



Notice to the shareholders

Notice is hereby given that the 26th Annual General Meeting of the Company will be held on Saturday, the September 25, 2010 at 11.00 a.m. at Indira Priyadarshini Auditorium, Public Gardens, Nampally, Hyderabad 500 001, to transact the following business :

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet as on March 31, 2010 and Profit and Loss account 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 T.V.Chowdary, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri G.Sreenivasulu Naidu, 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.

Special Business :

5. Appointment of Sri N. Satyendra Prasad as an Executive Director

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

“RESOLVED THAT Sri N.Satyendra Prasad, who was inducted as an additional Director on the Board of the Company pursuant to provisions of Section 260 of the Companies Act, 1956 read with Article 36(e) of the Articles of Association of the Company, by the Board of Directors in its meeting held on July 31, 2010 and holds office until the conclusion of this Annual General Meeting and in respect of whom the Company, pursuant to Section 257 of the Companies Act, 1956, has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

6. Remuneration of Sri N. Satyendra Prasad, Executive Director

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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said act as may be amended from time to time and subject to approval of the financial institutions/banks in terms of the loan agreements and such other approvals that may be necessary, the approval of the Company be and is hereby accorded to the appointment of Sri N.Satyendra Prasad, as an Executive Director, for a period of five years with effect from July 31, 2010 on the following terms and conditions, reproduced below.”



- i Salary Rs. 2,00,000/- per month.
- ii Contribution to Provident Fund to the extent exempted under the Income Tax Act, 1961.
- iii Contribution to Superannuation fund to the extent exempted under the Income Tax Act, 1961.
- iv Gratuity payable shall not exceed half a month's salary for each completed year of service,
- v Encashment of leave at the end of tenure
- vi Car and telephone facilities for official use

"RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the above remuneration will be paid to Sri N. Satyendra Prasad subject to the provisions of Section II of Part II of Schedule XIII of the Companies Act, 1956".

By order of the Board
for Regency Ceramics Limited

Place : Hyderabad
Date : July 31, 2010

Ritu Tiwary
Company Secretary

Notes:

1. ***A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll, instead of himself. Proxy need not be a member of the Company; Proxy form duly completed should be deposited at the Company's registered office at least 48 hours before 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 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.
3. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to items of Special Business to be transacted at the meeting is annexed hereto.
4. The Register of Members and Share Transfer books of the Company will remain closed from September 16, 2010 to September 25, 2010 (both days inclusive).
5. Members seeking any information with regard to accounts for the financial year ended March 31, 2010, 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, the address 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 the unpaid / unclaimed dividend declared as interim dividend for financial year 1999-2000, to the 'Investors Education and Protection Fund' in June, 2007, for the financial year 2000-01 in October 2008 and for the financial year 2001-02 in October 2009. **The Company will be transferring the unpaid/unclaimed dividend declared for the financial year 2002-2003 in October 2010.** Shareholders who have not encashed the dividend warrant(s) so far, with regard to final dividends for the financial years 2002-03 and 2003-04 are requested to write to the Company Secretary, Regency Ceramics Limited, N.N.House, Chirag Ali Lane, Abids, Hyderabad-500 001 or to the Company's R & T Agent, the address given elsewhere in this Annual Report. 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.

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

Place : Hyderabad
Date : July 31, 2010

Ritu Tiwary
Company Secretary

Annexure to the notice:

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

Item Nos. 5 & 6

Sri N.Satyendra Prasad was appointed as an Additional Director of the Company, vide resolution passed by the Board of Directors in its meeting held on July 31, 2010.

Sri N.Satyendra Prasad, aged about 44 years, has overall experience of 21 years with 18 years of managerial experience in senior positions across diverse industries. He completed his Bachelor's Degree in Computer Science & Engineering from College of Engineering, Guindy, Anna University, Chennai and Masters in Computer Science from University of South Carolina, Columbia, USA. He started his career with Tata Consultancy Services, Chennai and has been an entrepreneur since 1991. He was the co-founder of iSpace Global Services (India) Pvt. Ltd., a multinational Company involved in software services to the US healthcare industry. Sri Prasad holds 1,30,550 equity shares in the Company.



In terms of Section 260 of the Companies Act, 1956, Sri Prasad holds office of Additional Director until the conclusion of this Annual General Meeting. Notice has been received pursuant to Section 257 of the Companies Act, 1956 together with requisite deposit signifying his intention to propose his candidature to the office of Director.

In view of absence of profits in the current financial year, the Company shall pay Sri N.Satyendra Prasad, remuneration by way of Salary, allowances, perquisites, commission and other benefits within the limits prescribed in Section II of Part II of Schedule XIII of the Companies Act, 1956, as existing or as modified or re enacted from time to time as recommended by the Board and subject to the approval of Shareholders.

Dr.G.N.Naidu, Chairman and Managing Director and Smt Bindu.G.Naidu, Director being relatives of Sri N.Satyendra Prasad are concerned and deemed to be interested in the resolution. No other Director is concerned or interested directly or indirectly in the above resolution.

The Board of Directors recommends the resolution for your approval.

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

Sri T.V.Chowdary aged about 67 years, has been associated with the Company since its inception. He is an Engineering Graduate in Mining and holds a Master Degree in Business Administration (MBA). He worked as a Managing Director of A.P. Rural Irrigation Corporation and Chaired Non-conventional Energy Development Corporation of A.P. Presently he is a Director in six other Companies namely M/s. Divyasakthi Granites Limited, Hyderabad, M/s. Trimex Industries Pvt Limited, Chennai, M/s.Pokarna Ltd., Hyderabad ,M/s. Trimex Sands Pvt. Ltd, Regma Ceramics Ltd and Trimex Ores Pvt Ltd. His diversified knowledge and noteworthy experience of 38 years in various fields has proved handy to the Company in its difficult times. He is one of the key persons who took part in nurturing the Company from its childhood to this adult stage. In addition to above Directorships, he is also a member of Audit Committee and Share Transfer cum Investor Grievance Committee of the Company.

Sri G.Sreenivasulu Naidu, aged about 68 years, has been on the Board for last 16 years. A bachelor in Science and Law, he has contributed in the growth and success of the Company. He has been practicing law for the last 41 years. His large clientele includes: United India Insurance Company Ltd, Margadarsi Chit Funds Pvt. Ltd., Union Bank of India, Andhra Bank, Indian Bank and Endowments Department, Kadapa.

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

Place : Hyderabad
Date : July 31, 2010

Ritu Tiwary
Company Secretary



Directors' Report to the Shareholders:

Your Directors hereby present their 26th Annual Report along with the Audited Accounts of the Company for the year ended March 31, 2010

Financial Performance:		(Rs. in lakhs)	
Sl.No.	Particulars	2009-10	2008-09
01.	Turnover	17522	16654
02.	Gross profit before interest and Depreciation	936	501
03.	Finance charges	1427	1321
04.	Depreciation	1070	1063
05.	Net loss before tax	(1561)	(1883)
06.	Income tax	(223)	(381)
07.	Provision for Gratuity – Earlier Years	-	(19)
08.	Net Loss after tax	(1338)	(1483)
09.	Balance carried to balance sheet	(1034)	304

Review of Operations :

Your Company passed through a critical phase during the year under review because of recession in the international economy and operated under difficult business environment. The year continued to witness a disturbing and fluctuating economy making it all the more challenging for your Company to optimise the capacity utilisation and to achieve the breakeven point. With the continued constraints of shortage in the supply of gas, increase in the price of raw materials, slower growth of consumer durables, delayed realisations, ups and down in the sectoral commodity markets, your Company could not register the upward graph it intended to.

Your Company achieved the production of 97.90 lakh sq.mts during the year under review as against 89.31 lakh sq.mts during the previous year. The sales in physical and financial terms being 92.64 lakh sq.mts. (previous year 91.73 lakh sq.mts) and Rs.16599 lakhs (previous year Rs.16404 lakhs) respectively.

Your Company made a turnover in the trading activity to boost up the earnings during the year under review. The sales in physical and financial terms being 3.61 lakh sq.mts (previous year 1.16 lakh sq mts) and Rs 923.24 lakhs. (previous year Rs.250.38 lakhs)

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

Exports:

Your Company improved its export activities during the year under review and achieved an Export turnover of Rs 2990 lakhs. (previous year Rs.2443 lakhs). Your Company is confident of further improving its share in international market in future, once the production gets streamlined.

Equity shares issued pursuant to the Scheme of Arrangement

1,28,44,786 equity shares of Rs. 10/- each along with a share premium of Rs. 2.37/- per share were allotted on 23rd December, 2009 to the Promoters and their associates by



converting their unsecured loans into equity shares pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh on 8th October, 2009. All the necessary listing formalities have been complied with and now these shares are listed on The Stock Exchange Ltd., Mumbai and National Stock Exchange Ltd.

Future outlook:

Your Company has laid emphasis on Increase in production, improvement in quality, increase in average realization, reduction in variable cost, constant product innovation and development, full usage of gas supply, aggressive marketing and distribution network during the year under review. The Company has identified the above few factors which would contribute to the success of the Company. Your Company has launched new products in vitrified tiles segment, glazed porcelain, polished tiles, multi charge tiles for catering the high net worth individuals and the expanding upper middle class. Your Company also forayed into the wall tile market and producing the market referred range of high value added products with emphasis on research and development. With the economy now going on an upward graph, your Company is expecting a growth and demand for its products.

Transfer of unpaid/unclaimed Dividend to IEPF:

The unclaimed dividend for the year 2002-03 is due for transfer in October, 2010. The dividend once transferred to Investor Education and Protection Fund cannot be claimed. It is advised to the Shareholders, who have not so far encashed the dividend warrants, to write to the Company or its Registrar and Transfer Agents immediately.

Customs, Excise, Income tax & Other matters:

- 1) Your Company preferred appeals before the Hon'ble CESTAT, Bangalore against demand by Customs & Central Excise Department (Service Tax cell) for service tax during the year 2005-06 on installation, erection and commissioning of plant & machinery imported and on GTA services during the year 2006-07 though paid by the service provider.
- 2) Your Company preferred an appeal before Income Tax Appellate Tribunal, Hyderabad on 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) Your Company preferred an appeal before the Employees' Provident Fund Appellate Tribunal, New Delhi against the demand from Regional Provident Fund Commissioner, Rajahmundry for penalty and damages on account of delays in remittances during 2003 to 2009, for which stay has been granted to the Company.
- 4) 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 :

The Company continues to enjoy "Export House", status in recognition of its export performance by Ministry of Commerce, Government of India till the year 2013. During



the year under review, your Company received a “Certificate of Merit” from CAPEXIL sponsored by Ministry of Commerce & Industry, Government of India.

Environment and Social concerns:

Your Company continues to enjoy 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 :

Smt G.Radhika ceased to hold the office of Whole Time Director of the Company w.e.f. 31-07-2010.

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

Appointments:

Sri N.Satyendra Prasad was appointed as an Additional Director of the Company with effect from 31-07-2010. The explanatory statement annexed to the notice contains the details regarding appointment of Sri Prasad.

Auditors:

M/s. Brahmayya & Co., Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire 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.

Auditor’s Remarks:

- i. Referring to para 4(vi) of the Auditors report, the Directors would like to refer to Note No.5 of the schedule 19 – ‘Notes to Accounts’, which is self explanatory.
- ii. Referring to para ix (b) of the Annexure to the Auditors report, your Directors state that the Company is generally regular in payment of statutory dues. Your Directors are of the opinion that the Company is in process of implementing various strategies towards improving the overall performance of the Company and the improved operating conditions would enable the Company to perform better.

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:

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given at Annexure-II to this report.

Industrial Relations:

The industrial relations continue to be cordial. Development of Human Resources at all levels is given utmost importance and continuous training is imparted to improve the productivity, quality, cost control, safety & environment protection.

Acknowledgements:

The Board gratefully acknowledges the ongoing support and co-operation provided by the Financial Institutions/Banks viz: CDR Cell, State Bank of India, The South Indian Bank Ltd, State Bank of Travancore, State Bank of Indore, 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 made by employees at all levels.

For and on behalf of the Board

Place : Hyderabad
Date : July 31, 2010

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:

Energy conservation continues to be accorded high priority by your Company. The Company has already taken up the fuel saving technology for the manufacture of ceramic tiles and is constantly upgrading the same to reduce the consumption of gas and power. Necessary steps are in place for implementing Energy Conservation measures.

b. Technology Absorption:

Your Company continues to test and work with emerging and converging technologies in its R & D activities. During the year high quality printed new design tiles in Marble glazed polished tiles with high precision were developed with Rotocolor printed technology. The new products introduced during the year were NW series and Chic series in 60X60 cm floor tiles category, Earth tone series in 45X45 cm category, piedra and palemaro series in 33X33 cm category. New colours in Rustic, Gloria and Glossy marble series were developed in the existing series of 60X60 cm category, Verona, Arena, Palemaro, satinfin, glossy granite, rustia, glossy marble and stona series in 40X40 cm category, Reactiva, woodgloss, Alexandria, classic floor, restone and screen print series in 30X30cm category and wall classic series in 30X40 cms category. No import of technology was made and your Company is constantly striving for higher indigenization of components and spares.

c. Foreign Exchange Earnings and Outgo:

- a) Your Company has earned foreign exchange of Rs.2566.56 lakhs. (Previous year Rs. 1980.93 lakhs).
- b) The foreign exchange outgo on account of imported raw materials, stores & spares, capital goods and other expenses amounted to Rs.2024.86 lakhs (Previous year Rs.1109.36 lakhs).

Annexure – II to the Directors’ Report:

Statement of particulars of the employees pursuant to the provisions of Section 217(2a) of the Companies Act, 1956 and forming part of the Directors’ report for the year ended 31.03.2010.

Name	Age (years)	Designation	Qualification	Total experience	Date of commencement of employment	Remuneration(Rs. in lakhs)	Particulars of last employment	No. of Equity Shares held
Dr. G.N. Naidu	69	Chairman and Managing Director	B.E., AMIE	46 years	09-02-1984	11.40	Architect	70,14,798 (26.52%)

Notes:

1. Remuneration includes salary, allowance and monetary value of perquisites & commission.
2. The appointment is of non-contractual basis.

For and on behalf of the Board

Place : Hyderabad
Date : July 31, 2010

Dr.G.N.Naidu
Chairman and Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Development :

Industry, especially manufacturing, was one of the key drivers of the transformation in the growth trajectory of the Indian economy witnessed during the post-2000 period. However, a cyclical slowdown began in the industrial sector in 2007-08 and was compounded by the twin global shocks in 2008-09. The effects lingered on briefly in the current fiscal, but growth rebound is now amply evident. Gross domestic product (GDP) growth has clearly revived in the second quarter of the current year and the industrial sector has emerged as one of the prime movers of the process.

In terms of global ceramic tiles market, Asia recorded a healthy growth of over 7% during the year. In terms of consumption, India is the third largest consumer of ceramic tiles in the world and fifth-largest manufacturer in the world's total production. Vitrified Tiles constitutes around 20 % of the ceramic tile industry and the wall tiles segment is also growing in India. It is expected to grow at 15% of CAGR. The unorganised sector accounts for almost 55 per cent of the industry, which stands as a hurdle for smooth functioning.

Your Company started commercial production on 1st May, 1986, with an installed capacity of 25,000 MT per annum of ceramic tiles at Yanam, Pondicherry. The Company since inception has seen a positive growth trend and expanded its capacity in stages to reach 2,50,000 MTPA.

Your Company's main focus is on product innovation, Early this year the Company has launched wall tiles, three series of vitrified tiles in the range of glazed porcelain, multi charged and polished tiles in sizes of 800X800mm, 600 x 600 mm and Peidra heavy duty exterior tiles. Your Company formulated strategy to expand the outsourcing of vitrified and wall tiles in a larger scale during the year.

The volumes for the year have also improved with introduction of new designs, products, advent of wall tiles which are custom made to suit the individual requirement. New varieties introduced by the Company in both ceramic and vitrified tiles are getting good response in the market. Started as a manufacturer of Ceramic Tile Company, now it specializes and forays in Glazed, Vitrified, Industrial and Heavy duty, Pavement Tiles, Floor and Wall Concepts, Exterior elevation Tiles, range that encompasses easily the very best the industry can provide.

Opportunities and Outlook :

According to a research report "Indian Housing Sector Analysis", the housing industry in India has experienced upward movement even in the tough global economic conditions. The main reason for growth is the rising number of low and mid-income group in the country's Tier I, II and III cities. These households have the potential to make investments



in the affordable houses as their purchasing power meet the value of average affordable homes. It was also found that the mid-income households reported the fastest year-on-year growth in the last fiscal year.

The market for tiles in India is yet to grow to its full potential to meet the expected growth in housing sector. However the rural India still lags behind, giving more scope for tile industry to increase its scale of operations to meet the future demands.

The per capita consumption of tiles per head being low when compared with China and Europe indicates the manifold growth of tiles market in India in times ahead. The key growth drivers for India's consumption are healthy GDP growth, rising income levels, increasing urbanization, growing middle-class, a younger population with exposure to lifestyle trends in developed economies and growth of sectors like infrastructure and organized retailing. As a result, India's ceramic tile industry is expected to continue its growth rate of approximately 15% per annum.

Threats, Risks and Concerns :

Imports and the unorganized tile sector are the major threat to the Indian tile market. Freight, supply of power and gas remains the key cost-related issues impacting the industry. Customs duty on import of ceramic tiles to be corrected to prevent dumping of imported tiles. Marketing of tiles is also getting complex with wide range of products, product mix, competitive prices etc. The only way to meet the challenge is to operate at a large scale and economize its operations. Apart from this, the rise in inflation during the last year, increase in Credit cost, Builders facing difficulty and projects getting delayed due to fall in real estate market were the major concerns during last year.

However these effects can be mitigated by:-

- Increased volume of production
- Reduction in the cost of input material
- Change in fuel consumption pattern
- Imposition of anti dumping duty
- Constant technology up gradation and building a brand image

Business Review and Financial Performance :

Amidst a challenging business environment, the continued impact of the adverse factors such as gas supply constraints, steep increase in gas prices and other alternate fuels, increased cost of almost all inputs, non-availability of skilled workforce, fierce competition, increased finance cost, liquidity crunch, fall in realisations have dragged the Company's bottom line during the year under review. All possible efforts towards implementing various alternative strategies could not yield the expected results. Your Company is striving hard for optimum utilisation of plant capacities and to achieve break even point.



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

Sl. No.	Particulars		2008-09	2009-10	Favourable (+)/ Adverse (-) % change
1	Production (including outsourced goods for trading)	Lakh sq. mts	90.79	101.57	12
2	Capacity utilisation	%	57	62	14
3	Physical sales	Lakh sq. mts	92.89	96.25	4
4	Realisations	Rs. per sq. mts	179.29	182.05	2
5	Net Sales/Income from operations	Rs. in Lakhs	15775	16537	5
6	Other Income	Rs. in Lakhs	610	513	-16
7	Increase/(Decrease) in Stock	Rs. in Lakhs	(313)	461	-247
8	Total Income	Rs. in Lakhs	16071	17511	9
9	Total Expenditure	Rs. in Lakhs	15569	16575	-6
10	Operating Profit	Rs. in Lakhs	502	936	87
11	Operating Margin	%	3.12	5.35	72
12	Finance Charges	Rs. in Lakhs	1321	1427	-8
13	Gross Profit after finance charges and before depreciation and tax	Rs. in Lakhs	(820)	(491)	40
14	-Do-	%	(5.10)	(2.80)	45
15	Depreciation	Rs. in Lakhs	1063	1070	-1
16	Loss before tax	Rs. in Lakhs	(1883)	(1561)	17
17	Tax(including current tax, deferred tax, MAT, FBT)	Rs. in Lakhs	(381)	(223)	-41
18	Provision for Gratuity- Earlier years	Rs. in Lakhs	19	-	-
19	Loss after tax	Rs. in Lakhs	(1483)	(1338)	10
20	EPS	In Rs.	(10.91)	(6.68)	39
21	Book Value	In Rs.	23.76	13.17	-45
22	Reserves & Surplus (Net)	Rs. in Lakhs	1871	837	-55
23	Return on Capital employed	%	(58.30)	(44.77)	-23
24	Share Market Price range	In Rs.	5.41-16.85	5.40-12.45	



Internal Control System :

Your Company has adequate systems of internal control comprising authority levels and powers, supervision, checks and balances, policies, procedures and internal audit. 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 Internal Audit Committee.

Human Resources and Industrial relations :

Your Company continues to lay emphasis on competence and commitment of its human capital recognizing its pivotal role for organizational 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.

During the year, the Company maintained peaceful industrial relations and the employees were appraised of performance of the Company through various communications. Proactive and collaborative approach towards industrial relations supported by a positive mindset amongst all employees ensured cordial employee relations.

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 Key elements of Corporate Governance are transparency, disclosure, supervision, internal controls, risk management, internal and external communications and high standards of safety, product and service quality and the Company believes that practice of each of these creates the right Corporate culture that fulfils the true purpose of the Corporate Governance. 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.

2. BOARD OF DIRECTORS:

The Board of Directors comprises of 8 Directors of whom two are Executive and six are Non-Executive. Four of them are independent. The Chairman of the Board is an Executive Director.

Particulars of Directors and their Attendance in the Meetings:

Five Board Meetings were held during the financial year 2009-10 and the time gap between any two Board Meetings did not exceed four months.

The dates on which the meetings were held are as follows:

April 29, 2009, July 28, 2009, October 31, 2009, December 23, 2009 and January 29, 2010.



Attendance of each Director at Board Meetings & last AGM and their Directorships, Committee Memberships :

Sl. No	Name of the Director	Category of Directorship	No. of Board Meetings held during 2009-10	No. of Board Meetings attended	No. of other Directorships	Committee Member-ships across all companies	Attendance at last AGM
1	Dr. G.N.Naidu (Chairman and Managing Director)	Promoter & Executive Director	5	5	11	1	YES
2*	G.Radhika (Whole time Director)	Promoter & Executive Director	5	-	3	-	YES
3	Bindu G. Naidu	Promoter Director	5	-	3	-	NO
4	G.Sreenivasulu Naidu	Promoter, Director	5	3	-	-	YES
5	T.V.Chowdary	Non-Executive Director	5	4	6	6	YES
6	Dr. M.V.G. Rao	Non-Executive Director	5	5	7	4	NO
7	P.J.V. Sarma	Non-Executive Director	5	5	1	4	NO
8	S.V. Jagannath	Non-Executive Director	5	2	1	1	NO

*Smt. G. Radhika, ceases to be the Wholetime Director of the Company w.e.f. 31st July, 2010



3. **AUDIT COMMITTEE:**

Audit Committee comprises of independent non-executive 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. The Committee met four times during the year i.e on April 29, 2009, July 28, 2009, October 31, 2009 and January 29, 2010.

The details of members and the number of meetings attended by them are given below:

Director / Member	Category	No. of meetings attended
P.J.V.Sarma (Chairman)	Independent, Non-executive	4
T.V.Chowdary	Independent, Non-executive	3
Dr.M.V.G.Rao	Independent, Non-executive	4
S.V.Jagannath	Independent, Non-executive	1

4. **REMUNERATION COMMITTEE:**

Remuneration committee comprises of independent non-executive directors. The terms of reference are comprehensive and cover the matters specified for Remuneration Committee under Clause 49 of the Listing Agreement.

The details of members are given below :

Director / Member	Category
T.V.Chowdary, (Chairman)	Independent, Non-executive
P.J.V.Sarma	Independent, Non-executive
S.V.Jagannath	Independent, Non-executive

No meetings were held during the year.

Presently, the non-executive directors of the Company do not receive any remuneration from the Company. Sitting fees was paid to the non-executive directors for attending meetings of the Board and Committees thereof.

The aggregate value of salary, perquisites and commissions for the year ended March 31, 2010 paid to Dr. G.N.Naidu, Chairman and Managing Director is Rs.11.40 lakhs.

5. **SHARE TRANSFER CUM INVESTORS' GRIEVANCE COMMITTEE:**

In terms of the Corporate Governance Code, the Share Transfer cum Investors' Grievance Committee is functioning to look after the redressal of shareholders complaints like transfer 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.

13 meetings of Share Transfer cum Investor Grievance Committee were held during the year 2009-10. The dates on which the meetings were held are as follows:

April 07, April 29, May 19, June 10, July 28, September 05, September 17, December 23, December 29 2009, January 25, February 11, March 04 and March 20, 2010.



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)	Independent, Non-executive	12
P.J.V. Sarma	Independent, Non-executive	13
Dr.G.N.Naidu	Promoter, Executive, Non-Independent	9

Mrs. Ritu Tiwary, Company Secretary acted as the Secretary to the Committee. The total number of complaints received and replied to the satisfaction of shareholders during the year 2009-10 was NIL. There were no outstanding complaints as on 31st March, 2010.

6. GENERAL BODY MEETINGS:

The details of the last 3 Annual General Meetings of the Company are as follows:

Year	Venue	Date	Time
2006-2007	Indira Priyadarshini Auditorium, Nampally, Hyderabad	September 28, 2007	10.00 A.M.
2007-2008	Indira Priyadarshini Auditorium, Nampally, Hyderabad	September 27, 2008	11.00 A.M.
2008-2009	Indira Priyadarshini Auditorium, Nampally, Hyderabad	September 25, 2009	10.00 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 results are published in leading newspapers viz., The Financial Express and Andhra Prabha.

Management Discussion & Analysis forms part of this Annual Report.



9. GENERAL SHAREHOLDER INFORMATION:

Date & Time of AGM	: September 25, 2010 at 11.00 a.m.
Venue	: Indira Priyadarshini Auditorium, Nampally, Hyderabad
Financial Calender	: Annual General Meeting : 25th September, 2010
(tentative)	Mailing of Annual Reports : 31st August, 2010
	1 st Quarter Un-audited results : Second week of August,10
	2 nd Quarter Un-audited results : Second week of November,10
	3 rd Quarter Un-audited results : Second week of February,11
	4 th Quarter Un-audited results : Second week of May,11
Book Closure Date	: September 16, 2010 to September 25, 2010 (both days inclusive)
Listing on Stock Exchanges & their Stock codes	: The Stock Exchange Ltd., Mumbai : 515018 The National Stock Exchange Ltd. : REGNCERAM
ISIN allotted to Company's Scrip	: INE277C01012
R & T Agents (for both D-mat and Physical segment)	: Venture Capitals & Corporate Investment Ltd. (Unit : Regency Ceramics Ltd.) 12-10-167, Bharat Nagar, Hyderabad – 500018,
Plant Location	: Yanam, Pondicherry

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 March 31, 2010, 29.32% of the Company's total shares representing 77,53,909 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	National Stock Exchange		The Stock Exchange, Mumbai	
	High	Low	High	Low
April, 2009	07.20	05.40	07.29	06.18
May, 2009	08.90	05.80	06.88	05.90
June, 2009	10.55	07.70	09.76	07.80
July, 2009	08.90	07.15	08.35	07.60
August, 2009	09.10	07.60	07.99	07.61
September, 2009	12.35	07.85	-	-
October, 2009	10.85	08.00	-	-
November, 2009	09.75	07.20	-	-
December, 2009	10.00	08.45	-	-
January, 2010	12.45	09.10	-	-
February, 2010	09.85	07.95	-	-
March, 2010	08.95	07.65	-	-

Address for Communication :

- (i) Investor Correspondence may be addressed to our R&T Agent
Venture Capitals & Corporate Investment Ltd.
 (Unit : Regency Ceramics Ltd.)
 12-10-167, Bharat Nagar, HYDERABAD – 500018.
PH.NOS. 040-23818475 / 476

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

Shareholding Pattern as on March 31, 2010:

Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Resident Individuals	14925	95.63	5721809	21.64
Bodies Corporate	251	01.61	5292459	20.01
Promoters	18	00.12	15162933	57.35
NRI's	408	02.61	178785	00.68
Others	05	00.03	85600	00.32
Total	15607	100.00	26441586	100.00

Distribution of Shareholding of the Company as on March 31, 2010:

No. of Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	13917	89.17	2140460	08.10
501-1000	958	06.14	779682	02.95
1001-2000	373	02.39	564401	02.13
2001-3000	123	00.79	309842	01.17
3001-4000	41	00.26	144143	00.55
4001-5000	42	00.27	196622	00.74
5001-10000	71	00.45	514181	01.94
10001-50000	56	00.36	1210330	04.58
50001 and above	26	00.17	20581925	77.84
Total	15607	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.

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,
Hyderabad. A.P.

We have examined the compliance of conditions of Corporate Governance by Regency Ceramics Limited, Hyderabad. (A.P.), for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the 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 with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion to 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 listing agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are pending against the Company as on 30th July, 2010 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 the 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 : July 31, 2010

K S Rao
Partner.



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 : July 31, 2010

Certification by Chairman and Managing Director

To
The Members,
Regency Ceramics Limited

I hereby certify that all the members of the Board of Directors of the Company and Senior Management Personnel have affirmed the compliance with the Code of Conduct, framed for the Company for the financial year ended March 31, 2010.

for **Regency Ceramics Ltd.,**

Place : Hyderabad
Date : July 31, 2010

Dr.G.N.Naidu,
Chairman and Managing Director



Auditors' Report

To the members of REGENCY CERAMICS LIMITED, HYDERABAD (A.P.)

1. We have audited the attached Balance Sheet of REGENCY CERAMICS LIMITED, HYDERABAD (A.P) as at 31st March, 2010, the Profit and Loss Account and also the Cashflow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in para 3 above, we report that :
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
 - ii) 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.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon *subject to Note No.5 of 'Schedule 19 Notes to accounts' regarding confirmation of balances*, give the information required by the Companies Act, 1956, 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 31st March, 2010;
 - b) In the case of the Profit and Loss Account, of the Loss of the Company 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.

Place : Hyderabad
Date : July 31, 2010

for Brahmayya & Co.,
Chartered Accountants
Firm Registration No. 000513S

K S Rao
Partner
Membership No. : 15850



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i) 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 has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
- c) During the year the Company has not disposed off any fixed assets and hence, it has not affected the going concern status of the Company.
- ii) a) Physical verification was conducted by the management at reasonable intervals in respect of finished goods, stores & spares and raw materials except clay which is prone to change in quantities.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii) a) During the year the Company has not taken or 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, (b),(c) & (d) of the aforesaid order are not applicable to the Company.
- c) 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.
- d) The Company is regular in payment of the principal amount and interest thereon as stipulated.
- iv) 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. Further, on the basis of our examination of the books and records and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section; and
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public. Hence, the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The Central Government has not prescribed under Section 209 (1) (d) of the Companies Act, 1956 the maintenance of cost records for the products of the Company.



- ix a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Investor Education and Protection Fund, Wealth Tax, Customs Duty and other material statutory dues applicable to the Company.
- b) According to the information and explanations given to us, the Company is not regular in depositing with appropriate authorities undisputed dues in respect of sales tax of Rs.32.69 lakhs outstanding as at 31.03.2010 for a period of more than six months from the date it became payable.
- c) According to the records of the Company and the information and the explanations given to us, the dues of Excise Duty/Service Tax/Provident Fund/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	Forum where dispute is pending
Service Tax	52.39	2005-06	CESTAT, Bangalore
Service Tax	35.04	2006-07	CESTAT, Bangalore
Service Tax	1.22	2008-09	CESTAT, Bangalore
Income Tax	130.97	2003-04	Appellate Tribunal
Provident fund	34.69	2003-09	Appellate Tribunal, New Delhi
Municipal Tax	32.35	1998-2007	Yanam Municipality

- x) The Company has accumulated losses at the end of the financial year. It has incurred cash losses in the financial year under report and immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is neither a chit fund nor a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the above referred Order are not applicable to the Company.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the above referred Order are not applicable to the Company.
- xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The Term Loans were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us and on all overall examination of the balance sheet of the Company funds raised on short-term basis have not been used for long-term investment.
- xviii) During the year the Company issued 128,44,786 equity shares in pursuance to the Scheme of Agreement at a face value of Rs.10/- each along with a premium of Rs.2.37 paise per share to the parties covered in the register maintained under section 301 of the Act. In our opinion the price at which the shares have been issued is not prejudicial to the interest of the Company.
- xix) Since no Debentures were issued during the year, clause No.XIX of the said Order is not applicable.
- xx) During the year, the Company has not raised money by public issues.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Place : Hyderabad
Date : July 31, 2010

for Brahmaya & Co.,
Chartered Accountants
Firm Registration No. 000513S
K S Rao
Partner
Membership No. : 15850



26th Annual Report 2009-10

BALANCE SHEET AS AT 31st March, 2010

(Rs. in Lakhs)

PARTICULARS	Schedule No.	As at 31st March, 2010	As at 31st March, 2009
A SOURCES OF FUNDS:			
I SHARE HOLDERS' FUNDS:			
Share Capital	01	2644.16	1359.68
Reserves and Surplus	02	1870.82 4514.98	1870.62 3230.30
II. LOAN FUNDS			
Secured Loans	03	12396.65	11561.41
Unsecured Loans	04	772.11 13168.76	2170.11 13731.52
III. DEFERRED TAX LIABILITY			
TOTAL		1027.04 18710.78	<u>1251.33</u> <u>18213.15</u>
B APPLICATION OF FUNDS:			
I. FIXED ASSETS:			
Gross Block	05	21749.24	21476.56
Less: Depreciation		10849.90	<u>9786.60</u>
Net Block		10899.34	11689.96
Capital Works-in-progress		- 10899.34	<u>0.29</u> 11690.25
II. INVESTMENTS			
	06	206.42	206.42
III. CURRENT ASSETS, LOANS & ADVANCES			
Current Assets	07	7668.68	7375.58
Loans and Advances	08	2292.02	<u>1736.65</u>
		9960.70	<u>9112.23</u>
Less: Current Liabilities & Provisions	09	3395.22 6565.48	<u>2825.46</u> 6286.77
IV. MISC. EXPENDITURE			
	10	5.94	29.71
V. PROFIT & LOSS ACCOUNT			
TOTAL		1033.60 18710.78	<u>-</u> <u>18213.15</u>
NOTES TO ACCOUNTS	19		
SIGNIFICANT ACCOUNTING POLICIES	20		

Signatures to Schedules 1 to 20

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

BINDU G. NAIDU
Director

K.S. RAO
Partner

E. BALAKRISHNA RAO
President (Finance)

RITU TIWARY
Company Secretary

Place : Hyderabad

Date : 31.07.2010



Regency Ceramics Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2010

(Rs. in Lakhs)

PARTICULARS	Schedule No.	Current Year	Previous Year
A INCOME :			
Sales(Gross)	11	17521.96	16654.34
Less:Excise Duty collected		984.72	879.80
Sales (Net)		16537.24	15774.54
Other Income	12	512.69	609.67
Increase /(Decrease) in stocks	13	461.12	(313.24)
		<u>17511.05</u>	<u>16070.97</u>
B. EXPENDITURE			
Materials Consumed	14	7168.10	6664.82
Purchase of traded goods		900.56	294.95
Power and Fuel		2760.86	2842.70
Salaries, Wages and Allowances	15	1780.89	1650.55
Other Manufacturing and			
Administrative Expenses	16	1618.63	1453.77
Selling Expenses	17	2345.96	2662.55
Finance Charges	18	1427.15	1321.26
Depreciation	05	1069.53	1063.05
		<u>19071.68</u>	<u>17953.65</u>
LOSS FOR THE YEAR		(1560.63)	(1882.68)
Less: Provisions			
Income Tax - Earlier year		1.14	-
Fringe Benefit Tax		-	16.82
Fringe Benefit Tax - Earlier Year		0.34	0.84
Add : Gratuity - Earlier Years		-	18.77
Deferred Tax withdrawn		224.29	398.46
LOSS AFTER TAX		(1337.82)	(1483.11)
Add : Profit brought forward from previous year		304.22	1787.33
LOSS CARRIED TO BALANCE SHEET		(1033.60)	304.22
NOTES TO ACCOUNTS	19		
SIGNIFICANT ACCOUNTING POLICIES	20		

Signatures to Schedules 1 to 20

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

BINDU G. NAIDU
Director

K.S. RAO
Partner

E. BALAKRISHNA RAO
President (Finance)

RITU TIWARY
Company Secretary

Place : Hyderabad

Date : 31.07.2010



(Rs. in Lakhs)

PARTICULARS	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE - 1		
SHARE CAPITAL :		
AUTHORISED		
3,00,00,000 Equity Shares of Rs.10/- each	<u>3000.00</u>	<u>2000.00</u>
(Previous Year 2,00,00,000 Equity Shares of Rs.10/-each)		
ISSUED		
2,65,08,586 Equity Shares of Rs.10/-each	<u>2650.86</u>	<u>1366.38</u>
(Previous Year 1,36,63,800 Equity Shares of Rs.10/-each)		
SUBSCRIBED & PAID UP:		
2,64,41,586 Equity Shares of Rs.10/-each	<u>2644.16</u>	<u>1359.68</u>
(Previous Year 1,35,96,800 Equity Shares of Rs.10/-each)		
SCHEDULE-2		
RESERVES AND SURPLUS:		
Share Premium	329.61	25.19
Capital Reserve	0.86	0.86
General Reserve	1540.35	1540.35
Profit and Loss Account(Surplus)	<u>-</u>	<u>304.22</u>
	<u>1870.82</u>	<u>1870.62</u>
SCHEDULE-3		
SECURED LOANS: ★		
A) Term Loans from :		
Corporation Bank	1812.39	1812.39
State Bank Of Travancore	1570.94	1600.00
State Bank of Indore	2028.39	2028.89
State Bank of Bikaner & Jaipur	1569.89	1569.00
Corporation Bank -TL 2	159.99	119.32
State Bank of Travancore- TL 2	143.09	109.29
State Bank of Indore- TL 2	183.73	-
State Bank of Bikaner & Jaipur -TL 2	69.95	107.39
B) Funded Interest Term Loans from		
Corporation Bank	143.98	173.91
State Bank of Travancore	125.35	152.07
State Bank of Indore	160.96	192.73
State Bank of Bikaner & Jaipur	123.34	144.91
C) Working Capital Term Loans from:		
State Bank of India	696.06	705.00
The South Indian Bank Limited	237.31	236.29
D) Working Capital Loans from:		
State Bank of India - Cash Credit	2197.45	1434.11
- Bill Discounting	176.32	35.26
The South Indian Bank Ltd. - Cash Credit	544.03	561.49
- Bill Discounting	333.93	553.11
E) Under Hypothecation/Hire Purchase Agreements		
	<u>119.55</u>	<u>26.25</u>
	<u>12396.65</u>	<u>11561.41</u>
★ Refer Note No.1 of Schedule 19		
SCHEDULE -4		
UNSECURED LOANS :		
Trade Deposits from Dealers	372.11	381.21
Loans from Body Corporate & Others	30.00	691.90
Loans from Directors	<u>370.00</u>	<u>1097.00</u>
	<u>772.11</u>	<u>2170.11</u>

**SCHEDULE - 5
FIXED ASSETS**

(Rs. in Lakhs)



Sl. No	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS AT 01.04.09	ADDITIONS DURING THE YEAR	SALES/ ADJ. DURING THE YEAR	COST AS AT 31.03.10	UPTO 01.04.09	FOR THE YEAR	On Sales / Adj.	UPTO 31.03.10	AS AT 31.03.10	AS AT 31.03.09
1	LAND	156.37	-	-	156.37	-	-	-	-	156.37	156.37
2	BUILDINGS	1913.44	-	-	1913.44	547.97	55.58	-	603.55	1309.89	1365.47
3	PLANT & MACHINERY	18246.63	86.13	-	18332.76	8467.37	866.22	-	9333.59	8999.17	9779.26
4	OFFICE EQUIPMENT & COMPUTERS	407.90	52.42	-	460.32	328.53	45.84	-	374.37	85.95	79.37
5	FURNITURE & FIXTURES	75.18	1.43	-	76.61	57.05	3.31	-	60.36	16.25	18.13
6	VEHICLES	650.62	139.97	8.78	781.81	385.68	98.58	6.23	478.03	303.78	264.94
7	LIVE STOCK	26.42	7.22	5.71	27.93	-	-	-	-	27.93	26.42
		21476.56	287.17	14.49	21749.24	9786.60	1069.53	6.23	10849.90	10899.34	11689.96
8	CAPITAL WORK-IN-PROGRESS	0.29	-	0.29	-	-	-	-	-	-	0.29
	TOTAL	21476.85	287.17	14.78	21749.24	9786.60	1069.53	6.23	10849.90	10899.34	11690.25
	PREVIOUS YEAR	21462.22	62.61	47.98	21476.85	8753.04	1063.05	29.49	9786.60	11690.25	12709.18



(Rs. in Lakhs)

PARTICULARS	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE - 6		
INVESTMENTS :		
Non-Trade, at cost, unquoted		
1. National Savings Certificates and Indira Vikas Patras (Deposited with Sales Tax Department)	0.42	0.42
2. 20,00,000 Equity Shares Rs.10 each fully paid up in Regma Ceramics Limited	200.00	200.00
3. 10,000 Equity Shares Rs.10 each fully paid up in Sai Regency Power Corporation Ltd.	1.00	1.00
4. Traded , at cost , quoted 50,000 Equity shares Rs.10 each fully paid up in IFCI LTD., Market value : Rs. 24.92 lakhs (previous year : Rs. 9.65 lakhs)	5.00	5.00
	<u>206.42</u>	<u>206.42</u>
SCHEDULE - 7		
CURRENT ASSETS :		
A INVENTORIES(As valued and Certified by the Chairman and Managing Director)		
1. Raw Materials	1027.59	1004.09
2. Packing Materials	52.27	13.57
3. Work in Process	62.86	50.66
4. Finished Goods	1684.29	1235.36
5. Stores, Spares & Consumables	733.92	904.29
6. Materials in Transit	28.65	25.13
7. Tools and Implements	0.14	0.01
Total (A)	<u>3589.72</u>	<u>3233.11</u>
B SUNDRY DEBTORS :		
(Unsecured and Considered good)		
1. Debts due over six months:	843.21	775.01
Considered Doubtful	142.85	144.84
Less: Provision for doubtful debts	<u>142.85</u>	<u>144.84</u>
-	-	-
2. Other Debts:	<u>2305.60</u>	1871.54
Total (B)	<u>3148.81</u>	<u>2646.55</u>
C CASH AND BANK BALANCES :		
1. Cash in hand	7.03	7.57
2. Money in transit	432.80	262.87
3. Balance with Scheduled Banks :		
In Current Accounts	86.25	442.28
In Collection Accounts	186.95	110.84
In fixed deposits	184.94	423.98
(Pledged with banks towards LC's, BG's, and others)		
Total (C)	<u>897.97</u>	<u>1247.54</u>
D INTEREST ACCRUED ON DEPOSITS AND INVESTMENTS		
	32.18	248.38
Total (A to D)	<u>7668.68</u>	<u>7375.58</u>



(Rs. in Lakhs)

PARTICULARS	As at 31st March, 2010	As at 31st March, 2009
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SCHEDULE - 8

LOANS AND ADVANCES :

(Unsecured, considered good, recoverable in cash or in kind or for value to be received)

1. Advance for Purchases, Other Advances and Deposits	1690.04	1231.32
2. Claims Receivable	369.34	285.83
3. Balance with Central Excise	0.71	0.52
4. Prepaid Expenses	30.30	22.42
5. Cenvat Credit	131.44	131.32
6. Advance Tax & TDS	70.19	65.24
	<u>2292.02</u>	<u>1736.65</u>

SCHEDULE - 9

CURRENT LIABILITIES & PROVISIONS :

A. CURRENT LIABILITIES :

1. Sundry Creditors		
- Small Scale Industries	262.71	234.54
- Others	2475.98	1835.63
2. Creditors for Other Finance	296.89	321.36
3. Due to Directors	1.91	3.70
4. Advance from Customers	253.39	290.16
5. Un-Claimed Dividend*	16.15	25.16
	<u>3307.03</u>	<u>2710.55</u>

* There is no amount due/outstanding to be credited to Investor Education and Protection Fund

B. PROVISIONS:

Income Tax	88.19	101.09
Fringe Benefit Tax	-	13.82
	<u>88.19</u>	<u>114.91</u>
Total (A+B)	<u>3395.22</u>	<u>2825.46</u>

SCHEDULE - 10

MISCELLANEOUS EXPENDITURE :

Deferred Revenue Expenditure		
As per last Balance Sheet	29.71	53.48
Less: Written off for the year	23.77	23.77
	<u>5.94</u>	<u>29.71</u>



(Rs. in Lakhs)

PARTICULARS	Current Year	Previous Year
SCHEDULE - 11		
SALES :		
1. Domestic Sales	14531.97	14211.48
2. Export Sales	2989.99	2442.86
	17521.96	16654.34
SCHEDULE - 12		
OTHER INCOME :		
1 Interest	19.55	50.68
2 Insurance Claims	1.27	5.02
3 Profit on Sale of Assets	0.25	4.28
4 Brand Usage Charges	25.74	28.94
5 Miscellaneous Income	80.52	65.26
6 Lease Rental Charges	132.26	246.93
7 Export Incentives	217.68	163.51
8 Excess Provisions / Credit Balances Written Back	34.68	44.42
9 Prior period income	0.34	0.63
10 Dividend Received	0.40	-
	512.69	609.67
SCHEDULE -13		
INCREASE/(DECREASE) IN STOCKS :		
A Closing Stock of		
1. Finished Goods	1566.28	1158.08
2. Trading	118.01	77.28
3. Work in Process	62.85	50.66
	1747.14	1286.02
B Opening Stock of		
1. Finished Goods	1158.08	1524.35
2. Trading	77.28	-
3. Work in Process	50.66	74.91
	1286.02	1599.26
Increase / (Decrease) in Stocks	461.12	(313.24)
SCHEDULE - 14		
MATERIALS CONSUMED :		
1. Raw Materials	4926.86	4700.44
2. Packing Materials	818.85	725.51
3. Stores and Spares	1422.39	1238.65
4. Tools and Implements	-	0.22
	7168.10	6664.82
SCHEDULE - 15		
SALARIES, WAGES AND ALLOWANCES :		
1. Salaries, Wages, Bonus and Other Benefits	1506.40	1413.26
2. Gratuity	28.14	-
3. Contribution to Provident Fund	103.04	105.26
4. Contribution to E.S.I.	31.91	33.04
5. Workmen and Staff Welfare Expenses	111.40	98.99
	1780.89	1650.55



(Rs. in Lakhs)

PARTICULARS	Current Year	Previous Year
SCHEDULE - 16		
OTHER MANUFACTURING AND ADMINISTRATIVE EXPENSES :		
1. Rent	122.34	127.28
2. Rates and Taxes	30.46	75.35
3. Excise duty on Finished Goods	133.64	(52.40)
4. Lease Rentals	2.89	5.61
5. Insurance	28.76	27.04
6. Printing and Stationery	18.20	18.81
7. Postage, Telegrams, Telephone and Fax	58.65	62.88
8. Travelling and Conveyance	126.72	120.38
9. Directors sitting fees	0.14	0.11
10. Repairs & Maintenance: Plant and Machinery	688.67	588.13
: Buildings	14.92	22.73
: Other Assets	74.52	52.02
11. Vehicles Maintenance / Hire charges	24.01	24.52
12. Audit Fees	1.27	2.36
13. Legal and Professional Charges	76.41	168.47
14. Donations	0.48	0.40
15. Loss on Sale of Fixed assets	0.85	0.87
16. General Expenses	104.32	117.20
17. Debit Balances Written off	28.63	5.57
18. Bad Debts Written off	60.91	58.43
Less: With drawn from provision for Bad and Doubtful Debts	60.91	58.43
19. Provision for Doubtful Debts	58.29	60.91
20. Deferred Revenue Expenses Written off	23.77	23.77
21. Prior Year Expenses	0.69	1.76
	<u>1618.63</u>	<u>1453.77</u>
SCHEDULE - 17		
SELLING EXPENSES :		
1. Carriage, Freight and Insurance on despatches	1826.02	2175.61
Less : Recovered	30.06	13.89
	<u>1795.96</u>	<u>2161.72</u>
2. Commission on Sales	57.80	61.58
3. Advertisement	57.81	47.49
4. Discount on Sales	404.16	368.59
5. Others	30.23	23.17
	<u>2345.96</u>	<u>2662.55</u>
SCHEDULE -18		
FINANCE CHARGES :		
1. Interest on Term Loans	812.98	743.46
2. Interest on Working Capital	388.80	343.88
3. Interest on others	87.71	71.96
4. Bank Charges	137.66	161.96
	<u>1427.15</u>	<u>1321.26</u>



SCHEDULE 19

NOTES TO ACCOUNTS:

01. Secured Loans:

- i) The Term Loans (including fresh loans, Funded Interest Term Loans and Working Capital Term Loans) availed from Banks are secured by first paripassu charge by way of mortgage and hypothecation over all the fixed assets of the Company, both existing and future; further secured by second paripassu hypothecation charge over current assets of the Company both present and future (except on the assets on which exclusive charge is created against the loans sanctioned by hypothecation/ hire purchase vendors).
- ii) The working capital limits availed from banks are secured by first charge on current assets of the Company, ranking paripassu with other member banks and further secured by second charge on the Company's fixed assets ranking paripassu with other member banks of the consortium.
- iii) The loans availed under (i) and (ii) above are further secured by (a) pledge of 10% Equity shares of the Company held by the promoter (b) Tangible collateral security provided by the promoters equivalent to 15% of the share capital of the Company and (c) personal guarantees of three promoter Directors of the Company on paripassu basis to all the lenders.

	As at 31.03.10	As at 31.03.09
	(Rs.in lakhs)	(Rs.in lakhs)
02. Estimated Amount of contracts remaining to be executed on Capital Accounts and not provided for	—	—
03. Contingent Liabilities not provided for:		
i) On account of Letters of Credit and Bank Guarantees given by Bankers.	861.92	1587.66
ii) Demands from Sales Tax Dept., disputed by the Company pending in appeals, amounting to Rs. 17.89 lakhs.	—	17.89
iii) Demand from Directorate of Enforcement, disputed by the Company pending in Appellate Tribunal for Foreign Exchange.	5.50	5.50
iv) Demand from Customs & Central Excise Dept. (Service Tax cell), disputed by the Company, pending in appeal, amounting to Rs.62.36 lakhs. Against these demands, the Company paid an amount of Rs.9.97 lakhs.	62.36	62.36
v) Demand from Customs & Central Excise (Service Tax Cell), disputed by the Company, Pending in appeal before CESTAT, Bangalore amounting to Rs. 35.04 Lakhs	35.04	35.04
vi) Demand from Commissioner, Central Excise (Service Tax Cell) Visakhapatnam – II disputed by the Company, pending in appeal before CESTAT, Bangalore amounting to Rs.1.22 Lakhs	1.22	1.22



Regency Ceramics Limited

	As at 31.03.10 (Rs.in lakhs)	As at 31.03.09 (Rs.in lakhs)
vii) Demand from Yanam Municipality (Property Tax) disputed by the Company- pending with commissioner, Yanam Municipality.	32.35	32.35
viii) Demand from Regional Provident Fund Commissioner, Rajahmundry, disputed by the Company pending in appeal, amounting to Rs.46.26 Lakhs. Against this demand, the Company paid an amount of Rs. 11.57 Lakhs during the Financial Year 2009-10	46.26	46.26
ix) Demand from Dy. Commissioner of Income Tax, Hyderabad, disputed by the Company, pending in appeal before Income Tax Appellate Tribunal, Hyderabad amounting to Rs. 130.97 Lakhs	130.97	130.97
04 The Company incurred Rs.118.85 Lakhs in the earlier years on installation of 132KV electric line for getting uninterrupted power supply from Pondicherry Electricity Board. The line is the property of the Electricity board on energigation in the month of July'05 and thus the expenditure is being written off in five equal annual installments from the year of energigation. Accordingly, Rs.23.77 Lakhs is charged to Revenue in the current year.		
05. The Company has obtained confirmation of balances from few parties from Sundry Debtors and Sundry Creditors and is in the process of obtaining confirmation of balances from the balance parties included under Sundry Debtors, Sundry Creditors, other liabilities and advances.		
06. In the opinion of the Board, the current Assets and Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.		
07. The Company extended "Letter of Comfort" to the Banks aggregating to Rs.52 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)
08. Details of Managerial Remuneration:		
i) Chairman and Managing Director: *		
Salary and Allowances	10.20	10.20
Other perquisites	1.20	0.97
	<u>11.40</u>	<u>11.17</u>
* In view of inadequacy of profits, the minimum remuneration is paid for the year.		
ii) Whole-time Director:		
Salary & Allowances	-	3.60
Contribution to Provident Fund and superannuation	-	0.59
Other Benefits	-	0.10
	<u>-</u>	<u>4.29</u>



09. Additional information required under Part-II of Schedule - VI to the Companies Act, 1956.
As at 31.03.10 As at 31.03.09

**A. Details of Registered/Licensed,
Installed capacities and production of
Ceramic Glazed and Unglazed Tiles:**

i) Regd./Licensed Capacity: MT/Annum	3,60,000	3,60,000
ii) Installed Capacity * : MT / Annum	2,50,000	2,50,000

*As certified by the Management and not verified by the auditors being a technical matter.

	Qty (Sq. Mtrs.)	Value (Rs.in lakhs)	Qty (Sq. Mtrs.)	Value (Rs.in lakhs)
B. Own Production				
Opening Stock	8,45,943	1,158.08	11,75,261	1,524.35
Production	97,90,420	—	89,31,062	—
Sales	92,64,030	16,598.72	91,72,761	16,403.96
Free samples, Replacements and damages	72,992	—	87,619	—
Closing Stock	12,99,341	1566.28	8,45,943	1,158.08
C. Traded Goods				
Opening stock	31,115	77.28	—	—
Purchases	3,67,473	900.56	1,48,306	294.95
Sales	3,60,677	923.24	1,16,511	250.38
Free samples, Replacements and damages	1,137	—	680	—
Closing Stock	36,774	118.01	31,115	77.28
D. Details of Raw materials consumed				
	(M.T.)(Rs. in Lakhs)	(M.T.)(Rs. in Lakhs)		
Ball Clay	99,425	389.21	1,06,508	372.37
White Clay	52,697	360.37	47,231	280.03
Pilsperse	308	148.24	270	142.52
Feldspar	22,791	164.25	24,376	146.54
Glazes & Colourants	10,747	3,215.64	10,969	3019.02
Others	—	649.15	—	739.96
		<u>4926.86</u>		<u>4700.44</u>
E. Value of imported and indigenous Raw Material, Packing Material, Stores & Spares consumed and their percentage of total consumption:				
	Value (Rs. in Lakhs)	% (Rs. in Lakhs)	Value (Rs. in Lakhs)	%
i) Raw Material				
Imported	265.13	5.38	658.29	14.00
Indigenous	4,661.73	94.62	4042.15	86.00
	<u>4,926.86</u>	<u>100.00</u>	<u>4700.44</u>	<u>100.00</u>
ii) Packing Material				
Imported	7.19	0.88	4.82	0.66
Indigenous	811.66	99.12	720.69	99.34
	<u>818.85</u>	<u>100.00</u>	<u>725.51</u>	<u>100.00</u>
iii) Stores & Spares				
Imported	1,265.80	88.99	1046.25	83.64
Indigenous	156.59	11.01	192.40	16.36
	<u>1,422.39</u>	<u>100.00</u>	<u>1238.65</u>	<u>100.00</u>



Regency Ceramics Limited

	Current Year (Rs.in lakhs)	Previous Year (Rs.in lakhs)	
F. CIF Value of Imports:			
i) Raw material	435.64	225.24	
ii) Packing Material, Stores & Spares	1,506.38	837.94	
iii) Capital Goods	<u>30.20</u>	<u>—</u>	
	<u>1972.22</u>	<u>1063.18</u>	
G. Expenditure in Foreign Currency:			
i) Travelling Expenses	5.27	3.96	
ii) Sales Commission	47.37	42.22	
H. Earnings in Foreign Exchange:			
F.O.B. Value of Exports	2,566.56	1980.93	
10. Payments to Auditors:			
i) Audit Fees	0.75	0.75	
ii) Tax Audit Fees	0.40	0.40	
iii) Other Services	—	0.96	
iv) Service Tax	0.12	0.25	
11. The details of prior period adjustments are as under :			
i) Interest on Customs Duty	—	(0.63)	
ii) Service Tax	(0.34)	—	
iii) Other Mfg. & Admn. Expenses	<u>0.69</u>	<u>1.76</u>	
	<u>0.35</u>	<u>1.13</u>	
12. Remittance in foreign currency on account of Dividend:			
There is no remittance in foreign currency on account of Dividend during the year 2009-10			
13. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.			
14. Segment Reporting: The entire operations of the Company relate only to one segment.			
15. Related Party Disclosure:			
Name of the party	Nature of relationship:		
1) Regma Ceramics Limited :	Company under the same management:		
2) Regency Educational Society :	Other entities where Directors/their relatives are interested:		
3) Dr. G.N. Naidu	} Key Management Personnel		
4) Smt. G. Radhika			
5) Smt. Bindu G Naidu			
6) Sri. K.C. Chandrasekhar			
		(Rs. in Lakhs)	
Particulars	Business Current Year	Outstanding as on Previous 31.03.10 Year	31.03.09
i) Company under the same management			
- Subscription to Equity Shares	—	—	200.00
- Brand usage charges earned	25.74	28.94	(20.52)
ii) Unsecured loans from Directors			(370.00)
iii) Other entities where Directors/their relatives are interested.			(1097.00)
- Advances given	—	—	53.75
- Purchase of Raw Material	—	0.94	—
(Figures in bracket represent amount payable to them)			(0.53)
iv) Payment to Key Management personnel			
- Rent	51.30	50.46	
- Remuneration (other than Directors)	26.37	26.83	



16. Deferred tax liability withdrawn during the year aggregating to Rs.224.29 lakhs (Previous Year Rs. 398.46 lakhs) has been recognized in Profit and Loss Account. As at the year end, the Deferred tax liability aggregates to Rs. 1027.04 lakhs (Previous Year Rs. 1251.33 lakhs) as detailed below:

	Current Year (Rs. In Lakhs)	Previous Year (Rs. In Lakhs)
Deferred Tax Liabilities:		
Depreciation	2373.43	2454.08
Deferred Revenue Expenses	2.02	10.10
	<u>2375.45</u>	<u>2464.18</u>
Deferred Tax Assets:		
Provision for Doubtful Debts	48.56	48.66
Dis-allowances u/s 43B of Income Tax Act	17.40	69.83
Loss as per Income Tax Act	1282.45	1094.36
	<u>1348.41</u>	<u>1212.85</u>
Net Deferred Tax Liability	<u>1027.04</u>	<u>1251.33</u>

17. Earning per Share:

i) Net Loss after tax (Rs. in lakhs)	(1,337.82)	(1,483.11)
ii) No. of equity shares of Rs.10/- each	2,64,41,586	1,35,96,800
iii) Weighted average no. of shares	2,00,19,193	1,35,96,800
iv) Earning per share (in Rs.)	(6.68)	(10.91)

18. 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	262.71	234.54
(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.

19. Lease rentals payable towards vehicles acquired under operating lease:

- not later than one year:	-	2.83
- later than one year but not later than five years :	-	-

20. Previous year's figures have been regrouped /re-arranged wherever necessary to make them comparable with the current year's figures.



SCHEDULE 20:

SIGNIFICANT ACCOUNTING POLICIES

1. SYSTEM OF ACCOUNTING:

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

2. 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.

3. DEPRECIATION:

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

4. SALES:

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

5. 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.

6. 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.

7. 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.

8. RECOGNITION OF INCOME:

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

9. 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.

Signatures to Schedules 1 to 20

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

BINDU G. NAIDU

Director

K.S. RAO

Partner

E. Balakrishna Rao

President (Finance)

RITU TIWARY

Company Secretary

Place : Hyderabad

Date : 31.07.2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. (CIN) : **L26914AP1983PLC004249**

Balance sheet : 31.03.2010 State Code : 01

II. Capital raised during the year (Rs. in Thousands)

Public Issue : Nil Right Issue : 128448

Bonus Issue : Nil Private Placement : Nil

III. Position of Mobilization and Deployment of Funds (Rs. in Thousands)

Total liabilities : 1871078 Total Assets : 1871078

SOURCE OF FUNDS :

Paid Up Capital : 264416 Reserves and Surplus : 187082

Secured Loans : 1239665 Unsecured Loans : 77211

Deferred Tax Liabilities : 102704

APPLICATION OF FUNDS :

Net Fixed Assets : 1089934 Investments : 20642

Net Current Assets : 656548 Misc Expenditure : 594

Accumulated Losses : 103360

IV. Performance of Company (Amount in Rs.Thousands)

Turnover : 1752196 Total Expenditure : 1908259

Loss Before Tax : -156063 Loss After Tax : -133782

Earning per share (in Rs.): -6.68 Dividend rate (%) : Nil

V. Generic Name of three Principal Products / Services of the Company (as per monetary terms)

Item Code No. : 690710

Product Description : Ceramic Tiles

Dr.G.N. NAIDU

Chairman and Managing Director

BINDU G. NAIDU

Director

E. BALAKRISHNA RAO

President (Finance)

RITU TIWARY

Company Secretary

Place : Hyderabad

Date : 31.07.2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

(Rs. in Lakhs)

	2009-10	2008-09
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	(1560.63)	(1882.68)
Adjustments for:		
Depreciation	1069.53	1063.05
Interest(net)	1269.94	1108.61
Loss on sale of Fixed Assets(Net)	0.60	(3.42)
Preliminary/deferred revenue expenses written off	23.77	23.77
Operating profit before working capital changes	803.21	309.34
Adjustments for:		
Trade and other receivables	(1249.95)	(814.29)
Inventories	(356.60)	1156.99
Trade payables	778.81	(1058.17)
Cash generated from operations	(24.53)	(406.12)
Income Tax & Fringe Benefit Tax paid	(28.20)	(17.76)
Net Cash Flow from Operating Activities	(52.73)	(423.88)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(286.88)	(62.61)
Purchase of Investments	-	(6.27)
Sale of Fixed Assets	7.66	21.90
Interest received	235.75	30.01
Net Cash Used in investing activities	(43.47)	(16.97)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Loans from Bodies Corporate and Others	-	131.00
Loans from Directors	200.00	69.00
Loans from Banks	569.04	335.00
Working Capital Loan from Banks	-	941.29
Repayment of loans to Institutions and others	(400.68)	(166.36)
Increase/(Decrease) in Working Capital Loan	667.76	(91.00)
Interest paid	(1289.49)	(495.68)
Net Cash used in Financing Activities	(253.37)	723.25
Net increase in cash and cash equivalents(A+B+C)	(349.57)	(282.40)
Cash and Cash equivalents as at 01.04.2009 (Opening Balance)	1247.54	965.14
Cash and Cash equivalents as at 31.03.2010 (Closing Balance)	897.97	1247.54

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

BINDU G. NAIDU
Director

K.S. RAO
Partner

E. BALAKRISHNA RAO
President (Finance)

RITU TIWARY
Company Secretary

Place : Hyderabad
Date : 31.07.2010