

**BOARD OF DIRECTORS**

**Chairman and Managing Director**

Sri N.V. Rattaiah (Till 09.02.2013)

**Managing Director**

Sri N. Hari Hara Prasad (From 04.03.2013)

**Executive Director**

Sri N. Hari Hara Prasad (Upto 03.03.2013)

**Directors**

Sri M.V. Subba Rao

Sri T.H. Sastry

Sri T.V. Chowdary

Sri N.S.R. Chandrasekhara Rao

Sri N. Bhanu Prasad

**Auditors**

M/s. Rambabu & Co.  
Chartered Accountants  
31, Pancom Chambers  
6-3-1090/1/A, Rajbhavan Road,  
Somajiguda, Hyderabad-500482.

**BANKERS**

State Bank of Mysore  
Andhra Bank

**Factory**

**Unit-I:** Survey No. 432/1,  
Narsapur village,  
Medak District.

**Unit-II:** Survey No. 432/1(part) & 447  
Narsapur village,  
Medak District.

**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE 22ND ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF DIVYASYAKTI GRANITES LIMITED WILL BE HELD ON MONDAY THE 30th SEPTEMBER, 2013 AT 11.00 A.M AT THE INSTITUTION OF ENGINEERS, KHAIRATABAD, HYDERABAD - 500 004 TO TRANSACT THE FOLLOWING BUSINESS:-

**ORDINARY BUSINESS:**

1. To Condole the untimely demise of Sri N.V.Rattaiah, CMD on 09.02.2013.
2. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
3. To declare Dividend on Equity Shares.
4. To appoint a Director in place of Shri N.S.R. Chandrasekhara Rao, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. N. Bhanu Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration and in this regard, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT M/s Rambabu & Co., Chartered Accountants (Firm Registration No: 002976S) be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting 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:**

7. **Appointment of Sri. N. Hari Hara Prasad as Managing Director of the Company:**

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

"RESOLVED THAT in supercession of all the resolutions passed by the members in earlier meetings and pursuant to the resolutions passed by the Board of Directors at their meetings held on 4th March, 2013 and 27th May, 2013 and pursuant to Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 and subject to the approval of the Central Government, if so required, Sri N. Hari Hara Prasad be and is hereby appointed as Managing Director of the Company for a period of FIVE (5) years with effect from 4th March, 2013 as per the following terms & conditions."

1. The 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 appointment is for a period of FIVE (5) years with effect from 4th March, 2013 to 03rd March, 2018.
3. The Managing Director shall be entitled to the following remuneration and perquisites:
  - a. Salary of Rs.1,50,000/- from 4th March 2013 to 31st May, 2013.
  - b. Salary: Rs. 2, 00,000/- per month with effect from 1st June,2013.
  - c. 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 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's 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 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 anything 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. HARI HARA PRASAD**  
Managing Director

Place: Hyderabad  
Date: 27th May, 2013

**NOTES**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and A proxy need not be a member of the Company. The instrument of Proxy in order

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

to be effective should be deposited at its Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

- The Register of Members and Share Transfer Books of the Company will remain closed from 24-09-2013 to 30-09-2013 (both days inclusive) for determining eligibility for payment of dividend, if declared at the meeting.
- 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 30.09.2013.

### 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 24 years of versatile experience in civil constructions, and granite processing cum marketing sectors. He was appointed as Executive Director for a period of three years with effect from 01.10.2011. as per the terms and conditions and remuneration mentioned in the resolution approved by the

members' at the Annual General Meeting held on 26th September, 2011. The Board in its meeting held on 04.03.2013 has designated and appointed Sri N.Hari Hara Prasad as Managing Director of the Company with effect from 04.03.2013 consequent to sudden demise of Mr. N.V. Rattaiah, CMD of the Company.

Further, the Remuneration Committee, and Board of Directors at their respective meetings revised the terms and conditions of appointment of Sri N. Hari Hara Prasad as Managing Director as mentioned in the resolution.

Approval of the Shareholders is required and hence this resolution.

The board of directors commend the resolution for your approval.

No other Director except Sri N. Hari Hara Prasad, 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

**N. HARI HARA PRASAD**  
Managing Director

Place: Hyderabad,  
Date: 27th May, 2013.

### Details of Directors Seeking reappointment at the Annual General Meeting

<b>Particulars</b>	<b>Shri N.S.R.C.SEKHAR RAO</b>	<b>Shri N.BHANU PRASAD</b>
Date of Birth	25th December 1943	30th July 1964
Date of Appointment	25th January 1993	04th June 1991
Qualifications & Expertise	BE (Electrical) Experience as Electrical Contractor for over 26 years.	M.B.A. Builder & Developer for the last 22 years.
Directorship held in other Public Companies	Nil	Divyashakti Housing Construction Ltd.
Memberships/ Chairmanships of committees of other public companies (including only Audit and Shareholders Grievance Committee)	Nil	Nil
Number of shares held in the Company	157760	324620

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the 22nd Annual Report and the Audited Accounts for the financial year ended 31st March, 2013, on a very sad note by informing the members that Sri N.V.Rattaiah, CMD of our company expired on 09.02.2013 suddenly in harness due to a massive heart attack while attending to official duties in the office leaving a huge void in the organization. Born in an illustrious family of Narasaraopet, Guntur District on 31.07.1941, he qualified as a Civil Engineer from Manipal. After completion of academics, he served in BHEL, BHPV etc. for brief period before coming out on his own to establish M/s N.V.Rattaiah & Co., and earn an impeccable name as a reputed Builder showcasing landmarks like Divyashakti Complex and Apartments. The ongoing Divya Sree Shakti Township project is another blossoming project promoted by him. Never content with resting on his laurels, he envisaged and built up M/s Divyashakti Granites Limited (EOU) brick by brick starting way back in 1991. Today it has grown into a very reputed company exporting processed granite, which name is synonymous to quality. Another note worthy contribution to the company is that he has made the company debt free. The void created by his sudden and untimely departure is well nigh impossible to be filled.

**OPERATIONS**

2012-2013

Your Company has exported polished granite slabs and polished monuments valued at Rs.4933 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.1403 lakhs made during the year, about 52% are imported from Brazil, Finland, Norway etc.

The year closed on a positive note with export orders on hand to the tune of Rs.280 lakhs as compared to Rs.300 lakhs of last year. In spite of the problems faced by the Granite Industry and the all-round 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.478 lakhs.

**FINANCIAL RESULTS**

	Year ended 31.03.2013 (Rs.in lakhs)	Year ended 31.03.2012 (Rs.in lakhs)
Sales	5090.71	4612.43
Gross Operating Profit before depreciation and exchange variation	933.64	842.74
Profit after depreciation but before exchange variation	832.33	699.21
Profit after depreciation, exchange variation and before Exceptional Items	1088.77	1127.85
Profit after Exceptional items	2133.97	1127.85
Profit after Tax	1557.92	732.06

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, 2013, aggregating to an amount of Rs.154.51 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

## **DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

---

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**

1. Shri N.V.Rattaiah ceased to be a Director with effect from 09.02.2013 consequent on demise.
2. Shri N.S.R.C.Sekhar Rao and Shri N.Bhanu Prasad 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 Company for the year ended 31st March 2013 and Statement of Profit and Loss for the period from April 2012 to March 2013.
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 2012-2013.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

a) Foreign Exchange Earnings : Rs. 4933.19 Lakhs

b) Foreign Exchange Outgo : Rs. 1288.27 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.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management Discussion and Analysis Report as required under 49 of the listing

agreement with stock exchange forms part of this report.

**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. HARI HARA PRASAD)**  
Managing Director

Place : Hyderabad,  
Date : 27th May, 2013.

---

**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**

	<b>2012-13</b>	<b>2011-12</b>
<b>1. Electricity</b>		
<b>a) Purchased Units</b>	<b>2481123</b>	2560399
<b>Total Amount (Rs. in lakhs)</b>	<b>173.98</b>	129.44
<b>Average Cost/Unit (Rs./KWH)</b>	<b>7.01</b>	5.06
<b>b) Own Generation</b>		
<b>Through Diesel Generator</b>		
<b>Total Units</b>	<b>560720</b>	155520
<b>Total Amount (Rs.in lakhs)</b>	<b>83.34</b>	21.36
<b>Units per liter of Diesel Oil</b>	<b>3.26</b>	3.24
<b>Average Cost/Unit (Rs./KWH)</b>	<b>14.86</b>	13.74

**(B) Technology Absorption**

**NIL** **NIL**

---



**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 at present composed of Six (6) Directors, out of whom One (1) is Executive Director and five are Non-Executive Directors. During the year under review, there were in all Five (5) meetings of the Board of Directors and the maximum time gap between any two board meetings was not more than four 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 N.V.Rattaiah	4	Yes	3
2	Shri M.V.Subba Rao	1	No	Nil
3	Shri T.H.Sastry	5	Yes	Nil
4	Shri T.V.Chowdary	5	Yes	6
5	Shri N.S.R.C.Sekhar Rao	2	No	3
6	Shri N.Bhanu Prasad	3	Yes	3
7	Shri N.Hari Hara Prasad	4	Yes	3

\* Ceased to be Director consequent on sad demise on 09.02.2013.

The dates of Board Meetings held during the year under review are: 30.05.2012, 31.07.2012, 31.10.2012, 31.01.2013 and 4th March, 2013.

**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 Member	Designation	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.

Name of Members	Designation
1. Shri T.V.Chowdary	Chairman
2. Shri M.V.Subba Rao	Member
3. 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.2.07 of Notes forming part of the financial statements 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**

In accordance with the Provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri N.S.R.C.Sekhara Rao and Shri N.Bhanu Prasad 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.

c) Compliance Certificate of the Auditors:

Certificate of the Statutory Auditors has been obtained on the compliance of the conditions of Corporate Governance in terms of Clause 49 of the Listing Agreement with stock exchanges and the same is annexed.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has fully complied with the mandatory requirements of Clause 49 of the listing agreement of the stock exchange. Further, the Company has adopted non-mandatory requirement of Clause 49 of the listing agreement, viz., Remuneration committee of the Board which has been constituted to determine the remuneration package of the Executive Directors.

## **DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

---

e) The Management Discussion and Analysis is a part of this Annual Report.

### **MEANS OF COMMUNICATION**

Quarterly/Half Yearly Financial Results of the Company are forwarded to the Mumbai Stock Exchanges 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 Newspapers.

- 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 its market areas for it's 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.

### **GENERAL BODY MEETINGS**

The last three Annual General Meetings were held as under:

AGM No.	Location	Date	Time	Whether any special Resolutions were passed
19th AGM	The Institution of Engineers, Khairatabad, Hyderabad.	27.09.2010	11.00 a.m	No
20th AGM	- DO -	26.09.2011	10.00 a.m	Yes
21st AGM	- DO -	26.09.2012	10.00 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 : 22nd AGM  
Date : 30th September, 2013  
Time : 11.00 a.m  
Venue : The Institution of Engineers  
Khairatabad, Hyderabad-500 004

---

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

---

- b) Financial Calender : 1st April to 31st March
- c) Date of Book Closure : 24-9-2013 TO 30-09-2013
- d) Dividend Payment Date : ON OR BEFORE 30.10.2013
- e) Registered Office : DIVYASHAKTI GRANITES LIMITED  
Divyashakti Complex, 3rd Floor, Flat Nos.301-304  
7-1-58, Ameerpet, HYDERABAD – 500 016.  
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
- i) Market Price Data :

Month	BSE		
	High (Rs.)	Low (Rs.)	No. of Shares
April, 12	26.00	23.00	3427
May, 12	26.25	23.00	6289
June, 12	24.90	22.00	7086
July, 12	25.00	22.00	10627
August, 12	28.80	23.50	53313
September, 12	28.60	23.25	41932
October, 12	27.40	24.20	32733
November, 12	25.10	22.00	17704
December, 12	24.40	21.55	10588
January, 13	26.00	22.15	10383
February, 13	25.70	22.30	22839
March, 13	26.10	21.90	8737

- j) Registrar & Share Transfer Agent: VENTURE CAPITAL AND CORPORATE INVESTMENTS PVT. LTD.  
(Physical and Electronic) H.No.12-10-167, Bharatnagar,  
Hyderabad - 500 018.  
Phone: 040-23818472/23818476/23868023,  
Fax: 040-23868024,  
Email: info@vccilindia.com
-

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

---

### 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.

### i) Distribution of Shareholdings ( As on 31.03.2013)

Share Holdings	No.of Shareholdings	% of total	No. of Shares	% of total
Up to 500	4629	89.10	7,10,012	6.86
501 - 1000	262	5.04	2,24,197	2.17
1001 - 2000	136	2.62	2,10,412	2.03
2001 - 3000	46	0.89	1,17,059	1.13
3001 - 4000	19	0.37	69,251	0.67
4001 - 5000	20	0.38	95,492	0.92
5001 – 10000	14	0.27	1,05,797	1.02
10001 & above	69	1.33	88,17,850	85.20
Total	5195	100.00	1,03,50,070	100.00

### m) Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion date and likely impact on equity:-

The Company has not issued any of these instruments.

### n) Plants Locations : **UNIT-I** **DIVYASHAKTI GRANITES LIMITED**

Survey No.432/1  
Narsapur Village,  
Medak District, A.P.

### **UNIT-II** **DIVYASHAKTI GRANITES LIMITED**

Survey No.432/1(Part) & 447  
Narsapur Village,  
Medak District, A.P.

### o) Code of Conduct and Ethics:

The Board of Directors of the Company has formulated a code of conduct and ethics applicable to all the Members of the Board of Directors and Senior Management Personnel of the Company.

A detail declaration along with a certificate of compliance appears in the Annexure to the Corporate Governance Report.

### p) Compliance Officer : Shareholders can correspond at the Registered office of the Company at Hyderabad with Mr.D.N.SATYANARAYANA, Compliance Officer.

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCE OFFICER  
(CFO) CERTIFICATAON**

To

The Board of Directors' of Divyashakti Granites Limited.

Dear Sirs,

Sub: Chief Executive Officer (CEO) and Chief Finance Officer (CFO) Certification

Pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges:

We have reviewed the financial statements and the cash flow statement of Divyashakti Granites Limited for the year ended March 31, 2013 and that to the best of our knowledge and belief, we state that:

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements together present a true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) 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 in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, and the steps they have taken or proposed to be taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
  - (i) Significant changes, if any, in internal control over financial reporting during the year;
  - (ii) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) That there were no instances of significant fraud of which we have become aware.

Place: Hyderabad  
Date: 27th May, 2013

**N.HARI HARA PRASAD**  
Managing Director/CEO

**DECLARATION BY THE MANAGING DIRECTOR OF THE COMPANY ON CODE OF CONDUCT**

I hereby declare that:

1. The Code of Conduct for the Board Members and Senior Management of the company was approved by the Board of Directors in the Board Meeting and the same was adopted by the Company.
2. The Code of Conduct adopted by the Company was circulated to the members of the Board and Senior Management of the Company and is also posted on the website of the Company.
3. All the members of the Board and Senior Management of the Company have complied with all the provisions of the Code of Conduct.

For and on behalf of the Board

Place: HYDERABAD,  
Date: 27th May, 2013.

**N. HARI HARA PRASAD**  
Managing Director

**AUDITOR'S CERTIFICATE**

To

The Members DIVYASHAKTI GRANITES LIMITED

We have examined the compliance of conditions of Corporate Governance by DIVYASHAKTI GRANITES LIMITED (the Company) for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement entered by the Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said agreements. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the Shareholders / Investor Grievance Committee has maintained records to show the investor grievance and as at 31st March, 2013, there were no investor grievance remaining unattended / pending for more than one month.

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 RAMBABU & CO.,**  
Chartered Accountants  
Firm Reg. No.002976S

**RAVI RAMBABU**  
Partner

Place: Hyderabad,  
Date: 27th May, 2013.

Membership No. 18541

## **AUDITOR'S REPORT**

To  
The Members  
**DIVYASHAKTI GRANITES LIMITED**  
HYDERABAD.

### **Report on Financial Statements**

We have audited the accompanying financial statements of DIVYASHAKTI GRANITES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash-flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



**Report on Other Legal and Regularity Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:
    - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
    - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 except Accounting Standard (AS) 15 relating to "Employee Benefits" issued by the Institute of Chartered Accountants of India.
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**Ravi Rambabu**  
Partner  
M No: 0185

Place: Hyderabad,  
Date: 27th May, 2013.

**ANNEXURE TO THE AUDITORS' REPORT:**

1. In respect of its fixed asset;
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - (c) During the year, the company has not disposed of substantial part of the Assets. According to the information and explanations given to us, we are of the opinion that no transactions are effected involving disposal of assets so as to affect going concern status of the company.
2. In respect of Inventories;
  - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
  - (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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
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) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
  - (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses of this clause are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

---

- audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. In respect of the contracts or arrangements referred to in section 301 of the companies Act 1956;
    - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, 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.
    - 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. According to the information and explanation given to us , the Company has not accepted any deposits from the public. Therefore the provisions of clause (vi) of paragraph 4 of the order are not applicable to the company.
  7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
  8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
  9. In respect of statutory dues;
    - a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
    - b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
  10. The Company does not have any accumulated losses and has not incurred cash loss during the financial
-

- year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is 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. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

Place: Hyderabad  
Date: 27th May,-2013

**Ravi Rambabu**  
Partner

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**BALANCE SHEET AS AT 31ST MARCH, 2013**

(Rupees)

PARTICULARS	Note No.	AS AT 31.03.2013	AS AT 31.03.2012
<b>I EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share Capital	1.01	10,30,08,200	10,30,08,200
(b) Reserves & Surplus	1.02	51,57,75,929	37,80,61,344
<b>(2) Non-current Liabilities</b>			
(a) Long-term borrowings	1.03	—	2,99,814
(b) Deferred Tax liabilities (Net)	1.04	87,48,080	96,03,735
<b>(3) Current Liabilities</b>			
(a) Trade Payables	1.05	3,86,44,283	14,61,44,331
(b) Other Current Liabilities	1.06	7,16,80,925	6,54,21,334
(c) Short-Term Provisions	1.07	2,17,25,684	2,03,94,116
<b>TOTAL</b>		<b>75,95,83,101</b>	<b>72,29,32,874</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed Assets</b>			
Tangible Assets	1.08	8,39,24,910	8,45,68,092
<b>(b) Long term loans and advances</b>	1.09	<b>29,06,760</b>	2,55,64,325
<b>(2) Current Assets</b>			
(a) Inventories	1.10	10,89,56,925	15,15,74,528
(b) Trade receivables	1.11	32,08,06,658	28,19,07,526
(c) Cash & Cash equivalents	1.12	22,59,41,557	15,59,76,961
(d) Short-term loans and advances	1.13	1,55,27,541	2,14,76,938
(e) Other current assets	1.14	15,18,750	18,64,504
<b>TOTAL</b>		<b>75,95,83,101</b>	<b>72,29,32,874</b>

As per our Report of even date attached

For and on Behalf of the Board

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

**N.HARI HARA PRASAD**  
Managing Director

**RAVI RAMBABU**  
Partner  
Membership No.18541

**T.H.SASTRY**  
Director

Place : HYDERABAD,  
Date : 27th May,2013.

**T.V.CHOWDARY**  
Director

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

(Rupees)

PARTICULARS	Note No.	For the Year ended 31.03.2013	For the Year ended 31.03.2012
I <b>REVENUE FROM OPERATIONS (Gross)</b>	2.01	<b>51,11,68,409</b>	46,26,98,135
<b>Less: Excise Duty</b>	2.01	<b>20,97,147</b>	14,55,084
<b>REVENUE FROM OPERATIONS (Net)</b>		<b>50,90,71,262</b>	46,12,43,051
II <b>OTHER INCOME</b>	2.02	<b>4,43,64,326</b>	5,38,19,109
III <b>TOTAL REVENUE (I+II)</b>		<b>55,34,35,588</b>	51,50,62,160
IV <b>EXPENSES</b>			
(a) Cost of Materials Consumed	2.03	<b>22,74,40,328</b>	22,03,23,199
(b) Purchases of Traded goods	2.04	<b>4,71,30,674</b>	2,93,41,514
(c) Change of Inventories of finished goods and work-in-progress	2.05	<b>(10,97,142)</b>	20,37,364
(d) Manufacturing Expenses	2.06	<b>11,06,47,776</b>	8,09,29,756
(e) Employees benefit expense	2.07	<b>1,95,09,526</b>	1,63,17,973
(f) Finance Cost	2.08	<b>10,35,055</b>	10,24,007
(g) Depreciation and amortization expenses	1.08	<b>1,01,30,913</b>	1,43,53,250
(h) Other Expenses	2.09	<b>2,97,61,595</b>	3,79,49,917
<b>Total Expenses</b>		<b>44,45,58,725</b>	40,22,76,980
V <b>Profit before exceptional items (III - IV)</b>		<b>10,88,76,863</b>	11,27,85,180
VI <b>Exceptional Items</b>	2.10(i)	<b>10,45,20,449</b>	----
VII <b>Profit before Tax</b>		<b>21,33,97,312</b>	11,27,85,180
VIII <b>Tax Expenses</b>			
(1) Current Tax		<b>4,27,40,963</b>	4,10,19,400
(2) Deferred Tax (Asset)		<b>(8,55,655)</b>	(26,77,750)
(3) Tax expenses relating to earlier years	2.10(ii)	<b>1,57,20,252</b>	12,37,267
IX <b>Net Profit for the year</b>		<b>15,57,91,752</b>	7,32,06,263
X <b>Earning per share</b> (Par value per share Rs.10/-each)	2.11		
i) Basic		<b>15.12</b>	7.11
ii) Diluted		<b>15.12</b>	7.11

As per our Report of even date attached

For and on Behalf of the Board

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

**N.HARI HARA PRASAD**  
Managing Director

**RAVI RAMBABU**  
Partner  
Membership No.18541

**T.H.SASTRY**  
Director

Place : HYDERABAD,  
Date : 27th May,2013.

**T.V.CHOWDARY**  
Director

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013** (Rupees)

PARTICULARS	31.03.2013	31.03.2012	Year ended 31.03.2013	Year ended 31.03.2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net profit before tax and extraordinary items			<b>10,88,76,863</b>	11,27,85,180
Adjustments for :-				
Depreciation	<b>1,01,30,913</b>	1,43,53,250		
Exceptional Items	<b>10,45,20,449</b>	----		
Interest Income	<b>(36,81,414)</b>	(1,78,659)		
Miscellaneous expenses written off	----	----		
			<b>11,09,69,948</b>	1,41,74,591
<b>Operating profit before working capital changes</b>			<b>21,98,46,811</b>	12,69,59,771
Working capital Adjustments for :-				
Trade and other Receivables	<b>(3,38,09,481)</b>	(3,63,91,300)		
Inventories	<b>4,26,17,603</b>	(3,33,70,340)		
Trade Payable	<b>(10,28,69,207)</b>	1,65,90,340		
			<b>(9,40,61,085)</b>	(5,31,71,300)
<b>Cash generated from operations</b>			<b>12,57,85,726</b>	7,37,88,471
Income Tax Paid	<b>(1,66,30,132)</b>	(3,45,81,834)		
Income Tax of earlier period (other than tax on Dividend)	<b>(1,57,20,252)</b>	(12,37,267)		
			<b>(3,23,50,384)</b>	(3,58,19,101)
<b>Net cash inflow from operating activities</b>			<b>9,34,35,342</b>	3,79,69,370
<b>B. CASH FROM INVESTING ACTIVITIES:-</b>				
F. E. Fluctuations - Capital items.	----	----		
Interest received	<b>36,81,414</b>	1,78,659		
Purchase/Sale of fixed assets	<b>(94,87,731)</b>	----		
			<b>(58,06,317)</b>	1,78,659
<b>Net cash flow from investing activities</b>			<b>(58,06,317)</b>	1,78,659
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Issue of Share capital	----	----		
Calls in arrears received	----	6,90,900		
Subsidy	----	----		
Interest paid	----	----		
Dividend paid	<b>(1,50,38,492)</b>	(1,53,96,900)		
Tax on Dividend paid	<b>(26,25,937)</b>	(26,08,324)		
Proceeds from long term borrowings	----	----		
			<b>(1,76,64,429)</b>	(1,73,14,324)
<b>Net Cash flow from financing activities</b>			<b>(1,76,64,429)</b>	(1,73,14,324)
<b>Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)</b>			<b>6,99,64,596</b>	2,08,33,705
Cash and cash equivalents as at 01.04.2012			<b>15,59,76,961</b>	13,51,43,256
<b>Cash and cash equivalents as at 31.03.2013</b>			<b>22,59,41,557</b>	15,59,76,961

As per our Report of even date attached

For and on Behalf of the Board

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

**N.HARI HARA PRASAD**  
Managing Director

**RAVI RAMBABU**  
Partner  
Membership No.18541  
Place : HYDERABAD,  
Date : 27th May,2013.

**T.H.SASTRY**  
Director

**T.V.CHOWDARY**  
Director



**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS****I. Corporate information:**

Divyashakti Granite Limited was incorporated on 4th June, 1991 in the state of Andhra Pradesh. The Company's objectives are manufacture of polished granite slabs, tiles & monuments. The Company undertook to set up a 100% Export Oriented Unit (EOU) at Narsapur Village, Medak District, Andhra Pradesh and it's Reg. Office at 7-1-58, Divyashakti Complex, Ameerpet, Hyderabad, Andhra Pradesh, Divyashakti Granites Limited, ever since its inception in 1991, has carved a niche for itself for producing world-class granite. Despite its brief presence, the company has grown into one of the Country's largest 100% Export Oriented Granite Processing Units in a wide spectrum of colours, textures and finish, to customers world-wide.

**II. Significant Accounting Policies****1. Basis of preparation**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the applicable accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

**2. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best

knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**3. Tangible fixed assets and depreciation**

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided using Straight Line Method at the rates estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956.

**4. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

**5. Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial

period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### 6. **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

### 7. **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### i) **Revenue from sale of goods**

Sales are recognized net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

#### ii) **Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. 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. Interest income is included under the head "other income" in the statement of profit and loss.

#### iii) **Dividends**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

### 8. **Inventory Valuation**

Inventories are valued at the lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and Finished goods include appropriate proportion of overheads and, where applicable, excise duty.

### 9. **Foreign currency translation**

#### i) **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### iii) **Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**10. Retirement and other employee benefits**

- i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.
- ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv) Actuarial gains/losses are immediately taken to statement of profit and loss.
- v) The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**11. Income tax**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**12. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**13. Provisions**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

### III. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

PARTICULARS	No. of Shares	(Rupees)		
		AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.	
<b>NOTE: 1-01 SHARE CAPITAL</b>				
<b>AUTHORIZED CAPITAL</b>				
Equity shares of Rs.10/-each with voting rights	1,40,00,000	14,00,00,000	1,40,00,000	14,00,00,000
Issued: Equity Shares of Rs.10/-each with voting rights	1,03,50,070	10,35,00,700	1,03,50,070	10,35,00,700
Subscribed and Fully paid up:	1,02,51,570	10,25,15,700	1,02,51,570	10,25,15,700
Equity Shares of Rs.10/-each with voting rights				
Subscribed but not fully paid up:	98,500	4,92,500	98,500	4,92,500
Equity Shares of Rs.10/-each with voting rights Rs.5/-not paid up				
<b>TOTAL</b>	<b>1,03,50,070</b>	<b>10,30,08,200</b>	<b>1,03,50,070</b>	<b>10,30,08,200</b>
Calls in arrears		4,92,500		4,92,500
a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year:				

PARTICULARS	No. of Shares	(Rupees)		
		AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.	
Equity Shares:				
At the beginning of the year	1,03,50,070	10,35,00,700	1,03,50,070	10,35,00,700
Add: Movement during the year	-	-	-	-
At the end of the year	1,03,50,070	10,35,00,700	1,03,50,070	10,35,00,700

b) Terms/rights attached to equity shares:

The Company has only one class of equity share having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the share holders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportionate to the paid up share capital held by the shareholders.

c) **Details of Shareholder holding more than 5% equity shares in the company**

Name of the Shareholder	31st MARCH, 2013		31st MARCH, 2012	
	No.of shares	% Holding	No.of shares	% Holding
Sri N.V.Rattaiah	702790	6.79	702790	6.79
Sri N.Hari Hara Prasad	1455559	14.06	942329	9.10

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	AS AT 31.03.2013		AS AT 31.03.2012	
	Rs.	Rs.	Rs.	Rs.
<b>NOTE: 1.02 RESERVES &amp; SURPLUES</b>				
Capital Reserve				
a) State Subsidy		15,00,000		15,00,000
b) General Reserve				
Opening Balance	37,65,61,344		32,14,32,248	
Add: Transfer from surplus in statement of Profit and loss	13,77,14,585		5,51,29,096	
Closing Balance		51,42,75,929		37,65,61,344
c) Surplus/(deficit) in Statement of Profit & Loss				
Opening Balance	----		----	
Add: Profit for the year	15,57,91,752		7,32,06,263	
Less: Dividend Proposed to be distributed to equity Share holders (Rs.1.50p per share)	1,54,51,230		1,54,51,230	
Tax on Dividend	26,25,937		26,25,937	
Transfer to General Reserve	13,77,14,585		5,51,29,096	
Closing Balance		----		----
<b>TOTAL</b>		<b>51,57,75,929</b>		<b>37,80,61,344</b>

**NOTE: 1.03 LONG TERM BORROWINGS**

Vehicle Loan - Secured

Kotak Mahindra Prime Ltd.	----	2,99,814
<b>TOTAL</b>	----	<b>2,99,814</b>

- i) Vehicle loan from Kotak Mahindra prime Ltd. Interest payable at 8.5% p.a. The loan is repayable in 36 monthly installments of Rs.1,14,465/-each from the date of loan, viz. 9th April, 2010.
- ii) The loan is secured by charges over fixed assets ie. Vehicle for the which finance is provided by the lender.

**NOTE: 1.04 DEFERRED TAX LIABILITES (NET)**

Opening Balance	96,03,735	1,22,81,485
Add/(Less) for the year	(8,55,655)	(26,77,750)
<b>TOTAL</b>	<b>87,48,080</b>	<b>96,03,735</b>

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
<b>NOTE: 1.05 TRADE PAYABLES</b>		
Sundry Creditors for Material Supplies	1,96,02,845	12,37,52,564
Sundry Creditors for Services	52,60,360	68,64,781
Sundry Creditors for Consumables	1,37,81,078	1,55,26,986
<b>TOTAL</b>	<b>3,86,44,283</b>	<b>14,61,44,331</b>

**NOTE: 1.06 OTHER CURRENT LIABILITIES**

(a) Current Maturities of long - term debt		
From Banks - Secured		
Vehicle loans		
Kotak Mahindra Prime Ltd.	----	13,16,642
Axis Bank Ltd.	2,99,814	4,17,978
(b) Outstanding Liabilities - Volume rebate on sales	5,84,97,048	5,61,49,597
(c) Advances received from Customers	73,75,299	35,64,822
(d) Unclaimed Dividend	8,10,496	3,97,758
(e) Other Outstanding Liabilities	46,98,268	35,74,537
<b>TOTAL</b>	<b>7,16,80,925</b>	<b>6,54,21,334</b>

- i) Vehicle loan from Kotak mahindra prime ltd. Interest payable at 8.5% p.a. The loan in repayable is 36 monthly installments of Rs.1,14,465/- each from the date of loan, viz. 9th April, 2010.
- ii) Vehicle loan from Axis Bank. Interest payable at 8.75% p.a. The loan is repayable in 36 monthly installments of Rs.39,689/-each from the date of loan, viz. 10th January, 2011.
- iii) The loans are secured by charges over fixed assets ie. Vehicles for the which finance is provided by the lender.

PARTICULARS	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
<b>NOTE: 1.07 SHORT TERM PROVISIONS</b>		
(a) Provision for Employee benefits		
(i) Provision for Gratuity	14,00,751	23,16,949
(b) Provision for others		
(i) Provision for Tax (Net off prepaid taxes of Rs.9,70,43,597/-)	22,47,766	----
(ii) Provision for Proposed Dividend	1,54,51,230	1,54,51,230
(iii) Tax on Dividend Proposed	26,25,937	26,25,937
<b>TOTAL</b>	<b>2,17,25,684</b>	<b>2,03,94,116</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE: 1.08 FIXED ASSETS**

S. No.	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.2012	Additions	Disposals	As At 31.03.2013	Balance As At 31.03.2012	Elimination on disposal of Asset	Depreciation/ amortisation for the year	Balance As At 31.03.2013	As At 31.03.2013	As At 31.03.2012
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>I</b>	<b>Tangible Assets</b>										
1	Land and Site Development	36,90,056	19,61,615	----	56,51,671	----	----	----	----	56,51,671	36,90,056
2	Factory Buildings	4,11,73,513	----	----	4,11,73,513	1,88,87,314	13,75,195	2,02,62,509	2,09,11,004	2,09,11,004	2,22,86,199
3	Office Premises	28,42,278	----	----	28,42,278	8,24,402	46,329	8,70,731	19,71,547	19,71,547	20,17,876
4	Plant and Machinery	19,66,24,348	----	----	19,66,24,348	14,59,21,978	*** 78,43,620	15,37,65,598	4,28,58,750	4,28,58,750	5,07,02,370
5	Furniture and Fixtures	2,73,875	----	----	2,73,875	2,60,181	*	2,60,181	13,694	13,694	13,694
6	Office Equipment	7,65,225	----	----	7,65,225	6,89,729	** 15,472	7,05,201	60,024	60,024	75,496
7	Electrical Equipment	25,86,402	----	----	25,86,402	24,57,082	*	24,57,082	1,29,320	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	10,312
9	Generator Set	20,16,648	76,90,400	20,16,648	76,90,400	19,22,216	91,324	91,324	75,99,076	75,99,076	94,432
10	Motor Car	85,24,555	----	13,97,040	71,27,515	33,70,606	13,27,188	27,20,532	44,06,983	44,06,983	51,53,949
11	Motor Cyclor/Mopeds	2,71,172	----	----	2,71,172	2,25,035	25,761	2,50,796	20,376	20,376	46,137
12	Motor Vehicle - Van	4,96,000	----	----	4,96,000	4,01,453	56,098	4,57,551	38,449	38,449	94,547
13	Transformers	49,21,236	----	----	49,21,236	46,67,532	*	46,67,532	2,53,704	2,53,704	2,53,704
	<b>Total</b>	<b>26,43,91,548</b>	<b>96,52,015</b>	<b>34,13,688</b>	<b>27,06,29,875</b>	<b>17,98,23,456</b>	<b>32,49,404</b>	<b>18,67,04,965</b>	<b>8,39,24,910</b>	<b>8,39,24,910</b>	<b>8,45,68,092</b>
	Previous year	26,43,91,548	----	----	26,43,91,548	16,54,70,206	----	1,43,53,250	17,98,23,456	17,98,23,456	----
<b>II</b>	<b>Intangible Assets</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	Total	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	Previous year	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

\* 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.

\*\*\* Depreciation already restricted to 95% in respect of Asset Value of Rs.9,09,15,185/-, Hence now provided in respect of balance value only.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
<b>NOTE: 1.09 LONG-TERM LOANS &amp; ADVANCES</b>		
(a) Security Deposits ( unsecured, considered good)	29,06,760	17,01,260
(b) Advance Tax including Tax deducted at source (Net off provision of Rs.9,96,62,122/- for previous year)	-----	2,38,63,065
<b>TOTAL</b>	<u>29,06,760</u>	<u>2,55,64,325</u>
<b>NOTE: 1.10 INVENTORIES</b>		
(a) Raw Materials	5,50,95,590	9,79,92,270
(b) Proportionate freight on closing stock of raw materials	2,08,46,980	2,83,59,520
(c) Work-in-Process	84,46,228	15,70,852
(d) Finished Goods	13,63,101	71,41,336
(e) Stores and Consumables	2,32,05,026	1,65,10,550
<b>TOTAL</b>	<u>10,89,56,925</u>	<u>15,15,74,528</u>
<b>NOTE: 1.11 TRADE RECEIVABLES</b> (Unsecured, considered good)		
a) Trade receivables outstanding for a period exceeding six months from the date they were due for repayment		
(i) Unsecured, considered good	8,09,21,594	5,74,25,631
(b) Other Trade receivables		
(i) Unsecured, considered good	<u>23,98,85,064</u>	<u>22,44,81,895</u>
<b>TOTAL</b>	<u>32,08,06,658</u>	<u>28,19,07,526</u>
<b>NOTE: 1.12 CASH AND CASH EQUIVALENTS</b>		
(a) Cash on Hand	2,66,306	3,84,965
(b) Cash at Bank: with scheduled Banks:		
- in current accounts	48,63,476	15,19,371
- Term Deposit	1,00,00,000	1,90,00,000
- Margin Money Deposit for L.C.	6,75,00,000	6,22,00,000
- Margin Money Deposit for B.G	4,75,000	4,75,000
- E.E.F.C. Account with SBM	<u>14,28,36,775</u>	<u>7,23,97,625</u>
<b>TOTAL</b>	<u>22,59,41,557</u>	<u>15,59,76,961</u>
<b>NOTE: 1.13 SHORT-TERM LOANS &amp; ADVANCES</b> (Advance Recoverable in cash or in kind or for value to be considered)		
Advances (unsecured, considered good)		
(a) Material suppliers	1,49,24,841	2,01,33,976
(b) Staff	2,96,805	3,62,300
(c) Cenvat & Excise duty	1,11,116	7,73,902
(d) Prepaid Expenses	<u>1,94,779</u>	<u>2,06,760</u>
<b>TOTAL</b>	<u>1,55,27,541</u>	<u>2,14,76,938</u>
<b>NOTE: 1.14 OTHER CURRENT ASSETS</b>		
(a) Accrued Interest on Margin Money	<u>15,18,750</u>	<u>18,64,504</u>
<b>TOTAL</b>	<u>15,18,750</u>	<u>18,64,504</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	For the Year ended 31.03.2013	For the Year ended 31.03.2012
<b>NOTE: 2-01 REVENUE FROM OPERATIONS</b>	<b>Rs.</b>	<b>Rs.</b>
Sale of Products (Exports)	43,52,71,367	41,56,37,144
Sale of Products (DTA sales)	1,78,49,172	1,36,84,785
Sale of Traded goods	5,80,47,870	3,33,76,206
	<u>51,11,68,409</u>	<u>46,26,98,135</u>
Less: Excise Duty	20,97,147	14,55,084
TOTAL	<u>50,90,71,262</u>	<u>46,12,43,051</u>
<b>NOTE: 2-02 OTHER INCOME</b>		
<b>(a) Other Operational Income</b>		
Interest on Margin Money - Received	51,69,731	29,14,843
- Accrued and due	15,18,750	18,64,504
VAT Refund	70,60,714	38,22,727
Cenvat ( on Service tax) refund	12,89,306	21,74,335
TOTAL (a)	<u>1,50,38,501</u>	<u>1,07,76,409</u>
<b>(b) Miscellaneous Income</b>		
Interest on IT Refunds, etc.,	18,18,778	----
Interest on Term Deposits - Received	18,62,636	1,78,659
TOTAL (b)	<u>36,81,414</u>	<u>1,78,659</u>
<b>(c) Net gains/(loss) on foreign currency transactions &amp; translations &amp; translation</b>		
Exchange Variation- on export	1,01,89,066	26,33,086
Exchange Variation- on import	33,67,721	(17,52,460)
Exchange Variation- on currency	44,33,094	71,87,060
Exchange Variation- on other current assets	1,13,85,710	4,16,15,471
Exchange Variation- on current liabilities	(37,31,180)	(68,19,116)
TOTAL (c)	<u>2,56,44,411</u>	<u>4,28,64,041</u>
TOTAL (a+b+c)	<u>4,43,64,326</u>	<u>5,38,19,109</u>
<b>NOTE: 2-03 COST OF MATERIAL CONSUMED</b>		
<b>(a) CONSUMPTION OF RAW MATERIAL</b>		
Opening Stock of Raw Blocks	9,79,92,270	7,59,93,896
Add: Purchases during the year	14,03,15,559	19,70,20,190
	<u>23,83,07,829</u>	<u>27,30,14,086</u>
Less: Closing Stock	5,50,95,590	9,79,92,270
Raw material consumed Sub Total (a)	<u>18,32,12,239</u>	<u>17,50,21,816</u>
<b>(b) CONSUMPTION OF STORES, SPARES &amp; CONSUMABLES</b>		
Opening Stock	1,65,10,550	1,04,90,516
Add: Purchases during the year	5,09,22,565	5,13,21,417
	<u>6,74,33,115</u>	<u>6,18,11,933</u>
Less: Closing Stock	2,32,05,026	1,65,10,550
Stores, Spares & Consumables consumed Sub Total (b)	<u>4,42,28,089</u>	<u>4,53,01,383</u>
TOTAL (a + b)	<u>22,74,40,328</u>	<u>22,03,23,199</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
<b>NOTE: 2-04 PURCHASE OF TRADED GOODS</b>		
Opening Stock	----	----
Add: Purchases during the year	<u>4,71,30,674</u>	<u>2,93,41,514</u>
	<u>4,71,30,674</u>	<u>2,93,41,514</u>
Less: Closing Stock	----	----
<b>NOTE: 2-05 CHANGE IN INVENTORIES</b>		
Closing Stock		
Finished Goods	<u>13,63,102</u>	71,41,336
Work-in-process	<u>84,46,228</u>	15,70,852
Sub Total	<u>98,09,330</u>	<u>87,12,188</u>
Opening Stock		
Finished Goods	<u>71,41,336</u>	24,55,305
Work-in-process	<u>15,70,852</u>	82,94,247
Sub Total	<u>87,12,188</u>	<u>1,07,49,552</u>
Net change - Accretion/(Decretion)	<u>10,97,142</u>	(20,37,364)
<b>NOTE: 2-06 MANUFACTURING EXPENSES</b>		
Power & Fuel	<u>2,77,22,972</u>	162,91,570
Transport and Freight - Inward (On raw blocks consumed)	<u>6,90,59,545</u>	5,06,09,259
Maintenance:		
Factory Buildings	<u>22,94,870</u>	24,13,740
Plant & Machinery	<u>38,63,739</u>	39,67,611
Generators	<u>2,82,506</u>	4,81,075
Sub Total (a)	<u>10,32,23,632</u>	<u>7,37,63,255</u>
Packing Material		
Opening Balance	----	21,760
Add: Purchases during the year	<u>74,24,144</u>	71,44,741
	<u>74,24,144</u>	71,66,501
Less: Closing Stock	----	----
Sub Total (b)	<u>74,24,144</u>	71,66,501
TOTAL(a+b)	<u>11,06,47,776</u>	<u>8,09,29,756</u>
<b>NOTE: 2-07 EMPLOYEES BENEFIT EXPENSES</b>		
(a) Salaries & Wages	<u>1,18,84,721</u>	99,40,958
(b) Contribution to Provident Fund	<u>1,51,781</u>	1,33,727
(c) ESI Contribution	<u>1,80,356</u>	4,32,720
(d) Provision for Gratuity	----	6,86,903
(e) Workmen and Staff Welfare	<u>13,41,526</u>	10,73,607
(f) Directors Remuneration	<u>59,51,142</u>	40,50,058
TOTAL	<u>1,95,09,526</u>	<u>1,63,17,973</u>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
<b>NOTE: 2-08 FINANCE COST</b>		
(a) Interest on vehicle Loans	1,03,228	2,37,941
(b) Bank Charges	9,31,827	7,86,066
TOTAL	10,35,055	10,24,007
<b>NOTE: 2-09 OTHER EXPENSES</b>		
Rates and Taxes	1,59,441	64,479
Service Tax	15,03,970	10,85,314
Travelling Expenses :		
Inland	14,50,556	8,27,321
Foreign	14,18,389	15,97,805
Insurance	5,61,380	3,85,242
Printing and Stationery	5,76,431	6,41,327
Postage, Telephones, Fax & Telex	7,28,837	7,96,150
Advertisement Charges	6,13,599	2,74,919
Professional charges	25,000	25,000
Business Promotion Expenses	6,45,655	1,17,085
Transport & Freight - Outward	1,77,15,439	1,65,53,593
Maintenance:		
Office	7,15,677	7,41,739
Vehicles	6,66,337	5,45,594
Audit Fees		
Statutory Audit	2,25,000	75,000
Tax Audit	75,000	25,000
Bad Debts written off	----	97,67,397
Other Misc. expenses	26,80,884	44,26,952
TOTAL	2,97,61,595	3,79,49,917

**NOTE: 2-10 EXCEPTIONAL ITEMS**

- i) Trade payables relating to the purchases made /services received during the earlier years, no longer payable amounting to Rs.10,36,04,251/- written back to the statement of profit and loss.
- ii) IncomeTax relating to earlier years amounting to Rs.1,57,20,252/- has been paid during the year on account of disallowance of purchases/services relating to earlier years.
- iii) Excess provision for Gratuity amounting to Rs.9,16,198/- written back to the statements of profit and loss.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Amount (Rs.)	Amount (Rs.)
<b>Note: 2-11 Earnings Per Share</b>		
<b><i>Basic</i></b>		
<b><i>Total Operations</i></b>		
Net profit / (loss) for the period attributable to the equity shareholders	<b>15,57,91,752</b>	7,32,06,263
Weighted average number of equity shares	<b>1,03,00,820</b>	1,03,00,820
Par value per share	<b>10</b>	10
Earnings per share - Basic	<b>15.12</b>	7.11
<b><i>Diluted</i></b>		
The diluted earnings per share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock Options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.		
<b><i>Total Operations</i></b>		
Net profit / (loss) for the period attributable to the equity shareholders	<b>15,57,91,752</b>	7,32,06,263
Weighted average number of equity shares for Basic EPS	<b>1,03,00,820</b>	1,03,00,820
Weighted average number of equity shares - for diluted EPS	<b>1,03,00,820</b>	1,03,00,820
Par value per share	<b>10</b>	10
Earnings per share - Diluted	<b>15.12</b>	7.11

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

NOTE	Particulars		
<b>2.12</b>	<b>EMPLOYEE BENEFIT PLANS</b>		
A	<p><u>Defined contribution plans</u>                      The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.1.52 lakhs (Year ended 31 March, 2012 Rs. 1.34 lakhs ) for Provident Fund contributions and Rs.1.80 lakhs (Year ended 31 March, 2012 Rs. 4.33 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.</p>		
B	<p>The Company offers the Gratuity scheme to its employees. The following table sets out the unfunded status of the Grantuity scheme and the amount recognised in the financial statements:</p>		
	Particulars	<b>31.03.2013</b> Rs.	31.03.2012 Rs.
	Components of employer expense		
	Current service cost	<b>76,085</b>	70,553
	Interest cost	<b>1,85,356</b>	1,30,404
	Expected return on plan assets	-	-
	Curtailment cost / (credit)	-	-
	Settlement cost / (credit)	-	-
	Past service cost	-	-
	Actuarial losses/(gains)	<b>(11,77,639)</b>	4,85,946
	Total expense recognised in the Statement of Profit and Loss	<b>(9,16,198)</b>	6,86,903
	Actual contribution and benefit payments for year		
	Actual benefit payments	-	-
	Actual contributions	-	-
	Net asset / (liability) recognised in the Balance Sheet		
	Openig Net Liability	<b>23,16,949</b>	16,30,046
	Fair value of plan assets	-	-
	Expenses as above	<b>(9,16,198)</b>	6,86,903
	Settlements made	-	-
	Net asset / (liability) recognised in the Balance Sheet	<b>14,00,751</b>	23,16,949
	Change in defined benefit obligations (DBO) during the year		
	Present value of DBO at beginning of the year	<b>23,16,949</b>	16,30,046
	Current service cost	<b>76,085</b>	70,553
	Interest cost	<b>1,85,356</b>	1,30,404
	Curtailment cost / (credit)	-	-
	Settlement cost / (credit)	-	-
	Plan amendments	-	-
	Acquisitions	-	-
	Actuarial (gains) / losses	<b>(11,77,639)</b>	4,85,946
	Past service cost	-	-
	Benefits paid	-	-
	Present value of DBO at the end of the year	<b>14,00,751</b>	23,16,949

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note	Particulars	31.03.2013 Rs.	31.03.2012 Rs.
2.12	<b>Change in fair value of assets during the year *</b>		
	Plan assets at beginning of the year	-	-
	Expected return on plan assets	-	-
	Actual company contributions	-	-
	Actuarial gain / (loss)	-	-
	Benefits paid	-	-
	<b>Actuarial assumptions</b>		
	Discount rate	<b>8.00%</b>	8.00%
	Expected return on plan assets *		
	Salary escalation	<b>5.00%</b>	5.00%
	Attrition	<b>12.00%</b>	12.00%
	Mortality tables	<b>LIC (1994-96)</b>	LIC (1994-96)
	Expected average remaining service	<b>5.88%</b>	5.67%
	Estimate of amount of contribution in the	-	-
	<b>Asset Information</b>		
	*As the scheme is unfunded, other disclosures under Accounting Standard 15 are		
	<b>Experience Adjustments</b>		
	Present value at the end period	<b>14,00,751</b>	23,16,949
	Funded status	<b>(14,00,751)</b>	(23,16,949)
	Experience gain / (loss) adjustments on plan liabilities	-	-
	Experience gain / (loss) adjustments on plan assets	-	-

**3.01 Contingent Liabilities.**

Rs. in Lakhs

Sl. No.	Particulars	2012-13	2011-12
i	Foreign Letters of Credit opened in favour of Suppliers for which goods are yet to be received.	<b>528.88</b>	265.98
ii	Guarantees given by Bank (BG)	<b>4.75</b>	4.75

3.02 The Company has entered into sale agreement for the purchase of office premises at Ameerpet, Hyderabad with M/s N.V.Rattaiiah & Co, at a sale price of Rs.28,42,278/- on 2nd April, 1993. The Conveyance deed has not yet been executed.

3.03 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.

3.04 The Company has not received any Memorandum as required to be filed by the suppliers with the



## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

notified authority under the Micro, Small & 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.

- 3.05 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.
- 3.06 Deferred Tax provision has been made as per Accounting Standard No.22 of Institute of Chartered Accountants of India.
- 3.07 Related party disclosure :

Disclosure as required by Accounting Standard 18 (AS -18) "Related Party Disclosures" are as follows:

- |    |  |   |   |                                  |
|----|--|---|---|----------------------------------|
| a) | Name of the party                            | : | M/s Universal Extrusions Pvt.Ltd.,                              |                                  |
|    | Relationship                                 | : | A company in which Managing Director and Director Are Directors |                                  |
|    | Nature of Transaction                        | : | Packing wood material (purchase)                                |                                  |
|    | Transaction Value                            | : | <b>2012-13</b><br><b>Rs. 45,50,205/-</b>                        | <b>2011-12</b><br>Rs.41,97,364/- |
|    | Balance outstanding as on Balance Sheet date | : | <b>Rs. 17,23,956/- (Creditor)</b>                               | Rs.3,18,751/- (Creditor)         |
|    | Amount Written off/Back                      | : | <b>NIL</b>  | NIL                              |
| b) | Name of the party                            | : | M/s Universal Marketing Agencies Pvt. Ltd.,                     |                                  |
|    | Relationship                                 | : | A company in which Managing Director and Director are directors |                                  |
|    | Nature of Transaction                        | : | Polished Granite Slabs (third party exports)                    |                                  |
|    | Transaction Value                            | : | <b>Rs. 26,50,000/-</b>  | Rs. NIL                          |
|    | Balance outstanding as on Balance Sheet date | : | <b>Rs. 29,68,745/- (Creditor)</b>                               | Rs. 3,18,745/- (Creditor)        |
|    | Amount Written off/Back                      | : | <b>NIL</b>  | NIL                              |
| c) | Name of the party                            | : | M/s N.V.Rattaiah & Co.,   |                                  |
|    | Relationship                                 | : | A company in which Managing Director and Director are Partners  |                                  |
|    | Nature of Transaction                        | : | Advance paid for supply of Raw blocks                           |                                  |
|    | Transaction Value                            | : | <b>Rs. 1,00,42,131/-</b>  | Rs.20,44,255/-                   |
|    | Balance outstanding as on Balance Sheet date | : | <b>Rs. 10,95,408/-</b>  | Rs.70,44,255/-                   |
|    | Amount Written off/Back                      | : | <b>NIL</b>  | NIL                              |
| d) | Name of the party                            | : | M/s Divyashakti Housing Constructions Limited,                  |                                  |
|    | Relationship                                 | : | A company in which Managing Director and Director are Directors |                                  |
|    | Nature of Transaction                        | : | <b>NIL</b>  |                                  |
|    | Transaction Value                            | : | <b>NIL</b>  | NIL                              |
|    | Balance outstanding as on Balance Sheet date | : | <b>NIL</b>  | NIL                              |
|    | Amount Written off/Back                      | : | <b>NIL</b>  | NIL                              |

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

3.08 Expenditure in Foreign Currency:		<b>2012-13</b>		2011-12
		<b>Rs.</b>		<b>Rs.</b>
(i) Foreign Travelling&Commissions		<b>14,18,389</b>		25,67,229
(ii) CIF Values of Imports:				
Raw Material		<b>7,83,28,589</b>		11,49,96,445
Capital Goods		<b>NIL</b>		NIL
Consumables & Spares		<b>4,90,80,077</b>		4,99,31,555
(iii) Earnings in Foreign Currency: (FOB Values of Exports)		<b>49,33,19,237</b>		44,90,13,350
3.09 Consumption of Materials:		<b>2012-13</b>		2011-12
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
	<b>Rs.</b>		<b>Rs.</b>	
a) Raw Material				
i) Imports	<b>9,36,31,804</b>	<b>51.11</b>	10,24,49,853	58.54
ii) Indigenous	<b>8,95,80,436</b>	<b>48.89</b>	7,25,71,963	41.46
b) Consumables & Spares				
i) Import	<b>4,25,01,541</b>	<b>96.10</b>	4,39,70,113	97.06
ii) Indigenous	<b>17,26,549</b>	<b>3.90</b>	13,31,270	2.94
3.10 (a) Particulars of production , sales and closing stocks.		<b>2012-13</b>		2011-12
		<b>(Sq.Mts.)</b>		<b>(Sq.Mts.)</b>
i) Production		<b>144148</b>		132480
ii) Sales - From Factory		<b>144552</b>		134349
- Direct Dispatches		<b>17777</b>		10639
(Bought out)				
iii) Closing Stocks		<b>3922</b>		4326
(b) CONSUMPTION		<b>2012-13</b>		2011-12
	<b>Quantity</b>	<b>Value (Rs.)</b>	<b>Quantity</b>	<b>Value (Rs.)</b>
i) Granite Raw Blocks	<b>4953 Cu.Mt.</b>	<b>18,32,12,240</b>	4628 Cu.Mt.	17,50,21,816
ii) Finished Slabs & Tiles	<b>17777 Sq.Mt.</b>	<b>4,71,30,674</b>	10639 Sq.mt.	2,93,41,514
iii) Others	<b>----</b>	<b>4,42,28,090</b>	<b>----</b>	4,53,01,383

3.11 Figures in the Balance Sheet and Statement of Profit and Loss have been rounded off to the nearest rupee.

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

3.13 Schedules 1.01 to 1.14, 2.01 to 2.12 and 3.01 to 3.13 form part of Balance Sheet and Statement of Profit and Loss and have been authenticated.

For and on Behalf of the Board

**N.HARI HARA PRASAD**

Managing Director

**T.H.SASTRY**

Director

PLACE : HYDERABAD

DATE : 27th May, 2013.

**T.V.CHOWDARY**

Director

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration details  
 Registration No.   -       
 State Code    
 Balance Sheet Date

II. **Capital raised during the Year (Amount in Rs. Thousands)**  
 Public Issue               
 Rights issue               
 Business Issue               
 Private Issue

III. **Position of mobilisation and Development of Funds (Amount in Rs. Thousands)**  
 Total Liabilities            
 Total Assets            
**SOURCES OF FUNDS**  
 Paid-up Capital            
 Reserves & Surplus            
 Non Current Liabilities          
 Current Liabilities / Others            
**APPLICATION OF FUNDS**  
 Net Fixed Assets           
 Investments / Loans          
 Net Current Assets            
 Miscellaneous Expenditure               
 Accumulated Losses

IV. **Performance of Company (Amount in Rs. Thousands)**  
 Turnover            
 Total Expenditure            
 +/- Profit/Loss Before Exceptional Items             
 +/- Profit/Loss Before Tax             
 +/- Profit/Loss after Tax             
 Earning Per Share             
 Dividend Rate %             %

V. **Generic Names of Principal Products/Services of Company (as per monetary terms)**  
 Item Code No. (ITC CODE) : 680223.01  
 Product Description : GRANITE POLISHED SLABS, TILES AND MONUMENTS

On behalf of the Board

Place: Hyderabad,  
 Date : 27.05.2013.

**N. HARI HARA PRASAD**  
 Managing Director

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

---

**DIVYASHAKTI GRANITES LIMITED**

Regd. Office: 7-1-58, Divyashakti Complex,  
Ameerpet, Hyderabad - 500 016.

**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 22nd Annual General Meeting of the Company to be held on Monday, the 30th September, 2013 at The Institution of Engineers, Khairatabad, Hyderabad - 500 004, at 11.00 a.m. and at any adjournment thereof.

Affix One  
Rupee  
Revenue  
Stamp

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 - 500 016.

**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 22nd Annual General Meeting on Monday, the 30th September, 2013 at 11.00 a.m.

Signature of Member/Proxy

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

---