



DIVYASHAKTI GRANITES LIMITED

**25th ANNUAL REPORT
2015-2016**

BOARD OF DIRECTORS

Managing Director

Sri N. Hari Hara Prasad

Directors

Sri M.V. Subba Rao
Sri T.H. Sastry
Sri T.V. Chowdary
Sri N.S.R. Chandra Sekhar Rao
Sri T. Ramesh Chandra Bose
Sri S. Srinivas
Smt Jaishree Nallapati

Auditors:

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

Chief Financial Officer

Smt Jaishree Nallapati

Company Secretary

Ms. Deepa Dutta

BANKERS:

State Bank of Mysore
Andhra Bank

Registered Office

7-1-58, Divyashakti Apartments,
Ameerpet, Hyderabad - 500016.
Telangana

Factory

Survey No. 432/1& 447,
Narsapur village,
Medak District.

Website

[www. divyashakti.com](http://www.divyashakti.com)

NOTICE

Regd Office: 7-1-58 Divyashakti Apartments, Ameerpet,
Hyderabad - 500016, Telangana
Telephone : 91-40-23730240, Fax No.+91-40-23730013,
Website: www.divyashakti.com, Email: info@divyashakti.com,
CIN No. L99999TG1991PLC012764

NOTICE IS HEREBY GIVEN THAT THE 25TH ANNUAL GENERAL MEETING(AGM) OF THE MEMBERS OF DIVYASHAKTI GRANITES LIMITED (CIN: L99999TG1991PLC012764) WILL BE HELD ON FRIDAY THE 30TH SEPTEMBER, 2016 AT 11.00 A.M AT THE INSTITUTION OF ENGINEERS, KHAIRATABAD, HYDERABAD - 500 004 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2016 and Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To Declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri N.S.R.Chandra Sekhara Rao (DIN No.01853982) who retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

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

"RESOLVED THAT Pursuant to the ordinary resolution passed by the members at the 23rd Annual General Meeting of the Company and to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013, the appointment of M/s Rambabu & Co., Chartered Accountants, Hyderabad (Firm Registration No: 002976S) as Statutory Auditors of the Company for the financial year ending 31st March, 2017 at such remuneration as may be approved by the Board of Directors of the company be and is hereby ratified.

For and on behalf of the Board

N. HARI HARA PRASAD
Managing Director

Place: Hyderabad
Date: 11th May, 2016

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and a proxy need not be a member of the company. The instrument of Proxy in order to be effective should be deposited at its Registered Office of the Company not later than forty eight hours before the commencement of the Meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholders.
The Register of Members and Share Transfer Books of the Company will remain closed from 24-09-2016 to 30-09-2016 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting
3. Dividend of Rs.1.50 per Equity Share of Rs.10/(15%) each for the year as recommended by the Board of Directors and, if declared at the Annual General Meeting, the same will be payable to those Members whose names appear on the Register of Members as on 30.09.2016.
4. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including

Annual Report, Notices, Circulars, etc from the Company electronically. Further all the members are requested to dematerialise their shares.

5. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):
6. **Process and Manner for Shareholders opting for e-voting is as under:-**
 - i. Open the internet browser and type the following
URL: <https://www.evoting.nsdl.com>
 - ii. Click on **Shareholder-Login**
 - iii. If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
 - iv. If you are logging in for the first time, please enter the User ID and Password provided in enclosed form.
 - v. The Password Change Menu will appear on your screen. Change to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of the both. Please take utmost care to keep your Password confidential.
 - vi. Once the e-Voting home page opens, click on e-Voting> Active Voting Cycles.
 - vii. Select the EVEN (E-Voting Event Number) of Divyashakti Granites Limited (the number is provided in enclosed form). Once you enter the number, the Cast Vote page will open. Now you are

- ready for e-voting.
- viii. Cast your vote by selecting appropriate option and click on Submit and Also Confirm when prompted. Please note that once your vote is cast on the selected resolution, it cannot be modified.
- ix. Institutional shareholder (i.e other than individuals, HUF, NRIs, etc.) are required to send a scanned copy (PDF / JPG format) of the relevant board resolution/ authority letter, etc., together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer via email at :pjagan123@gmail.com, with a marked to evoting@nsdl.co.in.
- x. In case of any queries, please refer to the Frequently Asked Questions (FAQs) for members and the e-voting user manual for members available in the 'Downloads' section of <https://www.evoting.nsdl.com>. You can also contact NSDL via email at evoting@nsdl.co.in.
- General Instructions:**
- a. The e-voting period commences on September 27, 2016 (9.00 a.m.) and ends on September 29, 2016 (5.00 p.m.) During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2016, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2016 and not casting their vote electronically, may only cast their vote at the Annual General Meeting. Mr. Puttaparthi Jagannatham, Advocate, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d. The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- e. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 23rd September, 2016. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.divyashakti.com and on the website of NSDL within two days of the passing of the resolutions at 25th Annual General Meeting of the Company on Friday, September, 30, 2016 and communicated to the BSE Ltd.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure to present the 25th Annual Report and the Audited Accounts for the financial year ended 31st March, 2016.

1. FINANCIAL RESULTS

	Year ended 31.03.2016 (Rs. in lakhs)	Year ended 31.03.2015 (Rs. in lakhs)
Sales	6827.99	6295.93
Gross Operating Profit before depreciation and exchange variation	1259.01	1196.17
Profit after depreciation but before exchange variation	1149.16	1091.32
Profit after depreciation, exchange variation and before Exceptional Items	1534.83	1452.54
Profit after Exceptional items	1534.83	1452.54
Profit after Tax	1013.66	934.60
Appropriations:		
General Reserves	828.27	749.21
Proposed Dividend	154.03	154.03
Tax on dividend	31.36	31.36
Total	1013.66	934.60

2. DIVIDEND

Your Directors are pleased to recommend for your consideration a Dividend of Rs. 1.50 per share (15% of face value Rs.10/-) on the equity capital of the company for the financial year ended 31st March, 2016, aggregating an amount of Rs. 154.03 lakhs.

3. TRANSFERS TO RESERVES AND RETENTION IN THE PROFIT AND LOSS ACCOUNT ETC:

The Company proposes to transfer an amount of Rs. 828.27 lakhs to Reserves during the financial year under review.

4. Finance:

Cash and cash equivalents as at 31st March, 2016 was Rs. 5185.92 lakhs. The company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters and they were kept under strict check through continuous monitoring.

5. COMPANY'S WORKING DURING THE CURRENT YEAR 2015-2016 AND THE FUTURE PROSPECTS ALONG WITH REASONS WHILE COMPARING WITH PREVIOUS YEAR RESULTS:

Your Company has exported polished granite slabs and polished monuments valued at **Rs. 6692 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. 1401 lakhs** made during the year, about 17% are imported from Brazil, Finland, Norway etc.

The year closed on a positive note with export orders on hand to the tune of **Rs. 240 lakhs** as compared to Rs.220 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. 528 lakhs.

S.No.	Items	Previous year	Current year
1	Sales (Indian)	1,31,72,230	1,35,51,589
2	Sales (Exports)	61,64,20,612	66,92,47,661

6. CHANGE IN NATURE OF BUSINESS:

During the year the company has not changed its business. However, the Shareholders approved the resolution by postal Ballot for addition of object(s)

relating to generation, production and storage of solar, hydel and all other forms of energy.

7. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

There are no material changes and commitments that have bearing on the financial position of the Company.

8. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

There are no significant and material orders by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Management continuously reviews the internal control systems and procedures for the efficient conduct of the company's business. The Company adheres to the prescribed guidelines with respect to the transactions, financial reporting and ensure that all its assets are safeguard and protected against losses. The Internal Auditors of the company conducts the audit on regular basis and the Audit Committee periodically reviews internal audit reports and effectiveness of internal control systems.

10. DETAILS OF SUBSIDIARY / JOINT VENTURES/ASSOCIATE COMPANIES

The Company does not have any subsidiaries or Joint Venture or associate companies.

11. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT.

Not Applicable

12. DEPOSITS

The company has not accepted any fixed deposits from the public.

13. AUDITORS AND OBSERVATIONS :

M/s Rambabu & Co, Chartered Accountants, Independent Auditors of the Company were appointed in the Annual General meeting held on 30th September, 2014 for a period of three years till conclusion of Twenty Sixth Annual General Meeting. The resolution relating to ratification of the appointment is placed before the members in the ensuing Annual General Meeting.

14. SECRETARIAL AUDIT REPORT

Pursuant to provisions of section 204 of the Companies Act, 2013, the Company has appointed Puttaparthi Jagannatham and Co., Company secretaries, a firm of company secretaries to undertake the secretarial audit of the Company. The Secretarial Audit Report obtained is annexed within as **Annexure- I**

15. EXTRACT OF ANNUAL RETURN :

The extract of the Annual Return is attached as **Annexure II**

16. SHARE CAPITAL

None of the following issues were taken up during the year and hence details thereof were not required to be furnished

- A) Issue of shares with differential rights
- B) Issue of sweat equity shares
- C) Issue of employee stock options
- D) Provision of money by company for purchase of its own shares by employees or trustees for the benefit of employees.

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

(A) Conservation of energy

- a) Company ensures that the manufacturing operations are conducted in the manner whereby optimum utilization and maximum possible savings of energy is achieved.
- b) No specific investment has been made on reduction in energy consumption.
- c) As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, its impact on cost cannot be stated accurately.
- d) Details of electricity consumption is as under:

	2015-16	2014-15
1. Electricity		
a) Purchased Units	2488779	2675162
Total Amount (Rs. in lakhs)	190.33	207.63
Average Cost/Unit (Rs./KWH)	7.66	7.76
b) Own Generation Through Diesel Generator		
Total Units	107508	312960
Total Amount (Rs. in lakhs)	17.88	53.76
Units per liter of Diesel Oil	3.26	3.26
Average Cost/Unit (Rs./KWH)	16.64	17.18

(B) Technology Absorption:

No outside technology is being used for manufacturing activities, therefore no technology absorption is required. The Company constantly strives for maintenance and improvement in quality of its products and entire research and development activities are directed to achieve the aforesaid goal.

(C) Foreign exchange earnings and outgo
: Details of foreign exchange earnings and outgo are as follows :

- a) Foreign Exchange Earnings : Rs. 6692.48 Lakhs
- b) Foreign Exchange Outgo : Rs. 618.99 Lakhs

18. CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE

to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted the CSR committee consisting of the following Directors with the roles and responsibilities duly defined in accordance with the CSR Policy Rules. The committee has met once on 30.01.2016 during the financial year ended 31st March, 2016.

Name of the Member	Designation
Shri T.R.C. Bose	Chairman
Shri T.H.Sastry	Member
Shri S. Srinivas	Member

The Committee reviewed the CSR Policy and has identified the Education and Environment as the broad areas towards providing clean and hygienic water, and health related areas as the focus areas for CSR activities.

"The Company allocated an amount of Rs.34.01 lakhs to be spent during the year 2015-16 for Corporate Social

Responsibility. However, the Company couldn't spend the amount earmarked for Corporate Social Responsibility due to problem in identifying the better areas and beneficiaries as per its approved CSR Policy. However, the amount of Rs.20.65 lakhs was spent by the company towards the CSR activities in the field of Education and Environment during the year 2015-16."

The report on CSR activities is attached as Annexure III to this Report.

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Changes in Directors and Key managerial personnel:

In accordance with the provisions of Section 197, 198 and 203 of the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Shri N.S.R. Chandra Sekhar Rao, who retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for reappointment as Director of the Company.

In the Board Meeting held on 30th October, 2015 Ms. Deepa Dutta has been appointed as the Company Secretary of the Company in terms of Section 203 of Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with effect from 01st October, 2016.

B) Declaration by the Independent Directors of the Company that they meet the criteria of independence as provided in Sec 149(6) of the Companies Act, 2013.

All the independent Directors have given declarations that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the

Companies Act, 2013 and Regulation 17(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that there is no change in their status of Independence.

C) Formal evaluation statement by the Board of its own performance, it's committees and individual Directors:

Pursuant to the provisions of the Companies Act, 2013 and clause 49 of the Listing Agreement, the Board has formulated a policy for evaluation of its Board, Board Committee, Director's and their performances and carried out an evaluation of them. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

D) Number of meetings of the Board of Directors:

The Directors met for 4 times during period under review. A calendar of meetings is prepared and circulated in advance to all the Directors. The number and details of the meetings of the Board are furnished in the Corporate Governance Report.

E) Meeting of Independent Directors:

A separate meeting of Independent Directors of the Company was held on 30.01.2016 as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;

F) Familiarization Programme for Independent Directors

The Company proactively keeps its Directors informed of the activities of the Company, its management and operations and provides an overall industry perspective as well as issues being faced by the industry. The Familiarisation programme for Independent Directors is disclosed on the Company's website.

20. AUDIT COMMITTEE:

The Board of Directors of the Company constituted Audit Committee consisting of the following Directors, with the roles and responsibilities duly defined in accordance with the applicable statutory and other requirements. During the year, in all four (4) meetings of the Committee took place.

Name of the Member	Designation
Shri T.R.C. Bose	Chairman
Shri T.H.Sastry	Member
Shri N.S.R.C.Sekhara Rao	Member

The Board has accepted all the recommendation of the Audit Committee.

21. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:

The Company at present has the vigil mechanism to deal with the instances of fraud and mismanagement, if any. The company ensures that strict confidentiality is maintained while dealing with the concerns and also that no discrimination is meted out to any person for a genuinely raised concern. It is taken care of by the audit committee of the company.

The Company has also formulated Whistle Blower Policy through which it's Directors, Employees and Stake Holders

can report their genuine concern about unethical behavior, actual or suspended fraud, or violation of the company's code of conduct or ethics Policy.

22. CODE OF CONDUCT:

The Board of Directors have approved a code of conduct which is applicable to the members of the Board and all employees in the course of day to day business operations of the Company. The company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviours of any form and the board has laid down the directives to counter such acts. The code laid down by the Board is known as "Code of Business Conduct." which forms an appendix to the code.

The code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders .

All the Board members and senior Management Personnel have confirmed compliance with the code. All management staff were given training in this regard.

23. PREVENTION OF INSIDER TRADING:

Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 1992 for prevention of insider trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Directors

and designated employees while in possession of unpublished price sensitive information in relation to the company and during the period when the trading window is closed. The Board is responsible for implementation of the code.

During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992.

24. NOMINATION AND REMUNERATION COMMITTEE:

The Board of Directors of the Company has constituted a Nomination and 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 S. Srinivas	Member
3. Shri N.S.R.C.Sekhara Rao	Member

The Board has formulated a policy in consultation with the Nomination and Remuneration Committee for selection and appointment of Directors, Senior management and fixation of their remuneration keeping in view the requirements given in section 178 of the companies Act, 2013 and it also involves in the evaluation of the Board and its remuneration policies.

25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third

proviso thereto shall be disclosed in Form No.AOC-2 as Annexure-IV to this Report.

There were no materially significant transactions with Related Parties during the financial year 2015-16 which were in conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in Note 3.07 of the Notes to the financial statements.

26. MANAGERIAL REMUNERATION:

Details of the ratio of the remuneration of each Director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Remuneration to Directors :	2015-16 Rs.	% on total salaries.
(a) N. Hari Hara Prasad Managing Director - Salary - Perquisites	24,00,000 14,53,289	16%
Jaishree Nallapati (Chief Financial Officer) - Salary	6,00,000	2%

- b) There is no information required pursuant to Section 197 read with 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as no employee of the Company is covered by these rules.
- c) No Director is in receipt of any commission from the company and the Managing Director and Whole-time Director of the Company have not received any remuneration or commission from any other Company subject to its disclosure by the Company in the Board's Report.

27. CORPORATE GOVERNANCE

As per Regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 annexed as Annexure - V to this Report.

28. 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.

29. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that-

Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state

of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. PAYMENT OF LISTING FEE

At present the equity shares of the Company are listed on the Bombay Stock exchange at Mumbai. The Company confirms that it has paid Annual Listing Fees due to the Bombay Stock Exchange for the year 2016-2017.

31. 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**.

The company is pursuing the share holders, including the promoters, holding the shares in physical form for dematerialization of their shares.

32. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

There are no loans, guarantees or investments made under section 186 of the Companies Act, 2013.

33. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report as required Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with stock exchange forms part of this report as Annexure VI.

34. INTERNAL COMPLAINTS COMMITTEE:

The company has constituted "Internal Complaints Committee" as required under section 4 (1) of Sexual harassment

of women at work place (Prevention, Prohibition and Redressal) Act, 2013.

This committee consists of following members:

1. Smt. Jaishree Nallapati
2. Sri S. Srinivas
3. Sri N.S.R.C.Sekhara Rao

During the year under review, no complaints of harassment at the workplace were received by the committee.

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

(T.H.SASTRY)
Director

Place : Hyderabad,
Date : 11th May, 2016.

ANNEXURE INDEX

ANNEXURE	CONTENTS
I	Secretarial Audit Report-Form MR-3
II	Extract of Annual Return - Form MGT - 9
III	Report on CSR Activities
IV	Related Party Transactions -Form AOC-2
V	Corporate Governance Report
VI	Management Discussion and Analysis Report
VII	MD and CFO Certification
VIII	Declaration by MD on Code of Conduct
IX	Certificate on Corporate Governance

ANNEXURE - I

Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2016

To

The Members,

Divyashakti Granites Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Divyashakti Granites Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Divyashakti Granites Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Divyashakti Granites Limited ("the Company") for the financial year ended on 31st March 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - e. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- VI. Other specific laws as applicable to the company are:
- a) Mines Act, 1952
 - b) Mines and Minerals (Development and Regulation) Act, 1957.

We have also examined compliance with the applicable Clauses of:

- (i) The Listing Agreement(s) entered into by the Company with Stock Exchange(s);
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (iii) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the Companies Act 2013.

We further report that the Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals. During the period under review the Company has complied with the provisions of the Act, Rules, regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

- (i) 1(One) Form MGT-10 for "Changes in shareholding position of promoters and top ten shareholders" was filed late with the MCA.
- (ii) The Prescribed CSR expenditure of 2% of average net profit of the last three years allocated for 2015-16 amounting to Rs. 34.01 Lakhs was not fully spent due to the problems in identifying the areas and beneficiaries. However, an amount of Rs. 20.65 Lakhs has been spent during the year.

We report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Hyderabad

Date : 11.05.2016

For Puttaparthi Jagannatham & Co.

Navajyoth Puttaparthi

Partner

ACS No: 28843, C P No.: 16041

Note: This report is to be read with our letter of even date which is annexed as "Annexure" and forms integral part of this report.

Appendix A:

To

The Members,

Divyashakti Granites Limited

Our report of even date is to be read with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Hyderabad

Date : 11.05.2016

For Puttaparthi Jagannatham & Co.

Navajyoth Puttaparthi

Partner

ACS No: 28843, C P No.: 16041

ANNEXURE-II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : **L99999AP1991PLC012764**
- ii) Registration Date : **04-06-1991**
- iii) Name of the Company : **DIVYASHAKTI GRANITES LIMITED**
- iv) Category / Sub-Category of the Company : **Public Company, Limited by shares**
- v) Address of the Registered office and contact details : **7-1-58, Divyashakti Apartments
Ameerpet, Hyderabad.
Phone: 040-23730240, 23731701**
- vi) Whether listed company : **Yes**
- vii) Name, Address and Contact details of Registrar : **Venture capital & corporate investments
Private Limited
120-10-167, Bhartnagar, Hyderabad**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture & Export Of Polished Granites Slabs, Tiles & Monuments	68022390	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES : NA

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE
	NA		

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% of Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
(1) Indian									
a) Individual/ HUF	3956971	1587260	5544231	53.99	4467831	1116000	5583831	54.38	0.39
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1):-	3956971	1587260	5544231	53.99	4467831	1116000	5583831	54.38	0.39
(2) Foreign									
a) Individuals(Non-Resident Individuals /Foreign Individuals)	0	164760	164760	1.60	0	164760	164760	1.60	0
b) Bodies Corporate	0	0	0	0	0	0	0	0	0
c) Institutions	0	0	0	0	0	0	0	0	0
d) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	0	164760	164760	1.60	0	164760	164760	1.60	0
Total shareholding of Promoter (A)	3956971	1752020	5708991	55.59	4467831	1280760	5748591	55.98	0.39
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

2. Non-Institutions									
a) Bodies Corp.									
i) Indian	100106	5600	105706	1.03	36251	5600	41851	0.41	- 0.62
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	790318	536613	1326931	12.92					
ii) Individual share holders holding nominal share capital in excess of Rs 1 lakh	808157	2269830	3077987	29.97					
c) Others (specify)									
Non Resident Indians	16519	10700	27219	0.27	21484	10700	32184	0.31	0.04
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	22036	0	22036	0.21	8218	0	8218	0.08	-0.13
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	1737136	2822743	4559879	44.40					
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1737136	2822743	4559879	44.40					
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	5694107	4574763	10268870	100					

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

B) Shareholding of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Share of the company	% of Shares Pledged / encumbered to total Shares	% change in share holding during the year
1	Bhaskharamma Karumanchi	164760	1.60	0	164760	1.60	0	0
2	Jaishree Nallapati	505983	4.93	0	505983	4.93	0	0
3	Nallapati Hari Hara Prasad	2332256	22.71	0	2332256	22.71	0	0
4	N V Rattaiah	10520	0.10	0	10520	0.10	0	0
5	Bhanu Prasad Nallapati	324620	3.16	0	324620	3.16	0	0
6	Anuradha Anne	465992	4.55	0	465992	4.55	0	0
7	A Bhavani Prasad	295900	2.88	0	295900	2.88	0	0
8	G V Krishna	411900	4.01	0	411900	4.01	0	0
9	G Rama Krishna	408100	3.98	0	408100	3.98	0	0
10	Uma Shree Nallapati	317700	3.09	0	317700	3.09	0	0
11	Tejashree Nallapati	510860	4.97	0	510860	4.97	0	0

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN		Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	5708991	55.60		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	13.06.2014 Transfer of shares			
	At the end of the year	5748591	55.98	5748591	55.98

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

D) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Are Venkateswara Rao				
	At the beginning of the year	398200	3.85	—	
	Date wise Increase / Decrease in Share holding during the year	-2,00,000	1.92	—	
	At the end of the year	198200	1.93	—	
2	Lakshmi Lavanya Narra				
	At the beginning of the year	291800	2.82	—	
	Date wise Increase / Decrease in Share holding during the year	—	—	—	
	At the end of the year	291800	2.84	—	
3	N Ramatarakam				
	At the beginning of the year	242300	2.34	—	
	Date wise Increase / Decrease in Share holding during the year	-242300	2.34	—	
	At the end of the year	Nil	—	—	
4	Nagendram Nallapati				
	At the beginning of the year	233600	2.27	—	
	Date wise Increase / Decrease in Share holding during the year	—	—	—	
	At the end of the year	233600	2.27	—	
5	N Lakshminarayana				
	At the beginning of the year	233000	2.27	—	
	Date wise Increase / Decrease in Share holding during the year	—	—	—	
	At the end of the year	233000	2.27	—	
6	Sangeetha S				
	At the beginning of the year	173630	1.68	—	
	Date wise Increase / Decrease in Share holding during the year	27320	0.27	—	
	At the end of the year	200590	1.95	—	
7	A Sarada				
	At the beginning of the year	192830	1.86	—	
	Date wise Increase / Decrease in Share holding during the year	152000	1.50	—	
	At the end of the year	344830	3.36	—	

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

8	Amita Kirtikumar Vora Kirtikumar Fulchand Vora				
	At the beginning of the year	179255	1.74	—	
	Date wise Increase / Decrease in Share holding during the year	-46509	0.45	—	
	At the end of the year	132746	1.29	—	
9	G Laxmi Sowjanya				
	At the beginning of the year	175000	1.70	—	
	Date wise Increase / Decrease in Share holding during the year	—	—	—	
	At the end of the year	175000	1.70	—	
10	Narayana Swami Daamodhar Jijibai				
	At the beginning of the year	150000	1.45	—	
	Date wise Increase / Decrease in Share holding during the year	200000	1.96	—	
	At the end of the year	350000	3.41	—	

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the
	Directors:				
1	N Hari Hara Prasad, Managing Director				
	At the beginning of the year	2332256	22.71	2332256	22.71
	Date wise Increase / Decrease in Shareholding during the year	—		—	
	At the end of the year	2332256	22.71	2332256	22.71
2	Jaishree Nallapati, WTD & CFO				
	At the beginning of the year	505983	4.93	505983	4.93
	Date wise Increase / Decrease in Shareholding during the year	-			
	At the end of the year	505983	4.93	505983	4.93
3	Sunkara Srinivas, Director				
	At the beginning of the year	48200	0.47	48200	0.47
	Date wise Increase / Decrease in Shareholding during the year	--			
	At the end of the year	48200	0.47	48200	0.47

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

4	Tadepalli Hanumath Sastry, Director	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year				
	At the end of the year				
5	Movva Venkata Subbarao, Director	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year				
	At the end of the year				
6	Thati Venkataswamy Chowdary, Director	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year transfer / bonus/ sweat equity etc):				
	At the end of the year				
7	Rameshchandra Bose Tummala, Director	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year				
	At the end of the year				
8	N R S Chandra Sekhar Rao, Director	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year				
	At the end of the year				
	Other KMPs				
1	Deepa Dutta, Company Secretary	NIL			
	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year				
	At the end of the year				

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment : **NIL**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition				
* Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD Sri N.HARI HARA PRASAD				Total Amount
		—	—	—	—	—
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2400000				2400000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1453289				1453289
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify...					
5	Others, please specify					
	Total (A)					3853289
	Ceiling as per the Act					

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

B. Remuneration to other directors: **NIL**

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		—	—	—	—	—
1.	Independent Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN.	Particulars of Remuneration	Key Managerial Personal			
		CEO	CS	CFO	Total
1	Gross salary	—			—
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		4,32,000	6,00,000	10,32,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		—	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		—	—	—
2	Stock Option		—	—	—
3	Sweat Equity		—	—	—
4	Commission		—	—	—
	- as % of profit		—	—	—
	others, specify...		—	—	—
5	Others, please specify		—	—	—
	Total		4,32,000	6,00,000	10,32,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:
NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE -III
Report on CSR Activities undertaken by the Company pursuant to Section 135 of the Companies Act, 2013 for the year 2015-16

INFORMATION SHEET FOR CORPORATE ON CSR DATA

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
NAME OF THE COMPANY	CIN	COMPANY CLASS PUBLIC LIMITED/ PRIVATE LIMITED	COMPANY TYPE GOVERNMENT / NON- GOVERNMENT	DATE OF INCORPORATION / REGISTRATION	RFC	ADDRESS OF REGISTERED OFFICE	MAIN BUSINESS ACTIVITY OF THE COMPANY	RECORDED CSR BUDGET (IN % OF ADJUSTED NET PROFIT F.Y. 2013-14 AND 2014-15)	ALLOCATED CSR BUDGET F.Y. 2015-16	ACTUAL CSR SPENT IN F.Y. 2015-16	ADMINISTRATIVE OVERHEAD EXPENSES	REASON FOR UNDERTAKING / NOT UNDERTAKING (IF ANY)	DETAILS OF CSR PROGRAMME / PROJECTS / ACTIVITIES	PROJECT DESCRIPTION	SECTORS COVERED WITHIN SCHEDULE VII	GEOGRAPHICAL AREAS WHERE PROJECTS WERE IMPLEMENTED	STATES WHERE UNDERTAKEN	DISTRICT WHERE UNDERTAKEN	OUTLAY (PROGRAMME/ PROJECT WISE)	EXPENDITURE ON PROGRAMME OR PROJECT	MODE OF IMPLEMENTATION (DIRECT OR INDIRECT THROUGH IMPLEMENTING AGENCIES)	DETAILS OF IMPLE- MENTING AGENCIES
DIVYASHAKTI GRANITES LIMITED	L 9 9 9 T G 1 9 9 P L C O 1 2 7 6 4	PUBLIC LIMITED	NON- GOVERNMENT	04/04/1994	B O C A N D H A A P B A D S	BLK NO.1301 TO 304, DINSKRAM COMPLEX, 7-1-53, ANNEEBET HYDERABAD 500016, TELANGANA	PROCESSING & EXPORT OF POLISHED GRANITE SLABS & MONUMENTS	Rs. 34.01 lacs allocated in the year 2015-16 towards CSR Activities	Rs. 24.01 lacs allocated in the year 2015-16	RS.20.65 lacs	NIL	The Board of Directors noted the request received from the CSR committee and after due deliberations it has decided to spend the remaining amount of Rs. 13.36 laks.	1. Rural Education 2. Building of schools 3. Building of water purifying system in rural areas 4. Health check up camps in rural areas 5. Financial literacy training in rural areas 6. Skill development training in rural areas 7. Social awareness programmes in rural areas 8. Environmental protection programmes in rural areas 9. Disaster relief programmes in rural areas 10. Sports and recreation programmes in rural areas 11. Cultural programmes in rural areas 12. Other social welfare programmes in rural areas	Yes 1. Education 2. Rural development projects	Ranchodurga Village, Nalgonda District, Telangana Village, Nalgonda District, Telangana Village, Nalgonda District, Telangana Village, Nalgonda District, Telangana	Telangana	Nalgonda District	1. Rural Education Rs. 14.20 lacs. 2. Rural development projects Rs. 4.35 lacs.	Rs.20.65 lacs	DIRECT	NA	

ANNEXURE - IV

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1) Details of contracts or arrangements or transactions not at arm's length basis: NIL

2) Details of material contracts or arrangement or transactions at arm's length basis-

S.No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangement / transactions	Duration of the contacts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Balance outstanding as on Balance Sheet date	Date(s) approval by the Board	Amount paid as advances, if any
1.	M/s. Universal Extrusions Pvt. Ltd., A company in which Managing Director and Director are Directors	Packing wood material (purchase)	NA	Transaction value : Rs. 50,78,350/-	Rs.28,37,459/- (Creditor)	NA	NA
2.	M/s. Universal Marketing Pvt. Ltd., A company in which Managing Director and Director are Directors	Polished Granite Slabs (third party exports)	NA	Transaction value : Rs. 1,96,53,000/-	Rs.65,25,000/- (Creditor)	NA	NA
3.	M/s. N.V. Rattaiah & Co., A company in which Managing Director and Director are Directors	Sale of granite slabs	NA	Transaction value : Rs. 1,22,64,674/-	Rs.50,09,450/- (Debtor)	NA	NA

ANNEXURE - V**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 endeavor 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 Eight (8) Directors, out of whom One (1) is Managing Director, One (1) is Whole Time Director and Six (6) are Non-Executive 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 four months and the following is the attendance of the Directors:

Sl. No.	Name of the Director	No. of Meetings attended	Whether attended the ast AGM	No .of Directorships in other Boards
1	Shri N.Hari Hara Prasad	4	Yes	4
2	Shri T.H.Sastry	4	Yes	Nil
3	Shri T.V.Chowdary	4	Yes	8
4	Shri M.V.Subba Rao	Nil	No	Nil
5	Shri N.S.R.C.Sekhar Rao	1	No	3
6	Shri T.R.Chandra Bose	4	Yes	6
7	Shri S.Srinivas	4	Yes	2
8	Smt Jaishree Nallapati	3	Yes	1

The dates of Board Meetings held during the year under review are:

- i) 28th May, 2015
- ii) 30th July, 2015
- iii) 30th October, 2015
- iv) 30th January, 2016

AUDIT COMMITTEE

As per Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, Four (4) meetings of the Committee took place and attendance thereat is as under:

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

Name of the Member	Designation	No. of Meetings Attended	Remarks
Shri M.V.Subba Rao (upto 31.07.2015)	Chairman	Nil	—
Shri T.R.C. Bose (w.e.f. 01.08.2015)	Chairman	2	—
Shri T.H. Sastry	Member	4	—
Shri N.S.R.C.Sekhara Rao	Member	4	—

The dates of Audit Committee

Meetings held during the year under review are:

- i) 13th May, 2015
- ii) 11th July, 2015
- iii) 10th October, 2015
- iv) 11th January, 2016

STAKEHOLDERS RELATIONSHIP COMMITTEE

As per Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company constituted Stakeholders Relationship Committee with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

During the year, Four (4) meetings of the Committee took place and attendance thereat is as under:

Name of the Member	Designation	No. of Meetings Attended	Remarks
Shri T.R.C. Bose	Chairman		—
Shri S. Srinivas	Member	4	—
Smt. Jaishree Nallapati	Member	4	—

Meetings held during the year under review are:

- i) 28th May, 2015
- ii) 30th July, 2015
- iii) 30th October, 2015
- iv) 30th January, 2016

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.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

S.No.	Name of Members	Designation
1.	Shri T.V.Chowdary	Chairman
2.	Shri S. Srinivas	Member
3.	Shri N.S.R.C. Sekhara Rao	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.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Remuneration Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter.

Criteria of selection of Non Executive Directors

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the Remuneration Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Remuneration Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Remuneration Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

On evaluation of the performance of the Board, it has been evaluated that

- a) Mr. N.Hari Hara Prasad as Managing Director of the company has been playing pivotal role in the operations and the marketing of the company's product and his contribution has been rated as very good.
- b) The Non Executive Directors have given valuable suggestions and their constructive appreciation of the performance has yielded positive results and their contribution has been rated as good.
- c) Mrs. Jaishree Nallapati, Woman Director is overseeing the Finance and General welfare

of the employees including Women employees and her contribution has been rated very well.

- d) Other independent Directors by their contribution and presence contributed to the corporate governance and discharge of CSR initiatives and their performance has been rated good.

Remuneration

Non Executive Directors shall be entitled to receive remuneration by way of sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and for reimbursement of expenses for participation in the Board meetings.

CEO & Managing Director - Criteria for selection / appointment

For the purpose of selection of the CEO & MD, the Remuneration Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

Remuneration for the CEO & Managing Director

At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (Remuneration Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the CEO & Managing Director comprises only of fixed component. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits.

Remuneration Policy for the Senior Management Employees

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the remuneration committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein above, whilst recommending the annual increment and performance incentive to the remuneration committee for its review and approval.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

PERFORMANCE EVALUATION COMMITTEE

The company has formed a performance evaluation committee consisting of the following members:

Name of the Member	Designation
Shri T.R.C.Bose	Chairman
Shri N.S.R.C.Sekhara Rao	Member
Shri S.Srinivas	Member

The committee met 2 times during the financial year ended March 31, 2016. The attendance record of the members at the meeting were as follows

Name of the Member	Designation	No. of Meetings Attended
Shri T.R.C.Bose	Chairman	2
Shri N.S.R.C.Sekhara Rao	Member	1
Shri S.Srinivas	Member	2

Pursuant to the provisions of the Companies Act, 2013 and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Appointment and Remuneration Committees.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority share-holders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

BUSINESS RISK EVALUATION / MANAGEMENT COMMITTEE

The company has formed a Business Risk Evaluation/Management Committee consisting of the following members.

Name of the Member	Designation	No. of Meetings Attended
Sri T.H.Sastry Independent Director	Chairman	2
Sri T.V Chowdhary Independent Director	Member	2
S. Srinivas Independent Director	Member	2
Jaishree Nallapati Whole Time Director, C.F.O.	Member	2

Business Risk Evaluation and Management is ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks and also identify business opportunities.

The objectives and scope of the Risk Management Committee broadly comprise of

1. Oversight of risk management performed by the executive management;
2. Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
3. Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
4. Defining framework for identification, assessment, monitoring, mitigation and reporting of risks; Within its overall scope as aforesaid, the Committee shall review risks trends, exposure and po-tential impact analysis and mitigation plan.

INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors met on 30.01.2016, inter alia, to discuss:

1. Evaluation of the performance of the Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors;
3. Evaluation of the quality, contents and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

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 Companies Act, 2013, Shri N.S.R. Chandra Sekhar Rao is due to retire by rotation in the ensuing Annual General Meeting and being eligible, has offered himself for reappointment as director.

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

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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 on corporate governance by the Secretarial Auditors:*

Certificate of the Secretarial Auditor's has been obtained on the compliance of the conditions of Corporate Governance in terms of Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is annexed to this report as Annexure IX.

d) *Details of 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 Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has adopted non-mandatory requirement of this clause, viz., and Remuneration committee of the Board which has been constituted to determine the remuneration package of the Executive Director.

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 Bombay Stock Exchange, uploaded on the BSE Listing Center 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) The Management Discussion and Analysis is a part of this Annual Report.

Your Company has identified USA, Germany and a few other countries as its 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, and 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
22 nd AGM	The Institution of Engineers, Khairatabad, Hyderabad.	30.09.2013	11.00 a.m	Yes
23 rd AGM	- DO -	30.09.2014	11.00 a.m	Yes
24 th AGM	- DO -	30.09.2015	11.00 a.m	No

DEMATERIALIZATION OF SHARES

The shares of the company to the extent of 6245967 have been dematerialized and the shares to the extent of 4022903 are held in physical form and the shareholders are advised to contact the depository participants of 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 Day, Date and Time Venue	: 25th AGM : Friday, 30th September, 2016 at 11.00 a.m : The Institution of Engineers Khairatabad, Hyderabad-500 004
b) Financial Calendar	: 1st April to 31st March
c) Date of Book Closure	: 24-09-2015 TO 30-09-2015
d) Dividend Payment Date	: ON OR BEFORE 30.10.2015
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) Listing Fee	: Annual listing fee for the financial year 2015-16 paid to the Stock Exchange.
h) Depository Fee	: Annual custody fee for the financial year 2015-16 paid to National Securities Depository Services India Limited (CDSL).
i) International Securities Identification Number	: INE410G01010
j) Code/Symbol	: BSE - 526315

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

k) Market Price Data :

Month	BSE		
	High (Rs.)	Low (Rs.)	No. of Shares
April, 15	57.80	46.85	83,869
May, 15	52.50	45.20	46,253
June, 15	49.40	43.50	35,712
July, 15	76.15	45.55	3,16,354
August, 15	105.85	78.35	4,40,493
September, 15	93.00	75.00	48,874
October, 15	101.50	78.00	1,11,159
November, 15	124.90	105.80	1,14,069
December, 15	124.90	114.10	37,549
January, 16	137.50	91.20	66,113
February, 16	108.50	75.10	24,668
March, 16	88.20	66.65	37,351

- l) Registrar & Share Transfer Agent : **VENTURE CAPITAL AND CORPORATE INVESTMENTS PVT. LTD.**
(Physical and Electronic)
H.No.12-10-167, Bharatnagar,
Hyderabad - 500 018.
Phone: 040-23818472/23818476/2386
Fax: 040-23868024,
Email: info@vccilindia.com

m) Share Transfer Systems :

Transfer of Securities in physical form are registered and duly transferred. The share certificates are dispatched within fifteen (15) days of receipt provided the transfer documents are in order.

n) Distribution of Shareholdings (As on 31.03.2016)

Share Holdings	No. of Shareholdings	% of total	No. of Shares	% of total
Up to 500	3930	89.43	561735	5.47
501 - 1000	215	4.91	178538	1.74
1001 - 2000	102	2.32	154665	1.51
2001 - 3000	42	0.95	109616	1.07
3001 - 4000	13	0.3	46066	0.45
4001 - 5000	20	0.45	97157	0.95
5001 - 10000	16	0.36	114239	1.11
10001 & above	56	1.27	9006854	87.71
Total	4394	100	10268870	100

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

o) Promoters Shareholdings (As on 31.03.2016)

Sl. No	Name of the Promoter Mr./Ms	No. of Shares	% of Total
1	TEJASHREE NALLAPATI	510860	4.97
2	BHASKHARAMMA KARUMANCHI	164760	1.60
3	JAISHREE NALLAPATI	505983	4.93
4	NALLAPATI HARI HARA PRASAD	2332256	22.71
5	N V RATTAIAH	10520	0.10
6	BHANU PRASAD NALLAPATI	324620	3.16
7	ANURADHA ANNE	465992	4.55
8	A BHAVANI PRASAD	295900	2.88
9	G V KRISHNA	411900	4.01
10	G RAMA KRISHNA	408100	3.98
11	UMA SHREE NALLAPATI	317700	3.09
	TOTAL	5748591	55.98

p) Details of shares

Mode	No. of shares	% to paid up Capital
CDSL	5155625	50.21%
NSDL	1090342	10.62%
Physical	4022903	39.17%
Total	10268870	100%

q) Shareholding pattern as on March 31, 2016

S. No.	Category	No. of Holders	No. of Shares	% to paid up capital
1	Promoter - (Individuals/ HUF/NRI)	11	5748591	55.98
2.	Public-			
a.	Individuals Individual Share Holders holding nominal share capital up to 2 Lakh	4269	1387128	13.51
b.	Individual Share Holders holding nominals hare capital in excess of 2 Lakh	26	3050898	29.71
c.	Bodies Corporate	37	41851	0.41
d.	Clearing Member	13	8218	0.08
e.	Trust	0	0	0
f.	Non Resident Individuals	38	32184	0.31
g.	Foreign Institutional Investors	0	0	0
h.	Mutual Funds	0	0	0
i.	Banks	0	0	0
	TOTAL	4394	10268870	100

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

r) 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.

s) **Plants Locations** : DIVYASHAKTI GRANITES LIMITED
Survey No.432/1 & 447,
Narsapur Village, Medak District, A.P.

t) **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.

u) **Compliance Officer** : Shareholders can correspond at the
Registered office of the Company at
Hyderabad with **Mr. D.N. Satyanarayana**
Compliance Officer.

ANNEXURE-VI

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

Granite Industry Overview

Granite is one of the most sought after material among all building stone. In the past, granite pillars and beams were used to support huge structures of temples and palaces and were used for making protective walls. Now with the invention of modern tools of better hardness and polishing ability, use of granite has increased on account of its aesthetic value. Granite is in demand due to its amenability for taking mirror like polish, high compressive strength, longevity and aesthetics. Granite finds application in many areas; accordingly market is segmented among four product categories, namely - Natural stone processing industry - Building Industry - Funerary Industry and - Consumer market.

Economy

Your Company has identified USA and a few other countries as its 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.

Our Business

Your company is a 100% Export Oriented Unit (EOU), located at Hyderabad, Telangana. Your company exports to more than (2) Two countries. Our business is classified across a Single (One) segments:

- Polished Granite Slabs & Tiles

Financial Performance of the Company / Operations

The financial performance for the company during the financial year 2015-16:

- Net sales during the year Rs. 68.28 crores as against Rs.62.96 crores in last year.
- Net Profits during year Rs.10.14 crores as against Rs.9.35 crores in last year.
- Basic and diluted earnings per share stood at 9.87 in 2015-16 as against 9.10 in last year.

Profitability

Your Company's profitability improved due to increase in volumes in the financial year 2015-16. Your company had made a gross profit of Rs. 15.35 crores during the year as against the gross profit of Rs. 14.53 crores of the last year 2014-15.

Results of operations

Your Company generated an after tax profits of Rs. 10.14 crores in 2015-16 which was higher as compared to Rs.9.35 crores generated last year.

Profit before tax and exceptional items stood at Rs. 15.35 crore as against a profit of Rs.14.53 crore last year. After reckoning a current and deferred tax liability of Rs. 5.21 crores, Profit after tax for the current year stood at Rs. 10.14 crores. The earnings per share increased from Rs.9.10 in 2014-15 to Rs.9.87 in the current year under review.

Your Company has continued to publish its accounts in line with last year.

Opportunities and Threats to the Industry

Your Company functions in a business environment which is subject to increasing globalization and competition. As such, controlling risk is critical to the businesses performance and your Company by virtue of undertaking diligent monitoring manages the same. The management cautions that the risks outlined hereunder are not exhaustive and are indicative only:

- Inability to source quality granite blocks for processing continues to remain one of the major difficulties for the granite industry and is expected to continue in the future as well.
- Despite being present in multiple markets, the Company derives major proportion of its revenues from United States of America. Any shift in the consumption pattern on account of political or economic events in that market could have a material impact on our business as well.
- Our clients are spread across a large geographical area and despite examining their financial health at the time of order acceptance, there is a chance some of them may not be able to honour their commitment on time
- Heightened volatility in currency exchange rate following changing economic environment can have a bearing on the Company's financial condition, besides impacting its performance and may affect the comparability of results between the Company's financial periods.

Risk Management

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, and fluctuations in foreign currency etc.

Internal Control Systems and Adequacy

The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with all applicable laws.

Human Resources

Your Company recognizes the value addition of its employees and their contribution to the growth and development of the Company. In turn, the Company is committed to train and develop it's people and motivate them. Industrial relations have been cordial and mutually beneficial.

ANNEXURE-VII

**MANAGING DIRECTOR (MD) AND CHIEF FINANCIAL OFFICER (CFO)
CERTIFICATION**

To

The Board of Directors' of Divyashakti Granites Limited.

Dear Sirs,

Sub: Managing Director (MD) and Chief Financial Officer (CFO) Certification

Pursuant to the provisions of Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have reviewed the financial statements and the cash flow statement of Divyashakti Granites Limited for the year ended March 31, 2016 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: 11.05.2016.

JAISHREE NALLAPATI
Chief Financial Officer

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: 11.05.2016.

JAISHREE NALLAPATI
Chief Financial Officer

N.HARI HARA PRASAD
Managing Director/CEO

ANNEXURE - IX

CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by M/s. Divyashakti Granites Limited for year ended 31st March, 2016 as stipulated in Regulation 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Bombay Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 Agreements and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For PUTTAPARTHI JAGANNATHAM & CO.,
COMPANY SECRETARIES**

**Sd/-
NAVJYOTH PUTTAPARTHI
PARTNER**

Place: Hyderabad.
Date: 11-05-2016

INDEPENDENT AUDITORS' REPORT

To the Members of
DIVYASHAKTI GRANITES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of DIVYASHAKTI GRANITES LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under Section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and 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 it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31st March, 2016 on its financial position in its financial statements as referred to in note no.3.01 in financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Hyderabad

Date: 11.05.2016

For RAMBABU & Co.,

Chartered Accountants

Firm Reg.No: 002976S

RAVI RAMBABU

Partner

M.No.018541

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
(b) As explained to us, the fixed assets have not been physically verified by the management according to the phased program designed to cover all the fixed assets over the year.
- 2) The inventory has been physically verified by the management during the year and the discrepancies noticed on such verification between the physical stock and the book records were not material. In our opinion, the frequency of such verification is reasonable.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place: Hyderabad

Date: 11.05.2016

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

RAVI RAMBABU
Partner
M.No.018541

"Annexure B" to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of DIVYASHAKTI GRANITES LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management responsible for establishing and maintaining internal financial controls base on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion the Company has, in all material respects, an adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad
Date: 11.05.2016

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

RAVI RAMBABU
Partner
M.No.018541

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

BALANCE SHEET AS AT 31ST MARCH, 2016

(Rupees)

PARTICULARS	Note No.	AS AT 31.03.2016	AS AT 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1.01	10,26,88,700	10,26,88,700
(b) Reserves & Surplus	1.02	75,47,57,293	67,19,30,062
(2) Non-current Liabilities			
(a) Deferred Tax liabilities (Net)	1.03	75,77,772	92,54,219
(3) Current Liabilities			
(a) Trade Payables	1.04	3,81,96,972	3,43,39,482
(b) Other Current Liabilities	1.05	3,98,52,753	3,57,83,334
(c) Short-Term Provisions	1.06	2,15,82,287	2,02,98,984
TOTAL		96,46,55,777	87,42,94,781
II ASSETS			
(1) Non-current assets			
(a) Fixed Assets			
Tangible Assets	1.07	6,32,45,194	7,41,62,922
(b) Long term loans and advances	1.08	33,71,460	33,89,260
(2) Current Assets			
(a) Inventories	1.09	7,43,35,319	7,59,56,776
(b) Trade receivables	1.10	28,22,42,922	28,31,49,511
(c) Cash & Cash equivalents	1.11	53,56,94,137	42,72,87,574
(d) Short-term loans and advances	1.12	52,09,985	90,21,238
(e) Other current assets	1.13	5,56,760	13,27,500
Significant Accounting Policies & Notes forming part of the Financial Statements.			
TOTAL		96,46,55,777	87,42,94,781

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

RAVI RAMBABU
Partner
Membership No.18541

Place : Hyderabad.
Date : 11.05.2016

For and on Behalf of the Board

JAISHREE NALLAPATI
Chief Financial Officer

N.HARI HARA PRASAD
Managing Director

T.H.SASTRY
Director

T.V.CHOWDARY
Director

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Rupees)

PARTICULARS	Note No.	For the Year ended 31.03.2016	For the Year ended 31.03.2015
I REVENUE FROM OPERATIONS	2.01		
Sale of Products (Exports)		38,95,04,480	44,98,04,457
Sale of Products (DTA sales)		1,52,81,466	1,48,47,295
Sale of Traded goods (Exports)		27,97,43,181	16,66,16,155
		68,45,29,127	63,12,67,907
Less: Excise Duty		17,29,877	16,75,065
REVENUE FROM OPERATIONS (Net)		68,27,99,250	62,95,92,842
II OTHER INCOME	2.02	5,27,17,828	6,79,93,674
III TOTAL REVENUE (I+II)		73,55,17,078	69,75,86,516
IV EXPENSES			
(a) Cost of Materials Consumed	2.03	18,09,84,344	24,72,93,773
(b) Purchases of Traded goods	2.04	23,85,14,944	14,23,21,119
(c) Change of Inventories of finished goods work-in-progress (accretion)/decretion	2.05	28,39,664	1,71,968
(d) Manufacturing Expenses	2.06	8,15,13,096	9,78,89,812
(e) Employees benefit expenses	2.07	2,46,16,448	2,08,74,514
(f) Finance Cost	2.08	5,23,165	6,71,496
(g) Depreciation and amortization expenses	1.08	1,09,85,134	1,04,85,224
(h) Other Expenses	2.09	4,20,57,485	3,26,24,344
Total Expenses		58,20,34,280	55,23,32,250
V Profit before exceptional items (III - IV)		15,34,82,798	14,52,54,266
VI Exceptional Items		—	—
VII Profit before Tax		15,34,82,798	14,52,54,266
VIII Tax Expenses			
(1) Current Tax		5,38,45,000	5,08,13,000
(2) Tax expenses relating to earlier years		(52,096)	(8,90,660)
(3) Deferred Tax (Asset)		(16,76,447)	18,71,724
IX Net Profit for the year		10,13,66,341	9,34,60,202
X Earning per share	2.10		
(Par value per share Rs.10/-each)			
i) Basic		9.87	9.10
ii) Diluted		9.87	9.10

Significant Accounting Policies & Notes forming part of the Financial Statements.

As per our Report of even date attached

For RAMBABU & Co.,

Chartered Accountants

Firm Reg. No. 002976 S

RAVI RAMBABU

Partner

Membership No.18541

Place : Hyderabad.

Date : 11.05.2016

For and on Behalf of the Board

JAISHREE NALLAPATI

Chief Financial Officer

N.HARI HARA PRASAD

Managing Director

T.H.SASTRY

Director

T.V.CHOWDARY

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(Rupees)

PARTICULARS	31.03.2016	31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax and extraordinary items			15,34,82,798	14,52,54,266
Adjustments for :-				
Depreciation	1,09,85,134	1,04,85,224		
Exceptional Items	—	—		
Interest Income	(59,85,364)	(14,07,188)		
Miscellaneous expenses written off	—	—		
			49,99,770	90,78,036
Operating profit before working capital changes			15,84,82,568	15,43,32,302
Working capital Adjustments for :-				
Trade and other Receivables	55,06,382	1,28,07,779		
Inventories	16,21,457	4,97,90,995		
Trade Payable	84,31,991	(2,27,86,796)		
			1,55,59,830	3,98,11,978
Cash generated from operations			17,40,42,398	19,41,44,280
Income Tax Paid	(5,29,02,712)	(5,43,33,776)		
Income Tax of earlier period (other than tax on Dividend)	52,096	8,90,660		
			(5,28,50,616)	(5,34,43,116)
Net cash inflow from operating activities			12,11,91,782	14,07,01,164
B. CASH FROM INVESTING ACTIVITIES:-				
F. E. Fluctuations - Capital items.	—	—		
Interest received	59,85,364	14,07,188		
Purchase/Sale of fixed assets	(67,406)	(1,10,66,726)		
Deposit of Margin Money	—	—		
Realisation of Margin Money	3,24,75,000	62,00,000		
			3,83,92,958	(34,59,538)
Net cash flow from investing activities			3,83,92,958	(34,59,538)

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(Rupees)

PARTICULARS	31.03.2016	31.03.2015	Year ended 31.03.2016	Year ended 31.03.2015
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Issue of Share capital	—	—		
Calls in arrears received	—	86,500		
Subsidy	—	—		
Interest paid	—	—		
Dividend paid	(1,54,85,338)	(1,46,31,830)		
Tax on Dividend paid	(31,35,805)	(26,25,937)		
Proceeds from long term borrowings	—	—		
			(1,86,21,143)	(1,71,71,267)
Net Cash flow from financing activities			(1,86,21,143)	(1,71,71,267)
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)			14,09,63,597	12,00,70,359
Cash and cash equivalents as at 01.04.2015			37,76,28,624	25,75,58,265
Cash and cash equivalents as at 31.03.2016			51,85,92,221	37,76,28,624
Significant Accounting Policies & Notes forming part of the Financial Statements.				

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

RAVI RAMBABU
Partner
Membership No.18541

Place : Hyderabad.
Date : 11.05.2016

For and on Behalf of the Board

JAISHREE NALLAPATI
Chief Financial Officer

N.HARI HARA PRASAD
Managing Director

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, Telangana State and it's Reg. Office at 7-1-58, Divyashakti Complex, Ameerpet, Hyderabad, Telangana, 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 colors, 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.

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. There coverable 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the of 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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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.

(i) 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.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(Rupees)

PARTICULARS	No. of Shares	AS AT 31.03.2016	No. of Shares	AS AT 31.03.2015
NOTE: 1-01 SHARE CAPITAL				
AUTHORIZED CAPITAL				
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:	1,02,68,870	10,26,88,700	1,02,68,870	10,26,88,700
Equity Shares of Rs.10/-each with voting rights				
Subscribed but not fully paid up:	-	-	81,200	4,06,000
Equity Shares of Rs.10/-each with voting rights				
Rs.5/-not paid up	1,03,50,070	10,30,94,700	1,03,50,070	10,30,08,200
Forfeiture of partly paid equity shares	-	-	81,200	4,06,000
TOTAL	1,02,68,870	10,26,88,700	1,02,68,870	10,26,88,700

- a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting quarter :

Equity Shares:

PARTICULARS	No. of Shares	AS AT 31.03.2016 Rs.	No. of Shares	AS AT 31.03.2015 Rs.
At the beginning of the year	1,02,68,870	10,26,88,700	1,03,50,070	10,35,00,700
Less: Movement during the Year (fortuited)	-	-	81,200	8,12,000
At the end of the year	1,02,68,870	10,26,88,700	1,02,68,870	10,26,88,700

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 compnay, the holders of equity shares will be entitled to receive remaining assets of the company, after distrubution of all preferential amounts. The distrubution 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, 2016		31st March, 2015	
	No.of shares	% Holding	No.of shares	% Holding
Sri N.Hari Hara Prasad	2332244	22.53	2332244	22.53

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	No. of Shares	AS AT 31.03.2016	No. of Shares	AS AT 31.03.2015
NOTE: 1.02 RESERVES & SURPLUSES				
Capital Reserve				
a) State Subsidy		15,00,000		15,00,000
b) Partly paid equity share capital forfeited		4,06,000		4,06,000
c) General Reserve				
Opening Balance	67,00,24,062		59,51,02,970	
Add: Transfer from surplus in statement of Profit and loss	78,28,27,231		7,49,21,092	
Closing Balance		75,28,51,293		67,00,24,062
c) Surplus/(deficit) in Statement of Profit & Loss				
Opening Balance	—		—	
Add: Profit for the year	10,13,66,341		9,34,60,202	
Less: Dividend Proposed to be distributed to equity share holders (Rs.1.50p per share)	1,54,03,305		1,54,03,305	
Tax on Dividend	31,35,805		31,35,805	
Transfer to General Reserve	8,28,27,231		7,49,21,092	
Closing Balance		—		—
TOTAL		75,47,57,293		67,19,30,062
NOTE: 1.03 DEFERRED TAX LIABILITIES (NET)				
Opening Balance		92,54,219		73,82,495
Add/(Less) for the year		(16,76,447)		18,71,724
TOTAL		75,77,772		92,54,219
NOTE: 1.04 TRADE PAYABLES				
Sundry Creditors for Material Supplies		2,27,30,107		1,62,17,877
Sundry Creditors for Services		88,51,021		33,68,261
Sundry Creditors for Consumables		66,15,844		1,47,53,344
TOTAL		3,81,96,972		3,43,39,482
NOTE: 1.05 OTHER CURRENT LIABILITIES				
(a) Outstanding Liabilities - Volume rebate on sales		2,50,02,089		2,56,04,347
(b) Advances received from Customers		1,05,20,805		52,35,417
(c) Unclaimed Dividend		11,01,916		11,83,950
(d) Other Outstanding Liabilities		32,27,943		37,59,620
TOTAL		3,98,52,753		3,57,83,334
NOTE: 1.06 SHORT TERM PROVISIONS				
(a) Provision for Employee benefits				
(i) Provision for Gratuity		20,15,845		16,74,830
(b) Provision for others				
(i) Provision for Tax (Net off prepaid taxes of Rs.15,32,20,668/-)		10,27,332		85,044
(ii) Provision for Proposed Dividend		1,54,03,305		1,54,03,305
(iii) Tax on Dividend Proposed		31,35,805		31,35,805
TOTAL		2,15,82,287		2,02,98,984

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE: 1.07 FIXED ASSETS

S.No.	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.2015	Additions Rs.	Disposals Rs.	As At 31.03.2016 Rs.	Balance As At 31.03.2015 Rs.	Elimination on disposal of Asset Rs.	Depreciation / amortisation for the Year Rs.	Balance As At 31.03.2016 Rs.	As At 31.03.2016 Rs.	As At 31.03.2015 Rs.
I	Tangible Assets										
1	Land and Site Development	67,41,671	—	—	67,41,671	—	—	—	—	61,41,671	67,41,671
2	Factory Buildings	4,11,73,513	—	—	4,11,73,513	2,30,12,899	—	13,75,195	2,43,88,094	1,67,85,419	1,81,60,614
3	Office Premises	28,42,278	—	—	28,42,278	9,63,389	—	46,329	10,09,718	18,32,560	18,78,889
4	Plant and Machinery	20,56,24,348	—	—	20,56,24,348	16,96,19,788	—	** 85,11,420	17,81,31,208	2,74,93,140	3,60,04,560
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	7,26,964	—	*	7,26,964	38,261	38,261
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	76,90,400	—	—	76,90,400	8,21,912	—	3,65,294	11,87,206	65,03,194	68,68,488
10	Motor Car	75,53,908	—	—	75,53,908	36,00,811	—	** 6,73,992	42,74,803	32,79,105	39,53,097
11	Motor Cycle/Mopeds	3,50,678	67,406	—	4,18,084	2,65,166	—	** 12,904	2,78,070	1,40,014	85,512
12	Motor Vehicle - Van	4,96,000	—	—	4,96,000	4,71,200	—	*	4,71,200	24,800	24,800
13	Transformers	49,21,236	—	—	49,21,236	—	—	—	* 46,67,532	2,53,704	2,53,704
	Total	28,12,25,774	67,406	—	28,12,93,180	20,70,62,852	—	1,09,85,134	21,80,47,986	6,32,45,194	7,41,62,922
	Previous year	27,06,29,875	1,10,91,506	4,95,607	28,12,25,774	19,70,48,455	4,70,827	1,04,85,224	20,70,62,852	7,41,62,922	—
II	Intangible Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total	—	—	—	—	—	—	—	—	—	—
*	Depreciation restricted to 95% of Asset Value.										
**	Depreciation already restricted to 95% in respect of Assets/Value of (item no.10) Rs.4,59,254/- & (item no.11) Rs.2,71,172/-.										
	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.										

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
NOTE: 1.08 LONG-TERM LOANS & ADVANCES		
(a) Security Deposits (unsecured, considered good)	33,71,460	33,89,260
TOTAL	33,71,460	33,89,260
NOTE: 1.09 INVENTORIES(as valued & certified by Management)		
(a) Raw Materials	3,90,10,580	3,65,23,860
(b) Proportionate freight on closing stock of raw materials	1,24,83,386	95,78,086
(c) Work-in-Process	57,11,581	77,17,181
(d) Finished Goods	32,97,630	41,31,694
(e) Stores and Consumables	1,38,32,142	1,80,05,955
TOTAL	7,43,35,319	7,59,56,776
NOTE: 1.10 TRADE RECEIVABLES		
(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	1,45,06,782	3,32,73,153
(b) Other Trade receivables		
(i) Unsecured, considered good	26,77,36,140	24,98,76,358
TOTAL	28,22,42,922	28,31,49,511
NOTE: 1.11 CASH AND CASH EQUIVALENTS		
a) Cash and Cash equivalents:		
- Cash on Hand	4,19,004	4,09,077
Balance with scheduled Banks:		
- in current accounts	32,87,176	20,72,947
- Term Deposit	5,35,00,000	8,07,00,000
- E.E.F.C. Account with SBM	46,13,86,041	29,44,46,600
Sub-Total (a)	51,85,92,221	37,76,28,624
(b) Other Bank Balances:		
- Unclaimed Dividend accounts	11,01,916	11,83,950
- Margin Money Deposit for L.C.	1,60,00,000	4,80,00,000
- Margin Money Deposit for B.G	—	4,75,000
Sub-Total (b)	1,71,01,916	4,96,58,950
TOTAL(a+b)	53,56,94,137	42,72,87,574

Out the above, cash and cash equivalents which meet the definition of cash flow statement is Rs.51,85,92,221/- (Previous year Rs.37,76,28,624/-)

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015
NOTE: 1.12 SHORT-TERM LOANS & ADVANCES		
(Advance Recoverable in cash or in kind or for value to be considered)		
Advances (unsecured, considered good)		
(a) Material suppliers	41,04,611	83,04,146
(b) Staff	3,59,500	3,64,100
(c) Cenvat & Excise duty	5,45,919	1,43,011
(d) Prepaid Expenses	1,99,955	2,09,981
TOTAL	52,09,985	90,21,238
NOTE: 1.13 OTHER CURRENT ASSETS		
(a) Accrued Interest on Margin Money	5,56,760	13,27,500
TOTAL	5,56,760	13,27,500

PARTICULARS	For the Year ended 31.03.2016 Rs.	For the Year ended 31.03.2015 Rs.
NOTE: 2-01 REVENUE FROM OPERATIONS		
Sale of Products (Exports)	39,68,43,025	44,98,04,457
Less Sales Returns	73,38,545	—
Net Sale of Products (Exports)	38,95,04,480	44,98,04,457
Sale of Products (DTA sales)	1,52,81,466	1,48,47,295
Sale of Traded goods (Exports)	27,97,43,181	16,66,16,155
	68,45,29,127	63,12,67,907
Less: Excise Duty	17,29,877	16,75,065
TOTAL	68,27,99,250	62,95,92,842
NOTE: 2-02 OTHER INCOME		
(a) Other Operational Income		
Interest on Margin Money - Received	41,58,320	38,21,585
- Accrued and due	2,60,846	13,27,500
Interest on Electricity Deposit - Accrued & due	2,95,914	—
Cenvat credits & Service Tax refund	32,47,698	32,38,954
VAT refund	2,02,264	2,20,76,029
TOTAL (a)	81,65,042	3,04,64,068
(b) Miscellaneous Income		
Miscellaneous Income	75,134	2,64,621
Interest on Term Deposits - Received	59,10,230	11,42,567
TOTAL (b)	59,85,364	14,07,188
(c) Net gains/(loss) on foreign currency transactions & translation		
Exchange Variation- on export realisations	30,87,362	12,00,010
Exchange Variation- on import	5,69,171	35,16,218
Exchange Variation- on currency	2,44,05,894	1,54,08,209
Exchange Variation- on Trade receivables	1,20,02,737	1,76,98,231
Exchange Variation- on current liabilities	(14,97,742)	(17,00,251)
TOTAL (c)	3,85,67,422	3,61,22,417
TOTAL (a+b+c)	5,27,17,828	6,79,93,674

DIVYASHAKTI GRANITES LIMITED - HYDERABAD
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	For the Year ended 31.03.2016	For the Year ended 31.03.2015
NOTE: 2-03 COST OF MATERIAL CONSUMED		
(a) CONSUMPTION OF RAW MATERIAL		
Opening Stock of Raw Blocks	3,65,23,860	7,53,23,231
Add: Purchases during the year	14,00,64,726	15,15,52,158
	17,65,88,586	22,68,75,389
Less: Closing Stock	3,90,10,580	3,65,23,860
Sub Total (a)	13,75,78,006	19,03,51,529
(b) CONSUMPTION OF STORES, SPARES & CONSUMABLES		
Opening Stock	1,80,05,955	1,51,53,414
Add: Purchases during the year	3,92,32,525	5,97,94,785
	5,72,38,480	7,49,48,199
Less: Closing Stock	1,38,32,142	1,80,05,955
Stores, Spares & Consumables consumed Sub Total (b)	4,34,06,338	5,69,42,244
TOTAL (a + b)	18,09,84,344	24,72,93,773
NOTE: 2-04 TRADED GOODS		
Opening Stock	—	—
Add: Purchases during the year	23,85,14,944	14,23,21,119
	23,85,14,944	14,23,21,119
Less: Closing Stock	—	—
TOTAL	23,85,14,944	14,23,21,119
NOTE: 2-05 CHANGE IN INVENTORIES		
Closing Stock		
Finished Goods	32,97,630	41,31,694
Work-in-process	57,11,581	77,17,181
Sub Total	90,09,211	1,18,48,875
Opening Stock		
Finished Goods	41,31,694	27,89,520
Work-in-process	77,17,181	92,31,323
Sub Total	1,18,48,875	1,20,20,843
Net change - Accretion/(Decretion)	(28,39,664)	(1,71,968)

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	For the Year ended 31.03.2016	For the Year ended 31.03.2015
NOTE: 2-06 MANUFACTURING EXPENSES		
Power & Fuel	2,40,53,796	2,79,38,302
Transport and Freight - Inward (On raw blocks consumed)	4,20,98,359	5,34,00,006
Maintenance:		
Factory Buildings	34,02,597	38,49,604
Plant & Machinery	37,97,921	37,51,094
Generators	1,910	12,973.0
Sub Total (a)	7,33,54,583	8,89,51,979
Packing Material	—	—
Opening Balance	81,58,513	89,37,833
Add: Purchases during the year	81,58,513	89,37,833
Less: Closing Stock	—	—
Sub Total (b)	81,58,513	89,37,833
TOTAL(a+b)	8,15,13,096	9,78,89,812
NOTE: 2-07 EMPLOYEES' BENEFIT EXPENSES		
(a) Salaries & Wages	1,74,87,742	1,46,65,827
(b) Contribution to Provident Fund	2,75,749	2,10,519
(c) ESI Contribution	3,03,921	2,51,459
(d) Provision for Gratuity	3,41,015	2,84,523
(e) Workmen and Staff Welfare	17,54,732	17,47,437
(f) Directors Remuneration	44,53,289	37,14,749
TOTAL	2,46,16,448	2,08,74,514
NOTE: 2-08 FINANCE COST		
(a) Bank Charges	5,23,165	6,71,496
TOTAL	5,23,165	6,71,496

DIVYASHAKTI GRANITES LIMITED - HYDERABAD**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Rupees)

PARTICULARS	For the Year ended 31.03.2016	For the Year ended 31.03.2015
NOTE: 2-09 OTHER EXPENSES		
Rates and Taxes	11,49,316	1,43,591
Service Tax	31,14,967	15,71,394
Travelling Expenses :		
Inland	12,70,560	9,97,329
Foreign	19,01,135	11,91,359
Insurance	5,76,687	7,20,776
Printing and Stationery	1,43,638	2,94,788
Postage, Telephones, Fax & Telex	5,69,536	5,23,129
Advertisement Charges	2,00,124	1,60,537
Professional charges	75,000	25,000
Business Promotion Expenses	1,37,164	7,09,525
Transport & Freight - Outward	2,75,77,822	2,12,11,120
Maintenance:		
Office	9,98,928	7,86,169
Vehicles	2,43,152	4,59,023
C.S.R. Expenses	20,65,879	—
Auditors Remuneration :		
Statutory Audit	3,25,000	2,25,000
Tax Audit	75,000	75,000
Other Services	1,00,000	—
Secretarial Audit Fees	1,25,000	—
Other Misc. Expenses	24,08,577	35,30,604
TOTAL	4,20,57,485	3,26,24,344

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	For the Year ended 31.03.2016	For the Year ended 31.03.2015
NOTE: 2-10 EARNINGS PER SHARE		
Basic		
Total operations		
Net profit / (loss) for the period attributable to the equity shareholders	10,13,66,341	9,34,60,202
Weighted average number of equity shares	1,02,68,870	1,02,68,870
Par value per share	10	10
Earnings per share - Basic	9.87	9.10

Diluted

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.

Nil

Nil

Total operations

Net profit / (loss) for the period attributable to the equity shareholders	10,13,66,341	9,34,60,202
Weighted average number of equity shares for Basic EPS	1,02,68,870	1,02,68,870
Weighted average number of equity shares - for diluted EPS	1,02,68,870	1,02,68,870
Par value per share	10	10
Earnings per share - Diluted	9.87	9.10

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	For the Year ended 31.03.2016	For the Year ended 31.03.2015
2.11 EMPLOYEE BENEFIT PLANS		
A Defined contribution plans		
<p>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.2.76 lakhs (Year ended 31 March, 2015 Rs. 2.11 lakhs) for Provident Fund contributions and Rs.3.04 lakhs (Year ended 31 March, 2015 Rs. 2.51 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 Gratuity scheme and the amount recognised in the financial statements:</p>		
Particulars	31.03.2016 Rs.	31.03.2015 Rs.
Components of employer expense		
Current service cost	51,462	95,669
Interest cost	1,30,134	1,25,128
Expected return on plan assets	-	-
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Past service cost	-	-
Actuarial losses/(gains)	1,59,419	63,726
Total expense recognised in the Statement of Profit and Loss	3,41,015	2,84,523
Actual contribution and benefit payments for year		
Actual benefit payments	-	-
Actual contributions	-	-
Net asset / (liability) recognised in the Balance Sheet		
Opening Net Liability	16,74,830	13,90,307
Fair value of plan assets	-	-
Expenses as above	3,41,015	2,84,523
Settlements made	-	-
Net asset / (liability) recognised in the Balance Sheet	20,15,845	16,74,830
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	16,74,830	13,90,307
Current service cost	51,462	95,669
Interest cost	1,30,134	1,25,128
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses	1,59,419	63,726
Past service cost	-	-
Benefits paid	-	-
	20,15,845	16,74,830

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	For the Year ended 31.03.2016	For the Year ended 31.03.2015
2.11 Change in fair value of assets during the year *		
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actual company contributions	-	-
Actuarial gain / (loss)	-	-
Benefits paid	-	-
Actuarial assumptions		
Discount rate	7.46%	7.77%
Expected return on plan assets *		
Salary escalation	5.00%	5.00%
Attrition	12.00%	12.00%
Mortality tables	IALM(2006-08)	IALM(2006-08)
Expected average remaining service	5.29%	5.72%
Estimate of amount of contribution in the immediate next year	-	-
Asset Information		
* As the scheme is unfunded, other disclosures under Accounting Standard 15 are stated as Nil		
Experience adjustments		
Present value at the end period	20,15,845	16,74,830
Funded status	(20,15,845)	(16,74,830)
Experience gain / (loss) adjustments on plan liabilities	-	-
Experience gain / (loss) adjustments on plan assets	-	-

3.01 Contingent Liabilities

Rs. in lakhs.

Sl. No.	Particulars	2015-16	2014-15
i	Foreign Letters of Credit opened in favour of Suppliers for which goods are yet to be received.	91.74	262.51
ii	Guarantees given by Bank (BG)	—	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.Rattaiah & 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 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.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3.07 Related party disclosure :

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

i)	Key Management Personal (KMP)	:	N.HARI HARA PRASAD Managing Director.
ii)	Associated Companies and transactions:		
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)
			2015-16 2014-15
	Transaction Value	:	Rs. 50,78,350/- Rs.53,32,792/-
	Balance outstanding as on Balance Sheet date	:	Rs.28,37,459/- (Creditor) Rs.27,32,792/- (Creditor)
	Amount Written off/Back	:	NIL 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	:	Rs. 1,96,53,000/- Rs. 67,82,620/-
	Balance outstanding as on Balance Sheet date	:	Rs. 65,25,000/-(Debtor) Rs. 17,00,000/-
	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 Director are Partners
	Nature of Transaction	:	Sale of granite slabs
	Transaction Value	:	Rs. 1,22,64,674/- Rs.82,01,697/-
	Balance outstanding as on Balance Sheet date	:	Rs. 50,09,450/-(Debtor) Rs. 56,68,844/-
	Amount Written off/Back	:	NIL 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	:	NIL
	Transaction Value	:	NIL NIL
	Balance outstanding as on Balance Sheet date	:	NIL NIL
	Amount Written off/Back	:	NIL NIL

3.08 CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE

As per section 135(1) of Companies Act, 2013 the provision of Corporate Social Responsibility are applicable to the Company. The Company constituted CSR Committee and framed CSR Policy. The Company allocated an amount of Rs.34.01 lakhs to be spent during the year 2015-16 for Corporate Social Responsibility. However, the Company couldn't spend the amount earmarked for Corporate Social Responsibility. During the year 2015-16, the amount of Rs.20.65 lakhs was spent by the company towards the CSR activities in the field of Education and Environment. The Company is identifying the better areas and beneficiaries as per its approved CSR Policy.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3.09 Expenditure in Foreign Currency:

	2015-16	2014-15
	Rs.	Rs.
(i) Foreign Travelling & Commissions	19,01,135	11,91,359
(ii) CIF Values of Imports:		
Raw Material	2,42,04,654	2,42,45,694
Capital Goods	NIL	NIL
Consumables & Spares	3,57,93,051	5,65,86,877
(iii) Earnings in Foreign Currency: (FOB Values of Exports)	66,92,47,661	61,64,20,612

3.10 Consumption of Materials:

	2015-16		2014-15	
	Value	%	Value	%
	Rs.		Rs.	
a) Raw Material				
i) Imports	2,77,90,920	20.20	4,28,26,302	22.50
ii) Indigenous	10,97,87,087	79.80	14,75,25,227	77.50
b) Consumables & Spares				
i) Import	3,99,33,418	92.00	5,35,28,473	94.00
ii) Indigenous	34,72,919	8.00	34,13,771	6.00

3.11 (a) Particulars of production , sales and closing stocks.

	2015-16	2014-15
	(Sq.Mts.)	(Sq.Mts.)
i) Production	123229	141616
ii) Sales - From Factory	123859	141167
- Direct Dispatches (Bought out)	66870	42311
iii) Closing Stocks	4598	5228
(b) COSUMPTION	2015-16	2014-15

	Quantity	Value (Rs.)	Quantity	Value (Rs.)
i) Granite Raw Blocks	3957 Cu.Mt	13,75,78,006	5312 Cu.Mt.	19,03,51,529
ii) Finished Slabs & Tiles	66870 Sq.Mt	23,85,14,944	42311 Sq.mt.	14,23,21,121
iii) Others	—	4,34,06,338	—	5,69,42,244

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

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

3.14. Schedules 1.01 to 1.13, 2.01 to 2.11 and 3.01 to 3.14 form part of Balance Sheet and Statement of Profit and Loss and have been authenticated.

For and on Behalf of the Board

JAISHREE NALLAPATI
Chief Financial Officer

N.HARI HARA PRASAD
Managing Director

T.H.SASTRY
Director

Place : Hyderabad.
Date : 11.05.2016

T.V.CHOWDARY
Director

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

Balance Sheet Abstract and Company's General Business Profile**I. Registration Details**

Registration No. : 01-12764 State Code : 01
Balance Sheet : 31 - 03 - 2016
Date Month Year

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

Public Issue	Rights Issue	Business Issue	Private Issue
- Nil -	- Nil -	- Nil -	- Nil -

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

Total Liabilities	Total Assets
964656	964656

Sources of Funds

Paid-Up Capital	Reserves & Surplus
102689	754757
Non Current liabilities	Current liabilities/ Others
7578	99632

Application of Funds

Net Fixed Assets	Investments/Loans
63245	3371
Net Current Assets	Miscellaneous Expenditure
898040	—
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
735517	582034	+ 153483	+ 153483	+ 101366
Earning Per Share	Dividend rate %			
Rs.9.87	15%			

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 : 11th May, 2016.

N.HARI HARA PRASAD
Managing Director.

DIVYASHAKTI GRANITES LIMITED

(CIN: L99999TG1991PLC012764)

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

BALLOT FORM

The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the notice by sending the duly filled and signed Ballot Form to the Scrutinizer Mr. Puttaparthi Jagannatham, Advocate, at Flat No.315, Bhanu Enclave, Adj.ESI Hospital, Erragadda, Hyderabad-500045 so as to reach him on or before 5.00 PM on 23rd September, 2016.

Sl.No.	Particulars	Details
1.	Name of the first named Shareholder (in Block Letters)	
2	Postal Address	
3.	Folio No/ DP ID & Client ID No.	
4.	Number of Shares held	

I/We hereby exercise my/our vote in respect of Ordinary/Special Resolution enumerated below by recording my/our assent or dissent to the said resolution by placing tick () mark at the appropriate box below:

Item	Resolutions	For (Assent)	Against (Dissent)
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2.	Declaration of Dividend on Equity Shares		
3.	Re-appointment of Shri N.S.R. Chandra Sekhara Rao who retires by rotation		
4.	Ratification of auditors appointment for the year ending 31st March,2017		

Place:

Date :

(Signature of the Shareholder)

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

DIVYASHAKTI GRANITES LIMITED

(CIN: L99999TG1991PLC012764)

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

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

(to be handed it over at venue of the meeting)

I Certify that I am a registered shareholder / proxy / representative for the registered shareholder(s) of Divyashakti Granites Limited.

DP ID*	
--------	--

Folio No.	
-----------	--

Client ID*	
------------	--

No. of Shares	
---------------	--

* Applicable for investors holding shares in electronic form

I hereby record my presence at the 25th Annual General Meeting of the company held on Friday, 30th day of September, 2016 at 11.00 A.M at the Institution of Engineers, Khairatabad, Hyderabad - 500004.

Name and Address of Member

--

Signature of Shareholder / proxy / Representative

DIVYASHAKTI GRANITES LIMITED

(CIN: L99999TG1991PLC012764)

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

Form No MGT-11

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rule, 2014

CIN	L99999TG1991PLC012764
Name of the Company	Divyashakti Granites Limited
Registered office	7-1-58 Divyashakthi Apartments, Ameerpet, Hyderabad-500016
Name of the Member(s)	
Registered Address	
Email Id	
Folio No / Client ID	DP ID:

I/ We, being the member(s) of _____ shares of the above named company, hereby appoint

1	Name			
	Address			
	E- Mail ID		Signature	
	of failing him			
2	Name			
	Address			
	E- Mail ID		Signature	
	of failing him			
	of failing him			

as my / our proxy to attend and vote (on a poll) for me/ us and on my / our behalf at the 25th Annual General meeting of the Company, to be held on 30th day of September, 2016 at 11.00 A.M at the Institution of Engineers, Khairatabad, Hyderabad-500004 and at any adjournment thereof in respect of such resolution as are indicated below:

Resolutions	For	Against
1. Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2. Declaration of Dividend on Equity Shares		
3. Re-appoint of Shri N.S.R. Chandra Sekhara Rao who retires by rotation		
4. Appointment of Auditors and fixing their remuneration		

Signed this _____ day of _____ 2016

Signature of Shareholder.....

Signature of Proxy holder(s).....

Affix
Revenue
Stamp

Note: This of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting?

**Printed Matter
Book - Post**

if undelivered, please return to:
Divyashakti Granites Limited
Flat No.: 1-301 to 304 3rd Floor
7-1-58 Divyashakti Complex
Ameerpet Hyderabad - 500 628
Telangana State India
T: +91 40 2373 0240 / 1701
F: +91 40 2373 0013
E: info@divyashakti.com



WWW.DIVYASHAKTI.COM