Company, in place of retiring Auditors M/s Brahmayya & co., Chartered Accountants, Hyderabad, to hold office for a period of five consecutive years from the conclusion of this 33rd Annual General Meeting till the conclusion of 38th Annual General Meeting, to be held in the calendar year 2022 (subject to ratification of their appointment by the members of the Company at every Annual General Meeting held after this Annual General Meeting), on such remuneration including applicable taxes and out of pocket expenses incurred in connection with the audit, as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

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 with stock exchanges, Smt.Y. Vijaya Lakshmi (DIN:02210385) and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company with effect from 14th February, 2017 to hold office for 5 (Five) consecutive years for a term up to 13th February, 2022.”

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

Place : Hyderabad
Date : 30.05.2017

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. 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, 2017 to September 27, 2017 (both days inclusive).
4. Members seeking any information with regard to accounts for the financial year ended 31st March 2017 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 & Telangana, 2nd Floor, Corporate Bhawan, GSI Post, Tattianaram, Nagole, Bandlaguda, Hyderabad - 500 068.
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 Bombay Stock Exchange Limited, Mumbai (BSE) and The National Stock Exchange Limited, Mumbai (NSE). The company has not paid the annual listing fee for the years 2014-15, 2015-16, 2016-17 and 2017-18 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.



10. The instructions for shareholders voting electronically are as under:

- (A) The voting period begins on 24.09.2017 at 9.00 am and ends on 26.09.2017 at 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- ii) Click on Shareholders.
- iii) Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

| | |
|---------------------|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Date of Birth (DOB) | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Click on the EVSN for the relevant **Regency Ceramics Limited (EVSN-170821064)** on which you choose to vote.
- xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xviii) **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.



**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS ITEMS
PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

ITEM NO. 4

The Board of Directors at its meeting held on 14th February, 2017 has appointed Smt.Y. Vijaya Lakshmi (DIN: 02210385) as an Additional Director of the Company. As per Section 161(1) of the Companies Act, 2013, 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 her as a candidate for the office of Director of the Company.

Smt.Y. Vijaya Lakshmi (DIN: 02210385) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her 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 she shall not be included in the total number of directors for retirement by rotation.

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

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

Smt.Y. Vijaya Lakshmi (DIN: 02210385) aged about 57 years, holds a graduate degree and exposed to business activity.

The terms and conditions of appointment of Smt. Y. Vijaya Lakshmi 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.

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.

By order of the Board
For Regency Ceramics Limited

Place : Hyderabad
Date : 30.05.2017

Dr G N Naidu
Chairman and Managing Director



DIRECTORS' REPORT

Dear Members

Your Directors hereby present their Thirty third Annual Report of the Company together with the Audited Accounts for the financial year ended 31st March, 2017.

FINANCIAL SUMMARY:

The performance of the Company for the Financial Year ended 31st March 2017 is as under:

| | | Rs in Lakhs | |
|---------|--|-------------|---------|
| Sl. No. | Particulars | 2016-17 | 2015-16 |
| 1 | Turnover | - | - |
| 2 | (Loss)/Profit before Interest and Depreciation | (92) | 38 |
| 3 | Finance charges | 4 | 1 |
| 4 | (Loss)/Profit before Depreciation and Tax | (96) | 37 |
| 5 | Less: Provision for Depreciation | 479 | 502 |
| 6 | Loss before Tax | (575) | (465) |
| 7 | Less: Provision for Income Tax | - | - |
| 8 | Net Loss after Tax | (575) | (465) |
| 9 | Deficit Carried to Balance Sheet | (10495) | (9920) |

REVIEW OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS:

During the year under review, your Company could not make any sales and as such the Turnover was Rs.NIL (Previous year : Rs.Nil) and incurred a Net Loss of Rs.575 Lakhs (previous year Net loss: Rs.465 Lakhs).

PERFORMANCE & FINANCE:

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.

DIVIDEND

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

TRANSFER OF AMOUNT TO RESERVES:

The Company does not propose to transfer any amount to General Reserves for the financial year ended 31st March, 2017.

CHANGE IN THE NATURE OF BUSINESS:

There is no change in the nature of business of the Company.

INSURANCE SETTLEMENTS:

Your company submitted a claim on reinstatement value basis in accordance with the policy taken for loss/damage to the properties of the company. However, as per the policy terms, the Repairs/ Replacement of Plant & Machinery should have been completed within 12 months from the date of incident. The policy condition has not been complied with due to the precarious situation of labour unrest and as such, the repairs/ replacement has not been carried out till date. The insurance company therefore, denied the claim made by the company on the basis of Reinstatement Value. Your company is requesting for reconsideration of the decision taken and awaiting a favourable reply from the insurance company.



LABOUR SETTLEMENTS:

Your company paid full and final settlement amounts to those who have resigned from the company and waiting for the balance workmen to come forward for final settlement. Action initiated by your company against the workers involved in the Violence is pending for disposal at the Labour Tribunal.

LENDERS' DUES SETTLEMENTS:

The company requested the lenders for sanction of revised OTS due to on-going agitation of the workers, non receipt of insurance claim and inability of the promoters to mobilize funds. Some lenders have sanctioned the same while others are in the process of examining the offer of the company. However, as per rules, the lenders initiated recovery action against the company under the SARFAESI Act. The lenders also took symbolic Possession under Rule 8(1) of Security Interest (Enforcement) Rules, 2002 of the properties in exercise of powers conferred on them under section 13(4) of the SARFAESI Act. Further, the lenders also filed an application under section 19 of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 in the Debts Recovery Tribunal, Hyderabad for recovery of their dues.

REFERENCE TO AAIFR:

A reference made by your company to Board for Industrial and Financial Reconstruction (BIFR) as per the provisions under section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 and registered as case no. 19/2014 was abated and your company preferred an appeal before AAIFR. The company lost the case in AAIFR also due to lack of support from the lenders.

FUTURE OUTLOOK:

The future prospects of the Company and industry outlook are given in the Management Discussion and analysis report.

INSURANCE

All properties and insurable interests of the Company including building, plant and machinery and inventory were usually fully insured at the reinstatement values every year. However, after the incident of 27.01.2012, the Insurance companies denied insurance coverage for the good assets as the assessment could not be completed.

CORPORATE GOVERNANCE

In compliance with Regulation 34 read with Para-C of Schedule V of Listing Regulations, a separate report on Corporate Governance has been included in this Annual Report together with the Auditor's certificate confirming compliance of the Corporate Governance as stipulated under the said Regulations. All the Board members and the Senior Management Personnel have affirmed compliance with the Companies "Code of Conduct for Board and Senior Management Personnel" for the financial year 2016-17. A certificate signed by the Managing Director and Chief Financial Officer (CFO) certifying the financial statements and other matters as required under Regulation 17(8) of the Listing Regulations, forms part of this Annual Report.

EXTRACTS OF ANNUAL RETURN

The Extracts of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is enclosed as Annexure -1 to this Report.