

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of DIVYASHAKTI GRANITES LIMITED will be held on MONDAY the 26th SEPTEMBER, 2011 at 10 a.m. at THE INSTITUTION OF ENGINEERS, KHAIRATABAD, HYDERABAD - 500 004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the financial year ended 31st March, 2011 and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri M. V. Subba Rao, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri K. Gopi Raju, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and in this regard to consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution.

"RESOLVED THAT M/s Rambabu & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors exclusive of travelling & other out of pocket expenses".

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT in supercession of the resolution passed by the members at their meeting held on 24th September, 2009 and pursuant to Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII of the Companies Act, 1956 as amended, Sri N.V.Rattaiah, Managing Director of the Company be and is hereby re-appointed as Managing Director of the Company for a period of 3 years from 01.10.2011 as per terms and conditions cited below."

- 1). Managing Director shall carry out such duties as may be entrusted to him subject to the supervision and control of the Board and he shall also perform such other duties and services as shall be entrusted to him by the Board from time to time.
- 2). The re-appointment is for a period of three years from 1st October, 2011.
- 3). The Managing Director shall be entitled to the following remuneration and perquisites:
 - a. Salary: Rs. 2,00,000/- per month.
 - b. Perquisites: Restricted to an amount equal to 50% of Annual Salary.

Perquisites are classified into three categories i.e., A, B and C and are as follows:

CATEGORY - 'A'

- 1). **Housing :**
 - a. The expenditure incurred on hiring furnished accommodation subject to the ceiling of 60% of the salary over and above the liability of 10% payable by Sri N. V. Rattaiah.

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- b. In case the accommodation is owned by the Company, 10 % of the salary of Sri N.V. Rattaiah shall be deducted by the Company.
- c. In case no accommodation is provided by the Company, Sri N.V. Rattaiah shall be entitled to a House Rent Allowance subject to the ceilings laid down in (a) above. The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10 % of the salary.
- 2). Medical Reimbursement :- One month salary in a year or three months salary over a period of three years for self and family.
- 3). Leave Travel Allowance :- Once in a year for self and family in accordance with the rules of the Company.
- 4). Club Fees : - Maximum of two clubs, admission fee and life membership not reimbursable.
- 5). Personal Accident Insurance /Mediclam insurance as per the rules of the company.

CATEGORY - 'B'

Contribution to P.F., Superannuation fund or Annuity fund will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income-Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

CATEGORY - 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal

long distance calls on telephone and use of car for private purpose shall be billed to Sri N. V. Rattaiah by the Company.

"RESOLVED FURTHER THAT power is also being taken in terms of this resolution to the Board to effect any variations, alterations or modifications in future in respect of the appointment and remuneration of Sri N.V. Rattaiah within the limits specified in Schedule - XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof as may be agreed to by the Board of Directors and Sri N.V. Rattaiah."

Minimum Remuneration:

Notwithstanding any thing contained herein , wherein any financial year during the currency of the tenure of Sri N. V. Rattaiah, the company has no profits or its profits are inadequate , the company will pay remuneration to him by way of salary, perquisites and allowances as specified above in terms of section II Part II of schedule XIII of the act.

- 7. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT in supercession of the resolution passed by the members at their meeting held on 24th September, 2009 and pursuant to Sections 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule XIII of the Companies Act, 1956 as amended, Sri N. Hari Hara Prasad, Executive Director of the Company be and is hereby re-appointed as Executive Director of the Company for a period of 3 years from 01.10.2011 as per terms and conditions cited below."

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- 1). The Executive Director shall carry out such duties as may be entrusted to him subject to the supervision and control of the Managing Director and the Board and he shall also perform other duties and services as shall be entrusted to him by the Managing Director and the Board from time to time.

on gas, electricity, water and furnishings will be valued as per Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10 % of the salary.
- 2). The reappointment is for a period of three years from 1st October, 2011.
- 3). The Executive Director shall be entitled to the following remuneration and perquisites :
 - a. Salary : Rs. 1,50,000/- per month.
 - b. Perquisites: Restricted to an amount equal to 50% of Annual Salary.

Perquisites are classified into three categories i.e., A, B and C and are as follows:

CATEGORY - 'A'

1). Housing :

- a. The expenditure incurred on hiring furnished accommodation subject to the ceiling of 60 % of the salary over and above the liability of 10 % payable by Sri N. Hari Hara Prasad.
- b. In case the accommodation is owned by the Company, 10 % of the salary of Sri N. Hari Hara Prasad shall be deducted by the Company.
- c. In case no accommodation is provided by the Company, Sri N. Hari Hara Prasad shall be entitled to a House Rent Allowance subject to the ceilings laid down in (a) above. The expenditure incurred by the Company

- 2). Medical Reimbursement :- One month salary in a year or three months salary over a period of three years for self and family.
- 3). Leave Travel Allowance :- Once in a year for self and family in accordance with the rules of the Company.
- 4). Club Fees :- Maximum of two clubs, admission fee and life membership not reimbursable.
- 5). Personal Accident Insurance/Mediclaim insurance as per the rules of the company.
- 6). Reimbursement of school fees for two childrens.

CATEGORY - 'B'

Contribution to P.F., Superannuation fund or Annuity fund will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income-Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

CATEGORY - 'C'

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed to Sri N. Hari Hara Prasad by the Company.

"RESOLVED FURTHER THAT power is also being taken in terms of this resolution to the Board to effect any

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variations, alterations or modifications in future in respect of the appointment and remuneration of Sri N. Hari Hara Prasad within the limits specified in Schedule - XIII of the Companies Act, 1956 or any statutory modifications or re-enactments thereof as may be agreed to by the Board of Directors and Sri N. Hari Hara Prasad."

Minimum Remuneration:

Notwithstanding any thing contained herein, wherein in any financial year during the currency of the tenure of Sri N. Hari Hara Prasad, the company has no profits or its profits are inadequate, the company will pay remuneration to him by way of salary, perquisites and allowances as specified above in terms of section II Part II of schedule XIII of the act.

For and on behalf of the Board

N.V. RATTIAIH
Managing Director

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 20-09-2011 to 26-09-2011 (both days inclusive)
3. Subject to the provisions of Section 206A of the Companies Act, 1956, Dividend as recommended by the Board of Directors, if declared at the meeting, will be payable to those Members whose names appear on the Register of Members as on 26.09.2011.

ANNEXURE TO NOTICE

ITEM NO.6:

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Sri N.V. Rattaiah, is BE Civil with over 47 years of versatile experience in real estate business, construction projects and granite business. He was re-appointed as Managing Director for a period of five years with effect from 01.09.2009 as per the terms and conditions and remuneration mentioned in the resolution approved by the members' at the Annual General Meeting held on 24th September, 2009. It is proposed to revise the remuneration of Sri N V Rattaiah, Managing Director of the company.

The Remuneration Committee, Audit Committee and Board of Directors at their respective meetings re-appointed Sri N.V. Rattaiah, Managing Director as Managing Director for a period of three years with effect from 01.10.2011 as per the terms and conditions mentioned in the resolution.

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Approval of the Shareholders is required, hence this resolution.

As required under Part II, Section II, Para B of Schedule XIII to the Companies Act, 1956, the relevant details to be sent along with the Notice calling the general meeting are as under:

I. GENERAL INFORMATION:

1	Nature of Industry	Granite Polished Slabs, Tiles and Monuments			
2	Date of Commencement of Commercial Production	4th June, 1991			
3	Financial Performance	(Rs. in lakhs)			
		Particulars	2010-11	2009-10	2008-09
		Gross Revenue :-			
		On Export	3514.88	2977.37	2634.03
		Other Operating Income	24.85	33.23	639.03
		Total Expenditure	2799.26	2522.60	2066.97
		Financial Expenses	Nil	Nil	Nil
		Operating Profit / (Loss)	740.47	488.00	1206.09

II. INFORMATION ABOUT THE APPOINTEE :

1	Name of the Director	Sri N.V. Rattaiah
2	Date of Birth	31.07.1941
3	Date of Appointment	01-09-1993 as Director and 01.09.2009 as Managing Director (Reappointment)
4	Experience	over 47 years of versatile experience in real estate business, construction projects and granite business
5	Qualifications	BE Civil
6	Past Remuneration	Upto Rs. 65,000/- per month as per eligibility under Sch.XIII
7	Job Profile	Managing the overall affairs of the company as Managing Director.
8	Remuneration Proposed	Salary of Rs. 2,00,000 plus perquisites not exceeding 50% of the salary.

III. OTHER INFORMATION:**1. Reasons for inadequacy of Profits:**

The company is a profit making and dividend paying company and has been paying remuneration to its managerial personnel within overall limits as specified under the Act.

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The profit levels in Granite Industry are minimal on the turnover made by the company. Due to large exposure of company's granite business to the US market and other markets, the happenings in US market have impacted company's business and bottom lines. The company's business and profit levels have been going up consistently but not enough to adequately remunerate the managerial personnel commensurate with the Industry practices and efforts of the working Directors.

2. Steps taken or proposed to be taken for improvement:

The Company proposes to take the following steps for improvement in performance:

- a. The company has embarked on series of strategic and operational measures that is expected to result in the improvement over a period of time.
- b. The company is exploring new markets/ buyers to increase export sales.
- c. Sharp focus on cost reduction.

3. Expected increase in productivity and profits"

The company is targeting increase of about 5-10 % in over all turnover and about 15-25% increase in operating profits as compared to the previous year.

IV. DISCLOSURES:

The shareholders of the Company shall be informed of the remuneration package to the Managing Personnel in the Annual Report of the Company.

The board of directors commends the resolution for your approval.

No other Director Except Sri N.V. Rattaiah, Sri N. Hari Hara Prasad, and Sri N. Bhanu Prasad and Sri N. Siva Rama Chandra Sekhara Rao, is concerned or interested in this resolution.

ITEM NO.7:

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Sri N. Hari Hara Prasad, is B.E., Civil with over 22 years of versatile experience in civil constructions, and granite processing cum marketing sectors. He was re-appointed as Executive Director for a period of five years with effect from 01.09.2009 as per the terms and conditions and remuneration mentioned in the resolution approved by the members' at the Annual General Meeting held on 24th September, 2009. It is proposed to revise the remuneration of Sri N. Hari Hara Prasad, Executive Director of the company.

The Remuneration Committee, Audit Committee and Board of Directors at their respective meetings re-appointed Sri N. Hari Hara Prasad, Executive Director as Executive Director for a period of three years with effect from 01.10.2011 as per the terms and conditions mentioned in the resolution.

Approval of the Shareholders is required, hence this resolution.

As required under Part II, Section II, Para B of Schedule XIII to the Companies Act, 1956, the relevant details to be sent along with the Notice calling the general meeting are as under:

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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		Particulars	2010-11	2009-10	2008-09
		Gross Revenue :-			
		On Export	3514.88	2977.37	2634.03
		Other Operating Income	24.85	33.23	639.03
		Total Expenditure	2799.26	2522.60	2066.97
		Financial Expenses	Nil	Nil	Nil
		Operating Profit / (Loss)	740.47	488.00	1206.09

II. INFORMATION ABOUT THE APPOINTEE :

1	Name of the Director	Sri N.Hari Hara Prased
2	Date of Birth	15.08.1966
3	Date of Appointment	04-06-1991 as Director and 01.09.2009 as Executive Director (Reappointment)
4	Experience	over 22 years of versatile experience in civil constructions, and granite processing cum Marketing Sectors.
5	Qualifications	BE Civil
6	Past Remuneration	Upto Rs. 50,000/- per month as per eligibility under Sch.XIII
7	Job Profile	The Executive Director shall carry out such duties as may be entrusted him subject to the supervision and control of the Managing Director and the Board .
8	Remuneration Proposed	Salary of Rs. 1,50,000 plus perquisites not exceeding 50% of the salary.

III. OTHER INFORMATION:**1. Reasons for inadequacy of Profits:**

The company is a profit making and dividend paying company and has been paying remuneration to its managerial personnel within overall limits as specified under the Act. The profit levels in Granite Industry are minimal on the turnover made by the company. Due to large exposure of company's granite business to the US market and other markets, the happenings in US market have impacted company's business and bottom lines. The company's business and profit levels have been going up consistently but not enough to adequately remunerate the managerial personnel commensurate with the Industry practices and efforts of the working Directors.

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The Company proposes to take the following steps for improvement in performance:

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- c. Sharp focus on cost reduction.

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The company is targeting increase of about 5-10 % in over all turnovers and about 15-25% increase in operating profits as compared to the previous year.

IV. DISCLOSURES:

The shareholders of the Company shall be informed of the remuneration package to the Managing Personnel in the Annual Report of the Company.

The board of directors commends the resolution for your approval.

No other Director Except Sri N.V. Rattaiah, Sri N. Hari Hara Prasad, and Sri N.Bhanu Prasad and Sri N. Siva Rama Chandra Sekhara Rao, is concerned or interested in this resolution.

For and on behalf of the Board

Place : Hyderabad

Date : 30.05.2011

N.V. RATTIAH
Managing Director

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT AT THE ANNUAL GENERAL MEETING

Particulars	Shri M.V. Subba Rao	Shri K. Gopi Raju
Date of Birth	4th February, 1929	8th May, 1931
Date of Appointment	28th January, 1993	25th January, 1993
Qualifications & Expertise	B.E. (Civil) Retired as an Executive Engineer from Public Wealth Department in Government of A.P.	B.E. (Mech) Worked as General Manager in BHEL
Directorship held in other public companies	Nil	1. Rotec Tranmissions (P) Ltd. 2. Balaji Drives Ltd.
Memberships/ Chairmanships of committees of other public companies (including only Audit and Shareholders Grievance Committee)	Nil	Nil
No. of Shares held in the Company	154410	Nil

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of your Company have pleasure in presenting their 20th Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

OPERATIONS

2010-2011

Your Company has exported polished granite slabs and polished monuments valued at Rs.3432 lakhs to U.S.A. during the year under consideration. As regards the Raw Materials, out of the total purchases of Raw Blocks valued at Rs. 1722 lakhs made during the year, about 58% are imported from Saudi Arabia, Finland, Brazil etc.

The year closed on a positive note with export orders on hand to the tune of Rs.280 lakhs as compared to Rs.250 lakhs of last year. In spite of the problems faced by the Granite Industry, and the allround downward economic slide in the International Arena, your company has managed to improve the performance during the current year. The improvement is to the extent of about Rs. 538 lakhs.

FINANCIAL RESULTS

	Year ended 31.03.2011 (Rs.in lakhs)	Yearended 31.03.2010 (Rs.in lakhs)
Sales	3514.88	2977.37
Gross Operating Profit before depreciation and exchange variation	979.50	1041.28
Profit after depreciation but before exchange variation	810.57	876.90
Profit after depreciation and exchange variation	786.07	546.45
Profit after Tax	661.13	485.99

DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of 15% on the equity capital of the company for the financial year ended 31st March, 2011, aggregating an amount of Rs.153.48 lakhs.

HUMAN RESOURCE MANAGEMENT, BRANDING AND QUALITY

The Company has created a favourable work environment that encourages creativity, innovation and opportunity for growth. The Company is building up its image on timely scheduled deliveries and payments. The Company is a Member of Export Promotion Council and has been participating in the Annual fairs conducted.

The maintenance of good quality is one of the reasons for getting success in the global market. Various initiatives have been taken by your Company to take care of the quality standards at every stage.

DEPOSITS

The company did not accept any deposits within the meaning of section 58A of the Companies Act, 1956 and Rules made thereunder.

AUDITORS

M/s Rambabu & Co, Chartered Accountants, 31, Pancom Chambers, Rajbhavan Road, Hyderabad, retire at the conclusion of this Annual General Meeting and being eligible, offer their services for reappointment.

DIRECTORS

Shri M. Ramakrishnaya IAS (Retd) retires by rotation and is not willing to offer himself for re-appointment due to advanced age and the attendant problems.

Shri M.V. Subba Rao and Shri K. Gopi Raju retire by rotation and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors declare that :

- 1) The Annual Accounts are prepared as per the applicable accounting standards.
- 2) The accounting policies are applied to give a true and fair view of the State of Affairs of the

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

Company for the year ended 31st March 2011 and Profit and Loss account for the period from April 2010 to March 2011.

- 3) Proper 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. Internal Audit is being conducted by separate Internal Auditor.
- 4) The annual accounts have been prepared on a going concern basis.

RISK MANAGEMENT AND INSURANCE

Your Company continuously monitors business and operational risk through business process, re-engineering and reviewing areas such as production, finance, legal and other issues. An exhaustive exercise is underway to bring a model regulating risk management mechanism. Your Company's assets are adequately insured against the risk from fire and earthquake.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement, a Report on Corporate Governance, forming part of this Report, together with the Auditors' Certificate regarding the compliance of the conditions of Corporate Governance is given in a separate section in the Annual Report.

PERSONNEL

There are no employees whose particulars are required to be furnished pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 as amended.

DISCLOSURE OF PARTICULARS:

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, the required information relating to Conservation of Energy, Technology Absorption are provided in the Annexure to this Report.

PAYMENT OF LISTING FEE

At present the equity shares of the Company are listed on the Mumbai stock exchange at Mumbai. The company confirms that it has paid Annual Listing Fees due to the stock exchange, Mumbai for the year 2011-2012.

FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Foreign Exchange Earnings : Rs.3431.61 Lakhs
- b) Foreign Exchange Outgo : Rs. 1278.02 Lakhs

DEPOSITORY SYSTEM

As the Members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the depository system, the Members are requested to avail the facility of Dematerialization of the Company's shares on NSDL & CDSL. The ISIN allotted to the Company's Equity shares is INE410G01010

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the financial assistance and support extended by State Bank of Mysore. The Directors thank the shareholders for their continued confidence and trust placed by them with the Company. The Board also thanks all categories of employees of the Company for their dedicated and sincere services.

For and on behalf of the Board

N.V. RATTIAH
Managing Director

Place : Hyderabad
Date : 30.05.2011.

ANNEXURE TO THE DIRECTORS' REPORT:

FORM - A

Form for disclosure of particulars with respect to Conservation of Energy, Technology Absorption:

(A) Power and Fuel Consumption

	2010-11	2009-10
1. Electricity		
a) Purchased Units	1818249	1684547
Total Amount (Rs.in lakhs)	91.58	72.09
Average Cost/Unit (Rs./KWH)	5.04	4.28
b) Own Generation		
Through Diesel Generator		
Total Units	78240	240500
Total Amount (Rs.in lakhs)	9.79	24.90
Units per litre of Diesel Oil	3.25	3.25
Average Cost/Unit (Rs./KWH)	12.52	10.35
(B) Technology Absorption	NIL	NIL

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REPORT ON CORPORATE GOVERNANCE:

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company attaches immense importance to good Corporate Governance as formulated by the Stock Exchanges/SEBI and other authorities in right earnest. It will be the endeavour of the Board of Directors that the Company is so governed as to maximize the benefits of all stakeholders i.e., shareholders, employees, customers, society and others.

BOARD OF DIRECTORS

The Board of Directors of the Company is composed of Nine (9) Directors, out of whom Two (2) are Whole-Time Directors. During the year under review, there were in all Four(4) meetings of the Board of Directors and the maximum time gap between any two board meetings was not more than three months and the following is the attendance of the Directors:

Sl. No.	Name of the Director	No.of Meetings attended	Whether attended the last AGM	No.of Directorships in other Boards.
1	Shri M.Ramakrishnayya	3	Yes	Nil
2	Shri N.V.Rattaiah	4	Yes	3
3	Shri K.Gopi Raju	2	Yes	2
4	Shri M.V.Subba Rao	1	Yes	Nil
5	Shri T.H.Sastry	4	Yes	Nil
6	Shri T.V.Chowdary	4	Yes	6
7	Shri N.S.R.C.Sekhar Rao	Nil	No	Nil
8	Shri N.Bhanu Prasad	4	Yes	1
9	Shri N.Hari Hara Prasad	1	Yes	2

The dates of Board Meetings held during the year under review are: 26.05.2010, 31.07.2010, 28.10.2010 and 29.01.2011.

AUDIT COMMITTEE

As per clause 49 of the Listing Agreement, the Board of Directors of the Company constituted Audit Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 4 meetings of the Committee took place and attendance thereat is as under:

Name of the Director		No. of Meetings attended	Remarks
Shri M.V.Subba Rao	Chairman	1	—
Shri T.H.Sastry	Member	4	—
Shri N.S.R.C.Sekhara Rao	Member	4	—

REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted a Remuneration Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

Shri M.Ramakrishnayya	Chairman
Shri K.Gopi Raju	Member
Shri T.H.Sastry	Member

REMUNERATION OF DIRECTORS

Other than whole-time Directors, no other Director receives any remuneration from the Company excepting Sitting Fees for attending the Board Meetings. The details of remuneration paid to the Managing and whole-time Directors is mentioned in Item No.13 of Notes to Accounts to the Balance Sheet of the Company.

SHAREHOLDERS/INVESTORS GRIEVANCES

The Company attaches utmost attention for resolving shareholders/ investors grievances/ complaints. Complaints received from shareholders/investors directly or through Stock Exchanges or SEBI are replied to immediately. There are no outstanding or unresolved complaints.

NOTES ON DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT

Shri M. Ramakrishnayya IAS (Retd.) retires by rotation and is not willing to offer himself for re-appointment due to advanced age and the attendant problems.

In accordance with the Provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri M.V. Subba Rao and Shri K. Gopi Raju retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DISCLOSURES

Pecuniary disclosure with regard to interested Directors:-

- a) Disclosures on materially significant related party transactions of the Company of material nature, with its promoters, the directors or

the management, their subsidiaries or relatives, that may have potential conflict with the interests of the Company at large:-

None of the transactions with any of related parties was in conflict with interest of the Company.

- b) Details of non-compliance by the Company and the 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:-

There were no instances of non-compliance of any matter related to Capital Market during the last three years.

MEANS OF COMMUNICATION

Quarterly/Half Yearly Financial Results of the Company are forwarded to the Mumbai Stock Exchange and published most of the times in Financial Express and Andhra Prabha. Half Yearly report is not sent to each household of shareholders as the results of the Company are published in the News papers.

- i) The results or official news were not displayed in any Website.
- ii) Company has not made any presentations to any Institutional investors/ analysts during the year.
- iii) Management Discussions & Analysis:

Your Company has identified USA, Germany and a few other countries as it's market areas for its export market, which has been growing steadily in the last few years. Your Company is one of the leading exporters of Granite Products and it expects to improve its position in future also.

The Company has the mechanism to combat the risks of exposure to Business, Assets and Financial Risks in the form of competition, accidents, natural calamities, obsolescence, fluctuations in foreign currency etc.

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GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under:

AGM No.	Location	Date	Time	Whether any special Resolutions were passed
17 th AGM	The Institution of Engineers, Khairatabad, Hyderabad.	27.09.2008	11.00 a.m	NO
18 th AGM	- DO -	24.09.2009	11.00 a.m	Yes
19 th AGM	- DO -	27.09.2010	11.00 a.m	NO

DEMATERIALIZATION OF SHARES

If any of the shareholders have not yet dematerialized shares, they are advised to contact the National Securities Depository Services Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)–ISIN-INE410G01010 for dematerializing the shares held by them in the Company.

GENERAL SHAREHOLDER INFORMATION

- a) Annual General Meeting : 20th AGM
Date : 26th September, 2011
Time : 10.00 a.m
Venue : The Institution of Engineers
Khairatabad, Hyderabad - 500 004
- b) Financial Calender : 1st April to 31st March
- c) Date of Book Closure : 20-09-2011 TO 26-09-2011
- d) Dividend Payment Date : ON OR BEFORE 26.10.2011
- e) Registered Office : DIVYASHAKTI GRANITES LIMITED
Divyashakti Complex, 3rd Floor, Flat Nos.301-304
7-1-58, Ameerpet, HYDERABAD - 500 628.
e-mail: info@divyashakti.com
- f) Listing on Stock Exchange : The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, MUMBAI-400 001.
- g) International Securities Identification Number : INE410G01010
- h) Code/Symbol : BSE - 526315

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

i) Market Price Data

Month	BSE		
	High (Rs.)	Low (Rs.)	No. of Shares
April, 10	30.50	25.05	53770
May, 10	28.00	22.05	28878
June, 10	28.30	22.30	30158
July, 10	32.40	25.45	45806
August, 10	34.75	28.60	263086
September, 10	36.00	29.95	131265
October, 10	39.00	28.80	212615
November, 10	34.05	27.80	91796
December, 10	30.35	26.90	28717
January, 11	29.75	25.90	33995
February, 11	27.85	24.15	18467
March, 11	27.20	21.90	117302

- j) Registrar & Share Transfer Agent: VENTURE CAPITAL AND CORPORATE INVESTMENTS PVT. LTD.
 (Physical and Electronic) H.No. 12-10-167, Bharat Nagar, Hyderabad - 500 018.
 Phone: 040-23818475, 23818476, 23868023
 Fax: 040-23868024.
 Email : info@vccilindia.com.

k) **Share Transfer Systems :**

Transfer of Securities in physical form are registered and duly transferred share certificates are dispatched within thirty (30) days of receipt, provided the transfer documents are in order.

l) **Distribution of Shareholding (As on 31.03.2011)**

Share Holdings	No.of Shareholdings	% of total	No.of Shares	% of total
Up to 500	4674	86.88	7,37,080	7.12
501 - 1000	287	5.34	2,44,668	2.36
1001 - 2000	134	2.49	2,09,382	2.02
2001 - 3000	40	0.74	1,02,539	0.99
3001 - 4000	18	0.33	63,731	0.62
4001 - 5000	97	1.80	4,80,165	4.64
5001 - 10000	22	0.41	1,56,019	1.51
10001 & above	108	2.01	83,56,486	80.74
Total	5380	100.00	1,03,50,070	100.00

AUDITORS' REPORT

To
The Members

DIVYASHAKTI GRANITES LIMITED

We have audited the attached Balance Sheet of DIVYASHAKTI GRANITES LIMITED, HYDERABAD, as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow statement for the year ended on that date. 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.

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.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred to in paragraph 1 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 purpose 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 & 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 & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) In our opinion and based on written representation received from directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) to 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 with significant accounting policies and other notes thereon, 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 so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - b) In so far as it relates to Profit and Loss Account, of the Profit of the Company for the year ended on that date.
And
 - c) In so far as it relates to Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **RAMBABU & Co.,**
Chartered Accountants
Firm No. : 002976 S

Place : Hyderabad
Date : 30th May, 2011

RAVI RAMBABU
Partner
M.No.: 18541

ANNEXURE TO THE AUDITORS' REPORT

Referred to as in paragraph 1 of our report of even date.

1. In respect of its Fixed assets:

- (a) The company has maintained proper records showing full particulars including details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) The company has not disposed off substantial part of the Assets during the year. According to the information and explanations given to us, we are of the opinion that no transactions are affected involving disposal of assets so as to effect going concern status of the company.

2. In respect of its Inventories:

- (a) As explained to us, inventories have been physically verified during the year by the management at regular intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, 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 has maintained proper records of inventories. In our opinion and according to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.

3. In respect of loans secured or unsecured, granted or taken by the company to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies act, 1956 :

- (a) The company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the rate of interest and other terms and conditions on which Company has taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 does not arise.
- (c) As the company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the regular payment/receipt of the principal and interest amounts as stipulated does not arise.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

- (d) As the company has not taken/granted loans from/to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the steps taken for recovery/payment of the Principal and interest on overdue amount of more than one lakh does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, based on our audit procedures applied, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the Companies act, 1956:
- (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding the value of Rs. 5,00,000 with parties covered above during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any Deposits from public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed thereunder apply.
7. The company has an independent internal audit system commensurate with the size and nature of its business.
8. We are informed and according to the information and explanations given to us, that the Central government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the activities of the Company.
9. In respect of its statutory dues:
- (a) According to the records of the company and as per the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed Statutory dues including Provident fund, Investor education & protection fund, Employee's state insurance, Income tax, Sales tax, Wealth tax, Custom duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Customs duty, Excise duty and Cess were outstanding, as at 31st March, 2011 for a period of more than six Months from the date they became payable.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

- (c) According to the information and explanation given to us, except the following dues which have not been deposited on account of dispute, the company is regular in depositing Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess.

Nature of the Statute	Assessment Year	Total Due (Rs. in lakhs)	Amount Deposited (Rs. in Lakhs)	Amount Not Deposited (Rs. in Lakhs)
Income Tax Act. 1961	2003-04	19.27	16.00	3.27
Income Tax Act. 1961	2004-05	1.76	0.00	1.76
Income Tax Act. 1961	2005-06	25.63	16.00	9.63
Income Tax Act. 1961	2006-07	27.26	16.00	11.26
Income Tax Act. 1961	2007-08	38.24	0.00	38.24
Income Tax Act. 1961	2008-09	419.89	205.00	214.89
TOTAL		532.05	253.00	279.05

10. In our opinion, the company neither have accumulated losses at the end of the year exceeding fifty percent of its net worth, nor incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the company has not given any loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion, according to the information and explanations given to us, the Company has not given guarantees for loans taken by the others from banks or financial institutions.
16. In our opinion, during the year the company has not raised any fresh term loans.
17. In our opinion, according to the information and explanations given to us and on an overall examination of statements and records of the company, the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment and vice versa.
18. In our opinion, according to the information and explanations given to us, the company has not issued debentures during the period covered by our report. Hence the Company is not required to create/register/modify any security (Charge).
19. In our opinion, the company has not raised money by way of public issue for any specific purpose during the year.
20. In our opinion, the Company has not made any preferential allotment of shares/securities during the year to parties and companies covered in the register maintained under section 301 of the companies act, 1956.
21. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

For **RAMBABU & Co.**,
Chartered Accountants
Firm No. 002976 S

Place : Hyderabad
Date : 30th May, 2011

RAVI RAMBABU
Partner
M.No. 18541

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

BALANCE SHEET AS AT 31ST MARCH, 2011

(Rupees)

PARTICULARS	Sch. No.	AS AT 31.03.2011 (AUDITED)	AS AT 31.03.2010 (AUDITED)
SOURCES OF FUNDS			
SHARE HOLDERS FUNDS:			
Share Capital	1.01	10,23,17,300	10,22,82,300
Reserves & Surpluses	1.02	32,29,32,248	27,47,75,195
Deferred Tax Liability	1.03	1,22,81,485	1,53,18,487
TOTAL		43,75,31,033	39,23,75,982
APPLICATION OF FUNDS			
Fixed Assets (Gross Block)	1.04	26,43,91,548	25,91,85,934
Less: Cummulative Depreciation		16,54,70,206	14,90,36,447
Net Block	Sub Total (i)	9,89,21,342	11,01,49,457
Current Assets, Loans and Advances			
a. Inventories	1.05	11,82,04,188	5,95,51,588
b. Cash & Bank Balances	1.06	13,51,43,256	22,62,19,301
c. Sundry Debtors	1.07	24,78,16,561	20,61,05,250
d. Loans & Advances	1.08	10,41,23,696	5,37,62,909
		60,52,87,701	54,56,39,048
Less: Current Liabilities & Provisions	1.09	26,66,78,010	26,34,12,523
Net Current Assets	Sub Total (ii)	33,86,09,691	28,22,26,525
TOTAL (i + ii)		43,75,31,033	39,23,75,982

As per our report of even date attached
For **RAMBABU & Co.**,
Chartered Accountants
Firm No. 002976 S
RAVI RAMBABU
Partner
M.No. 18541
Place : HYDERABAD
Date : 30.05.2011

For and on Behalf of the Board
N.V.RATTAIAH
Managing Director
K. GOPI RAJU
Director
T.H.SASTRY
Director

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rupees)

PARTICULARS	Sch. No.	For the Year Ended 31.03.2011 (AUDITED)	For the Year Ended 31.03.2010 (AUDITED)
INCOME			
Sales			
Export Sales		34,31,60,893	29,75,24,524
DTA Sales		83,27,555	2,11,470
Other Income			
a) Other Operational Income-			
Interest on Margin Money Deposits	2.01 A	24,85,176	33,22,720
b) Miscellaneous Income	2.01 B	45,59,276	58,45,987
Increase / (Decrease) in Stocks	2.02	39,67,772	7,63,254
Total - A		36,25,00,672	30,76,67,955
EXPENDITURE			
Materials Consumed	2.03	17,25,09,350	13,09,19,239
Manufacturing Expenses	2.04	5,66,55,278	4,10,42,641
Staff Cost	2.05	94,63,686	82,17,076
Administrative, selling and Other expenses	2.06	2,59,22,678	2,33,60,989
Foreign Exchange Fluctuations	2.07	24,49,636	3,30,45,346
Depreciation	1.04	1,68,93,074	1,64,37,730
Total - B		28,38,93,702	25,30,23,021
Profit/(Loss) before Tax	(A - B)	7,86,06,970	5,46,44,934
Provision for Taxation		1,55,31,000	87,50,000
Provision for Deferred Taxation		(30,37,002)	(27,04,026)
Net Profit/(Loss) After Tax		6,61,12,972	4,85,98,960
Balance available for appropriation		6,61,12,972	4,85,98,960
APPROPRIATIONS:			
General Reserve		4,81,57,053	3,06,49,183
Dividend proposed		1,53,47,595	1,53,42,345
Tax on Dividend proposed		26,08,324	26,07,432
Total		6,61,12,972	4,85,98,960
Earning per Share (Basic/Diluted) (Par value per share Rs.10/-)		6.39	4.70
Notes to the Accounts	2.08		

As per our report of even date attached
For **RAMBABU & Co.**,
Chartered Accountants
Firm No. 002976 S

RAVI RAMBABU
Partner
M.No. 18541
Place : HYDERABAD
Date : 30.05.2011

For and on Behalf of the Board

N.V.RATTAIAH
Managing Director

K. GOPI RAJU
Director

T.H.SASTRY
Director

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

**SCHEDULES ANNEXED TO AND FORMING PART OF
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SCHEDULE 1.01		
SHARE CAPITAL		
Authorised:		
(1,40,00,000 Equity Shares of Rs.10 Each)	<u>14,00,00,000</u>	<u>14,00,00,000</u>
Issued, Subscribed and Called Up:		
(1,03,50,070 Equity Shares of Rs.10 Each)	<u>10,35,00,700</u>	<u>10,35,00,700</u>
Less: Calls in Arrears	<u>11,83,400</u>	<u>12,18,400</u>
TOTAL	<u><u>10,23,17,300</u></u>	<u><u>10,22,82,300</u></u>
SCHEDULE 1.02		
RESERVES AND SURPLUSES		
General Reserve		
Opening Balance	<u>27,32,75,195</u>	24,26,26,012
Add: Transferred from Profit & loss account	<u>4,81,57,053</u>	<u>3,06,49,183</u>
	<u>32,14,32,248</u>	27,32,75,195
Other Reserves	<u>15,00,000</u>	<u>15,00,000</u>
TOTAL	<u><u>32,29,32,248</u></u>	<u><u>27,47,75,195</u></u>
SCHEDULE 1.03		
DEFERRED TAX LIABILITY		
Opening Balance	<u>1,53,18,487</u>	1,80,22,513
Add/(Less) for the year	<u>(30,37,002)</u>	<u>(27,04,026)</u>
TOTAL	<u><u>1,22,81,485</u></u>	<u><u>1,53,18,487</u></u>

SCHEDULE 1.04 FIXED ASSETS											
S. No.	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2010 Rs.	Additions Rs.	Deletions Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.	Deletion of depreciation for disposed Asset Rs.	For the Year Rs.	Upto 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1	Land and Site Development	36,90,056	-	-	36,90,056	-	-	-	-	36,90,056	36,90,056
2	Factory Buildings	4,11,73,513	-	-	4,11,73,513	1,61,36,924	-	13,75,195	1,75,12,119	2,36,61,394	2,50,36,589
3	Office Premises	28,42,278	-	-	28,42,278	7,31,744	-	46,329	7,78,073	20,64,205	21,10,534
4	Plant and Machinery	19,66,24,348	-	-	19,66,24,348	11,93,07,890	-	1,45,89,526	13,38,97,416	6,27,26,932	7,73,16,458
5	Furniture and Fixtures	2,73,875	-	-	2,73,875	2,60,181	-	*	2,60,181	13,694	13,694
6	Office Equipment	7,65,225	-	-	7,65,225	6,58,785	-	**15,472	6,74,257	90,968	1,06,440
7	Electrical Equipment	25,86,402	-	-	25,86,402	24,57,082	-	*	24,57,082	1,29,320	1,29,320
8	Air Conditioners	2,06,240	-	-	2,06,240	1,95,928	-	*	1,95,928	10,312	10,312
9	Generator Set	20,16,648	-	-	20,16,648	19,22,216	-	*	19,22,216	94,432	94,432
10	Motor Car	33,18,941	61,72,654	9,67,040	85,24,555	22,35,425	4,59,345	7,84,693	25,60,773	59,63,782	10,83,516
11	Motor Cycle/Mopeds	2,71,172	-	-	2,71,172	1,73,513	-	25,761	1,99,274	71,898	97,659
12	Motor Vehicle - Van	4,96,000	-	-	4,96,000	2,89,257	-	56,098	3,45,355	1,50,645	2,06,743
13	Transformers	49,21,236	-	-	49,21,236	46,67,532	-	*	46,67,532	2,53,704	2,53,704
	Total	25,91,85,934	61,72,654	9,67,040	26,43,91,548	14,90,36,477	4,59,345	1,68,93,074	16,54,70,206	9,89,21,342	11,01,49,457
	Previous year	25,91,85,934	--	-	25,91,85,934	13,25,98,747	-	1,64,37,730	14,90,36,477	11,01,49,457	--

* Depreciation restricted to 95% of Asset Value

** Depreciation already restricted to 95% in respect of Asset Value of Rs.6,69,777/- . Hence now provided in respect of balance value only.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

**SCHEDULES ANNEXED TO AND FORMING PART OF
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SCHEDULE 1.05		
INVENTORIES (as valued & certified by Management)		
Raw Materials	7,59,93,896	3,18,31,175
Proportionate freight on closing stock of Raw Materials	2,09,48,464	81,48,312
Stores and Consumables	1,04,90,516	1,27,66,321
Packing Material	21,760	24,000
Finished Goods	24,55,305	8,34,511
Work-in-Process	82,94,247	59,47,269
TOTAL	11,82,04,188	5,95,51,588
SCHEDULE 1.06		
CASH AND BANK BALANCES		
Cash at Bank with Scheduled Banks		
- in Current Accounts	23,10,260	34,53,717
- Term Deposit	25,00,000	2,50,00,000
- Margin Money Deposit for L.C.	4,40,00,000	2,70,00,000
- Margin Money Deposit for B.G	4,75,000	4,75,000
- E.E.F.C. Account with SBM	8,54,21,656	16,97,15,493
Cash on hand	4,36,340	5,75,091
TOTAL	13,51,43,256	22,62,19,301
SCHEDULE 1.07		
SUNDRY DEBTORS		
(Unsecured, Considered good)		
Debts exceeding Six Months	9,07,84,984	7,22,79,253
Debts not exceeding Six Months	15,70,31,577	13,38,25,997
TOTAL	24,78,16,561	20,61,05,250

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

**SCHEDULES ANNEXED TO AND FORMING PART OF
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

PARTICULARS	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
SCHEDULE 1.08		
LOANS AND ADVANCES		
(Unsecured considered good, recoverable in cash or in kind for value to be received)		
Advance to		
Material suppliers	1,90,74,949	97,98,661
Staff	2,07,400	1,70,850
Advance Tax Including Tax deducted at source and Fringe Benefit Tax	8,13,81,329	3,82,71,122
Security Deposits	13,79,860	24,03,460
Accrued Interest on Margin Money	12,23,713	15,71,728
Accrued Interest on Term Deposit	66,667	12,59,091
Cenvat & Excise duty	4,56,297	-
Prepaid Expenses	3,33,481	2,87,997
TOTAL	10,41,23,696	5,37,62,909
SCHEDULE 1.09		
CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities :		
Trade Creditors	13,58,25,181	14,81,24,279
Outstanding Liabilities - Volume rebate on sales	4,93,30,481	5,00,29,025
Outstanding Liabilities - Others	19,89,922	19,06,790
Advances received from Customers	47,84,359	79,25,050
Unsecured loan from Kotak Mahendra & Axis Bank	36,34,341	-
Unclaimed Dividend	4,47,063	4,46,186
Provision for Gratuity	16,30,046	14,81,718
b) Provisions :		
Provision for Taxation	5,02,55,153	3,47,24,153
Provision for Fringe Benefit Tax	8,25,545	8,25,545
Provision for Dividend Proposed	1,53,47,595	1,53,42,345
Tax on Dividend Proposed	26,08,324	26,07,432
TOTAL	26,66,78,010	26,34,12,523

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

**SCHEDULES ANNEXED TO AND FORMING PART OF
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

PARTICULARS	For the Year Ended 31.03.2011 Rs.	For the Year Ended 31.03.2010 Rs.
SCHEDULE 2.01		
OTHER INCOME		
A. OTHER OPERATIONAL INCOME		
Interest on Margin Money - Received	12,61,463	17,50,992
- Accrued and due	-	10,14,255
- Accrued but not due	12,23,713	5,57,473
TOTAL (a)	24,85,176	33,22,720
B. Miscellaneous Income		
Miscellaneous Income	35,09,052	23,68,990
Interest on Term Deposits - Received	9,83,557	22,17,906
- Accrued and due	-	7,44,208
-Accrued but not due	66,667	5,14,883
TOTAL (b)	45,59,276	58,45,987
SCHEDULE 2.02		
ACCRETION (DECRETION) IN STOCKS		
Closing Stock		
Finished Goods	24,55,305	8,34,511
Work-in-process	82,94,247	59,47,269
TOTAL	1,07,49,552	67,81,780
Opening Stock		
Finished Goods	8,34,511	45,89,190
Work-in-process	59,47,269	14,29,336
TOTAL	67,81,780	60,18,526
Accretion/(Decretion) in Stocks	39,67,772	7,63,254
SCHEDULE 2.03		
MATERIAL CONSUMED		
(A) CONSUMPTION OF RAW MATERIAL		
Opening Stock of Raw Blocks	3,18,31,175	3,02,43,364
Add: Purchases during the Year	17,21,83,572	9,31,71,558
	20,40,14,747	12,34,14,922
Less: Closing Stock	7,59,93,896	3,18,31,175
Raw Blocks Consumed	12,80,20,851	9,15,83,747
Add: Purchase of Finished goods	1,54,33,911	1,66,24,742
Sub Total (a)	14,34,54,762	10,82,08,489

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

**SCHEDULES ANNEXED TO AND FORMING PART OF
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

PARTICULARS	For the Year Ended 31.03.2011 Rs.	For the Year Ended 31.03.2010 Rs.
(B) CONSUMPTION OF STORES, SPARES & CONSUMABLES		
Opening Stock	1,27,66,321	1,52,84,235
Add: Purchases during the year	<u>2,67,78,783</u>	<u>2,01,92,836</u>
	3,95,45,104	3,54,77,071
Less: Closing Stock	<u>1,04,90,516</u>	<u>1,27,66,321</u>
Stores, Spares & Consumables consumed	2,90,54,588	2,27,10,750
Sub Total (b)	<u><u>2,90,54,588</u></u>	<u><u>2,27,10,750</u></u>
TOTAL (a + b)	<u><u>17,25,09,350</u></u>	<u><u>13,09,19,239</u></u>

SCHEDULE 2.04

MANUFACTURING EXPENSES

Power & Fuel	1,11,65,673	97,37,011
Transport and Freight - Inward (On raw blocks consumed)	3,53,29,004	2,35,83,175
Maintenance:		
Factory Buildings	16,93,357	11,23,415
Plant & Machinery	21,46,898	10,98,571
Generators	28,593	59,133
Packing Material	<u>62,91,753</u>	<u>54,41,336</u>
TOTAL	<u><u>5,66,55,278</u></u>	<u><u>4,10,42,641</u></u>

SCHEDULE 2.05

STAFF COST

Salaries & Wages	86,40,478	74,92,380
Contribution to Provident fund	1,45,794	1,43,137
Workmen and Staff Welfare	<u>6,77,414</u>	<u>5,81,559</u>
	<u><u>94,63,686</u></u>	<u><u>82,17,076</u></u>

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

**SCHEDULES ANNEXED TO AND FORMING PART OF
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

PARTICULARS	For the Year Ended 31.03.2011 Rs.	For the Year Ended 31.03.2010 Rs.
SCHEDULE 2.06		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Rates and Taxes	79,277	75,996
Service Tax	8,66,908	6,93,365
Travelling Expenses : Inland	9,47,214	10,25,899
Foreign	21,50,388	22,18,338
Remuneration to Directors	16,18,661	12,57,806
Insurance	8,89,751	12,40,359
Printing and Stationery	2,25,734	2,89,827
Postage, Telephones, Fax & Telex	6,69,717	5,73,301
Advertisement Charges	5,69,265	38,571
Professional Charges	25,000	25,000
Business Promotion Expenses	1,21,096	1,48,801
Transport & Freight - Outward	1,30,77,323	1,20,43,177
Maintenance:		
Office	12,77,433	6,92,931
Vehicles	3,62,703	2,54,968
Audit Fees		
Statutory Audit	75,000	20,000
Tax Audit	25,000	10,000
Provision for Gratuity	1,48,328	4,01,123
Other expenses	22,21,190	17,70,035
Bank Charges	5,72,690	5,81,492
TOTAL	2,59,22,678	2,33,60,989
SCHEDULE 2.07		
FOREIGN EXCHANGE FLUCTUATION		
Exchange Variation - on Export	(16,94,896)	46,28,504
Exchange Variation - on Import	28,704	(12,46,562)
Exchange Variation - on Currency	29,137	1,44,14,220
Exchange Variation - on other current assets	47,85,235	2,16,80,220
Exchange Variation - on current liabilities	(6,98,544)	(64,31,036)
TOTAL	24,49,636	3,30,45,346

SCHEDULE 2.08

NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements:

The Financial statements have been prepared under the historical cost conventions in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income and expenditure having a material bearing on the Financial Statements are recognized on accrual basis.

2. Revenue Recognition:

- a) Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer.
- b) Interest on Fixed Deposits with banks is accounted on accrual basis. The amounts due are however credited by the Banks as and when the deposits matured.

3. Expenditure:

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

4. Fixed Assets:

Fixed assets are stated at cost less depreciation. Cost includes installation and expenditure during construction period including interest on borrowing till the date of capitalization. Depreciation on the fixed assets is provided on straight-line method as per the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

5. Inventories:

Raw materials, Stores & Spares and Work-in-process are valued at cost. Finished Goods are valued at cost or net realisable value whichever is lower.

6. Retirement Benefits:

Provision for gratuity has been made in respect of all employees who have come within the qualifying period of service for entitlement to the gratuity benefit as per Actuarial valuation done by the Actuary.

7. Foreign Currency Translation:

Foreign currency transactions are converted at the exchange rates prevailing on the date of transaction. Current Assets & Liabilities and loans in foreign currencies, not covered by forward contracts are restated at the rate prevailing as on the date of the Balance sheet.

Exchange difference arising from foreign currency transactions, other than for Fixed Assets, which is adjusted to the cost of assets, are dealt with in the Profit & Loss Account.

8. Deferred Taxation:

Deferred Tax resulting from timing differences between book and tax profit is accounted for at the current rate of tax, to the extent that the timing differences are expected to crystallize.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

II. NOTES TO ACCOUNTS:

1. Contingent Liabilities.

Rs. in Lakhs

Sl. No.	Particulars	2010-11	2009-10
i	Foreign Letters of Credit opened in favour of Suppliers for which goods are yet to be received.	305.14	214.37
ii	Guarantees given by Bank (BG)	4.75	4.75
iii	Income Tax demands disputed by the Company and are pending in Appeals (Details in Item 2 below)	532.05	532.05

It is considered that no provision is required.

2. Details of Disputed Income Tax Demands (Appeals pending with Appellate Commissioner of Income Tax under IT Act. 1961)

Sl. No.	Assessment Year	Amount (Rs. in lakhs)
1	2003-04	19.27
2	2004-05	1.76
3	2005-06	25.63
4	2006-07	27.26
5	2007-08	38.24
6	2008-09	419.89
	TOTAL	532.05

3. The Company has entered into sale agreement for the purchase of office premises at Ameerpet, Hyderabad with M/s. N.V.Rattaiah & Co., at a sale price of Rs.28,42,278/- on 2nd April 1993. The Conveyance deed has not yet been executed.
4. Confirmation letters have been sent in respect of sundry debtors/creditors and loans and advances. In view of all confirmations not having been received, the balances are subject to reconciliation and adjustments, if any.
5. The Company has not received any Memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) to claim their status as micro, small & medium enterprises. Consequently, the amount paid / payable to such parties during the year is NIL.
6. The Company's business during the reporting period consists of single reportable segment i.e. manufacturing and sale of Polished Granite only. Hence no separate disclosure pertaining to segment reporting as per AS 17 as issued by ICAI is made.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

7.	Deferred Tax provision has been made as per Accounting Standard No.22 of Institution of Chartered Accountants of India.				
8.	Related party disclosure :				
a)	Name of the party	: M/s. Universal Extrusion Pvt.Ltd.,			
	Relationship	: A company in which Managing Director is a director			
	Nature of Transaction	: Packing wood material (purchase)			
		2010-11	2009-10		
	Transaction Value	: Rs. 46,32,980/-	Rs. 33,43,658/-		
	Balance outstanding as on Balance Sheet date	: Rs. 11,96,387 (Creditor)	10,73,407/- (Creditor)		
	Amount Written off/Back	: Nil	Nil		
b)	Name of the party	: M/s. Universal Marketing Pvt. Ltd.,			
	Relationship	: A company in which Managing Director and Executive Director are directors			
	Nature of Transaction	: Polished Granite Slabs (third party exports)			
	Transaction Value	: Rs. 37,00,000/-	Nil		
	Balance outstanding as on Balance Sheet date	: Rs. 3,18,745/- (Creditor)	Rs. 40,18,745/- (Creditor)		
	Amount Written off/Back	: Nil	Nil		
c)	Name of the party	: M/s. N.V. Rattaiah & Co.,			
	Relationship	: A Company in which Managing Director and Executive Directors are Partners.			
	Nature of Transaction	: Advance paid for supply of Raw blocks			
	Transaction Value	: Rs. 27,00,000/-	Nil		
	Balance outstanding as on Balance Sheet date	: Rs. 80,00,000	Rs. 53,00,000/-		
	Amount written off/Back	: Nil			
9.	Expenditure in Foreign Currency:	2010-11	2009-10		
(i)	Foreign Travelling	Rs. 21,50,388	22,18,338		
(ii)	CIF Values of Imports:				
	Raw Material	Rs. 9,94,47,032	3,08,47,232		
	Capital Goods	Nil	Nil		
	Consumables & Spares	Rs. 2,61,04,372	1,96,19,664		
(iii)	Earnings in Foreign Currency: (FOB Values of Exports)	Rs. 34,31,60,893	29,75,24,524		
10.	Consumption of Materials:	2010-11	2009-10		
		Value (Rs.)	%	Value (Rs.)	%
a)	Raw Material				
	i) Imports	Rs. 8,08,71,313	56.37	3,80,50,996	35.16
	ii) Indigenous	Rs. 6,25,83,449	43.63	7,01,57,493	64.84
b)	Consumables & Spares				
	i) Import	Rs. 2,84,74,256	98.00	2,21,37,831	97.48
	ii) Indigenous	Rs. 5,80,332	2.00	5,72,919	2.52
11.	E.P.S. Calculation :	2010-11	2009-10		
	Net Profit after Tax	Rs. 6,61,12,972	4,85,98,960		
	No. of Shares	1,03,50,070	1,03,50,070		
	Earnings per share (EPS)	6.39	4.70		

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

12. Additional Information required under part II of Schedule VI of the Act.

	2010-11	2009-10
	(Sq.Mts)	(Sq.Mts)
(a) ANNUAL CAPACITIES	2,70,000	2,70,000
(b) LICENCED CAPACITIES:	2,70,000	2,70,000
(c) PARTICULARS OF PRODUCTION, SALES AND CLOSING STOCKS		
i) Production	1,11,068	86,573
ii) Sales - From Factory	1,09,172	86,382
- Direct Dispatches (Bought out)	6,174	7,308
iii) Closing Stocks	6,195	4,299
(d) CONSUMPTION	2010-11	2009-10
	Quantity	Quantity
	Value (Rs.)	Value (Rs.)
i) Granite Raw Blocks	3759 Cu.Mt	3373 Cu.Mt.
ii) Finished Slabs & Tiles	6174 Sq. Mt.	7308 Sq.Mt.
iii) Others	--	--
	12,80,20,851	9,15,83,746
	1,54,33,911	1,66,24,743
	2,90,54,588	2,27,10,750

13. Remuneration to Directors :

	2010-11	2009-10
	Rs.	Rs.
(a) Managing Director - Salary	7,50,000	5,57,500
- Perquisites	38,220	31,086
(b) Executive Director - Salary	6,00,000	4,57,500
- Perquisites	2,30,441	2,11,720

14. Figures in the Balance Sheet and Profit and Loss Account have been rounded off to the nearest rupee.

15. Previous year figures have been regrouped and reclassified wherever necessary.

16. Schedules 1.01 to 1.09 and 2.01 to 2.07 form part of Balance Sheet and Profit and Loss Account and have been authenticated.

As per our report of even date attached
For **RAMBABU & Co.,**
Chartered Accountants
Firm No. 002976 S
RAVI RAMBABU
Partner
M.No. 18541

For and on Behalf of the Board

N.V.RATTAIAH
Managing Director

K. GOPI RAJU
Director

T.H.SASTRY
Director

Place : HYDERABAD
Date : 30.05.2011

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. :

0	1	-	1	2	7	6	4
---	---	---	---	---	---	---	---

 State Code :

0	1
---	---

Balance Sheet :

3	1	-	0	3	-	2	0	1	1
---	---	---	---	---	---	---	---	---	---

Date Month Year Date Month Year

II. Capital raised during the Year (Amount in Rs. Thousands)

Public Issue Rights Issue Business Issue Private Issue

N	I	L
---	---	---

N	I	L
---	---	---

N	I	L
---	---	---

N	I	L
---	---	---

III. Position of mobilisation and Development of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

4	3	7	5	3	1
---	---	---	---	---	---

4	3	7	5	3	1
---	---	---	---	---	---

Sources of Funds

Paid-Up Capital Reserves & Surplus Secured Loans Unsecured loans/ Others

1	0	2	3	1	7
---	---	---	---	---	---

3	2	2	9	3	2
---	---	---	---	---	---

-	-
---	---

1	2	2	8	2
---	---	---	---	---

Application of Funds

Net Fixed Assets Investments Net Current Assets Misc. Expenditure Accumulated losses

9	8	9	2	1
---	---	---	---	---

N	I	L
---	---	---

3	3	8	6	1	0
---	---	---	---	---	---

-	-	-	-
---	---	---	---

-	-	-	-
---	---	---	---

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

Turnover Total Expenditure +/- Profit/Loss Before Tax +/- Profit/Loss After Tax

3	6	2	5	0	1
---	---	---	---	---	---

2	8	3	8	9	4
---	---	---	---	---	---

 +

7	8	6	0	7
---	---	---	---	---

 +

6	6	1	1	3
---	---	---	---	---

Earning Per Share Dividend rate %

R	s.	6	.	3	9
---	----	---	---	---	---

1	5	%
---	---	---

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No.

6	8	0	2	2	3	.	0	1
---	---	---	---	---	---	---	---	---

(ITC CODE) :

Product Description :

G	R	A	N	I	T	E		P	O	L	I	S	H	E	D		S	L	A	B	S	
T	I	L	E	S		A	N	D		M	O	N	U	M	E	N	T	S				

On behalf of the Board

Place: Hyderabad
Date : 30.05.2011

N.V.RATTAIAH
MANAGING DIRECTOR

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Rupees)

PARTICULARS	31.03.2011 Rs.	31.03.2010 Rs.	Year Ended 31.03.2011 Rs.	Year Ended 31.03.2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax and extraordinary items			7,86,06,970	5,46,44,934
Adjustments for :-				
Depreciation	1,68,93,074	1,64,37,730		
Interest	----	----		
Interest Income	(45,59,276)	(58,45,987)		
Miscellaneous expenses written off	----	----		
			<u>1,23,33,798</u>	<u>1,05,91,743</u>
Operating profit before working capital changes			9,09,40,768	6,52,36,677
Working capital Adjustments for :-				
Trade and other Receivables	(4,89,61,891)	93,92,016		
Inventories	(5,86,52,600)	(7,68,268)		
Trade Payable	(1,22,72,532)	(18,43,865)		
			<u>(11,98,87,023)</u>	<u>67,79,883</u>
Cash generated from operations			(2,89,46,255)	7,20,16,560
Income Tax Paid	(4,31,10,207)	(1,26,46,286)		
Income Tax of earlier period (other than tax on Dividend)	----	----		
			<u>(4,31,10,207)</u>	<u>(1,26,46,286)</u>
Net cash inflow from operating activities			<u>(7,20,56,462)</u>	<u>5,93,70,274</u>
B. CASH FROM INVESTING ACTIVITIES:-				
F. E. Fluctuations - Capital items.	----	----		
Interest received	45,59,276	58,45,987		
Purchase/Sale of fixed assets	(56,64,959)	----		
			<u>(11,05,683)</u>	58,45,987
Net cash flow from investing activities			<u>(11,05,683)</u>	<u>58,45,987</u>

DIVYASHAKTI GRANITES LIMITED - HYDERABAD**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011**

(Rupees)

PARTICULARS	31.03.2011	31.03.2010	Year Ended	Year Ended
	Rs.	Rs.	31.03.2011	31.03.2010
			Rs.	Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Issue of Share capital	----	----		
Calls in arrears received	35,000	2,000		
Subsidy	----	----		
Interest paid	----	----		
Dividend paid	(1,53,41,468)	(1,50,98,134)		
Tax on Dividend paid	(26,07,432)	(26,07,381)		
Proceeds from long term borrowings	----	----		
			(1,79,13,900)	(1,77,03,515)
Net Cash flow from financing activities			(1,79,13,900)	(1,77,03,515)
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)			(9,10,76,045)	4,75,12,746
Cash and cash equivalents as at 01.04.2010			22,62,19,301	17,87,06,555
Cash and cash equivalents as at 31.03.2011			13,51,43,256	22,62,19,301

As per our report of even date attached
For **RAMBABU & Co.,**
Chartered Accountants
Firm No. 002976 S
RAVI RAMBABU
Partner
M.No. 18541
Place : HYDERABAD
Date : 30.05.2011

For and on Behalf of the Board
N.V.RATTAIAH
Managing Director
K. GOPI RAJU
Director
T.H.SASTRY
Director

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

DIVYASHAKTI GRANITES LIMITED

Regd. Office: 7-1-58, Divyashakti Complex,
Ameerpet, Hyderabad - 500 628.

PROXY-FORM

Regd. Folio No. : No. of Shares Held:

I/We _____ of
_____ in the District of
_____ being a member/members of the above named
Company hereby appoint _____ of
_____ in the District of
_____ as my/our Proxy to vote for me/us on my/our
behalf at the 20th Annual General Meeting of the Company to be held on Monday, the 26th
September, 2011 at The Institution of Engineers, Khairatabad, Hyderabad - 500 004, at
10.00 a.m. and at any adjournment thereof.

Date :



Signature

Note : This Proxy Form duly completed should be deposited at the Registered Office of the
Company not less than Forty eight hours before the time fixed for holding the meeting.

DIVYASHAKTI GRANITES LIMITED

Regd. Office: 7-1-58, Divyashakti Complex,
Ameerpet, Hyderabad - 500 628.

ATTENDANCE SLIP

Regd. Folio No. : No. of Shares Held:

Name of the Shareholder : _____

Name of the Proxy : _____

Signature of Member/Proxy : _____

I hereby record my presence at the 20th Annual General Meeting on Monday, the 26th September,
2011 at 10.00 a.m.

Signature of Member/Proxy

Note : To be signed and handed over at the Meeting Venue.