

**19TH  
ANNUAL REPORT  
2012-2013**

**DILIGENT INDUSTRIES LIMITED**

Index	Page
1. Notice	03
2. Directors Report	05
3. Management & Discuss Analysis	08
4. Compliance Certificate	11
5. Corporate Governance	16
6. Auditors Report	30
7. Balance Sheet	35
8. Profit & Loss Account	36
9. Cash Flow Statement	37
10. Notes on Accounts	38
11. Attendance Slip/Proxy Slip	46

## BOARD OF DIRECTORS

<b>Mr. N. SATISH KUMAR JAIN</b>	:	Chairman and Managing Director
<b>Mr. ANIL KUMAR JAIN</b>	:	Director
<b>Mr. YATISH JAIN</b>	:	Director
<b>Mr. Y MALLIKARJUNA RAO</b>	:	Director
<b>Mr. C H D V V PRASAD RAO</b>	:	Director
<b>Mr. K VISWESWARA RAO</b>	:	Director

## STATUTORY AUDITORS

### **M/S P S NAGARAJU & CO**

Chartered Accountant

Plot No: 15, Sai Prabha, Arunodaya Colony,  
Near Karnataka Bank (Madhapur Branch), Silicon  
Valley Madhapur, Hyderabad - 500081

## REGISTERED OFFICE

### **DILIGENT INDUSTRIES LIMITED**

H.No.6-3-348/10, Flat No.106,  
Nirmal Towers, Dwarakapuri Colony,  
Punjagutta, Hyderabad-500081

## REGISTRAR & SHARE TRANSFER AGENT

### **M/S VENTURE CAPITAL AND CORPORATE INVESTMENTS PRIVATE LIMITED**

# 12-10-167, Bharat Nagar, Hyderabad -500 018

## LISTED AT

BSE Limited  
Bangalore Stock Exchange Limited  
Madras Stock Exchange Limited

## AUDIT COMMITTEE

Mr. C H D V V PRASAD RAO  
Mr. Y MALLIKARJUNA RAO  
Mr. K VISWESWARA RAO

## REMUNERATION COMMITTEE

Mr. C H D V V PRASAD RAO  
Mr. Y MALLIKARJUNA RAO  
Mr. K VISWESWARA RAO

## SHAREHOLDER GRIEVANCE COMMITTEE

Mr. C H D V V PRASAD RAO  
Mr. Y MALLIKARJUNA RAO  
Mr. K VISWESWARA RAO

# DILIGENT INDUSTRIES LIMITED

---

## NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the members of the Company will be held on **SATURDAY 28TH SEPTEMBER, 2013** at 11.30 AM at Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanyapuri Hyderabad to transact the following items of business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit & Loss Account for the financial year ended on that date together, with the report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Y. Mallikarjuna Rao, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint M/s. P S Nagaraju & Co, Chartered Accountants, as statutory auditors of the company to hold office from conclusion of this Annual General Meeting till the completion of next Annual General Meeting on such remuneration as may be decided by the Board.

for and on behalf of the Board

sd/-

**Mr. N. SATISH KUMAR JAIN**  
Chairman and Managing Director

Place : Hyderabad  
Date : 14.08.2013

## DILIGENT INDUSTRIES LIMITED

### NOTES:

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
- 2) The proxy in order to be effective must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday 24th September, 2013 to Saturday 28th September, 2013 (both days inclusive) for the purpose of the 19th Annual General Meeting
- 4) Members are requested to quote ledger folio/dp id/client id number in all their correspondence to avoid delay in communication.
- 5) Members are advised to consolidate their ledger folios where they are holding shares in different folios in the same name.
- 6) Members/Proxies are requested to bring duly filed in attendance slips sent herewith for attending the meeting.

for and on behalf of the Board

sd/-

**Mr. N. SATISH KUMAR JAIN**  
Chairman and Managing Director

Place : Hyderabad

Date : 14.08.2013

### **DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT ON RETIRING BY ROTATION AT THE ENSUING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)**

#### **MALLIKARJUNA RAO YERRAPRAGADA**

Mr. Mallikarjuna Rao Yerrapragada S/o Narayana Rao aged about 49 years, Resident of 25-6-11/1, GanjanVari street, Kakinada, 533004, Andhra Pradesh, INDIA Appointed as Non-executive & Independent Director, He has more than 21 years experience in the field of Finance & Secretarial works. He is also member of Audit Committee of the Company and holds no shares in the company.

# DILIGENT INDUSTRIES LIMITED

## DIRECTORS REPORT

To  
The Members,

Your Directors have pleasure in presenting herewith the 19th Annual Report of Company together with the Audited Accounts for the financial year ended 31st March, 2013

### FINANCIAL RESULTS:

(Rs.)

PARTICULARS	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
Net Sales/ income from operation	1,95,583	276,676
<b>TOTAL INCOME</b>	<b>1,95,583</b>	<b>2,76,676</b>
<b>TOTAL EXPENDITURE</b>	<b>5,32,422</b>	<b>19,35,065</b>
Profit/ (Loss) before depreciation & Financial Charges	<b>(3,36,839)</b>	<b>(1,658,389)</b>
Depreciation	(4,626)	(7,711)
Financial Charges	-	-
<b>Profit / Loss Before Tax</b>	<b>(3,41,465)</b>	<b>(1,666,100)</b>
Prior period items	-	-
Provision for tax	-	-
Deferred Tax	-	-
<b>NET PROFIT / (LOSS)</b>	<b>(3,41,465)</b>	<b>(1,666,100)</b>

During the financial year 2012-2013 the Company has achieved the turnover of Rs 1,95,583/- as compared to last year Rs 276,676/- and net loss of Rs (3,41,465)/- as compared to last year net loss Rs (1,666,100)/-

### DIVIDEND

Due to absences of profit, the directors of your Company do not recommend any dividend for the financial year 2012-13.

### DIRECTORS:

Mr. Y Mallikarjuna Rao Director of your Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

## **FIXED DEPOSITS:**

Your company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 during the financial year.

## **PARTICULARS OF EMPLOYEES:**

Pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 2011, as amended, no employee of your Company is in receipt of remuneration exceeding Rs.5,00,000/- per month or Rs.60,00,000/- per annum during the financial year.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the directors of your Company hereby confirm that:

- i. In preparation of annual accounts for the financial year ended 31st March, 2013 the applicable accounting standards have been followed along with proper explanation relating to material departure, if any, there from;
- ii. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2013 and of the profit and loss of the Company for that period;
- iii. The directors have 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 frauds and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis.

## **AUDITORS:**

M/s P S Nagaraju & Co, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The Board recommends their appointment.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Company is under the business of Broking and financing so the particulars of the Conservation of energy and Technology Absorption is : NIL

Foreign Exchange Earnings and Out go : NIL

## UPDATE OF THE SCHEME

In the Board meeting held on January 11, 2013, the Board of directors has approved the Scheme of Amalgamation, the company has received the in-principle approval from all the stock exchanges, the court convene meeting of the Company was held on 5th August, 2013 wherein unanimously members has approved the Scheme. .

## MANAGEMENT DISCUSSION AND ANALYSIS:

Aspects of Management Discussion and Analysis are enclosed as *ANNEXURE - A* to this report.

## COMPLIANCE CERTIFICATE

Your Company has obtained the necessary Compliance Certificate as required in terms of Section 383A read with the Companies (Compliance Certificate) Rules 2001 of the Companies Act, 1956 for the financial year 2012-2013 from M/s B Chagan Lal & Associates, Practicing Company Secretaries and same is given in *ANNEXURE-B*

## CORPORATE GOVERNANCE:

Report on Corporate Governance including Auditor's Certificate on Compliance with the code of Corporate Governance under Clause 49 of the listing agreement is enclosed as *ANNEXURE – C* to this report.

## LISTING FEE:

Your Company shares are presently listed on the BSE Limited, Bangalore Stock Exchange and Madras Stock Exchange Limited Company has paid the listing fee to all the stock exchanges.

## ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their sincere appreciation to the shareholders, customers, bankers and other business associates for the excellent support and co-operation extended by them.

For and on behalf of the Board

Sd/-

**Mr. N. SATISH KUMAR JAIN**  
Chairman and Managing Director

Place: Hyderabad

Date: 14.08.2013



**MANAGEMENT DISCUSSION ANALYSIS****ECONOMIC OVERVIEW**

The economic conditions in the country in the current fiscal have been challenging with inflation being the major factor driving economic policy. This has had a major impact on other economic variables with official projections being modified downwards along the year. Policy formulation has become even more difficult with the volatility witnessed in the forex market, where the rupee has tended to move downwards. In January 2012, CARE Ratings released its projections of various economic variables for 2012 and 2013. The Report projects that India's GDP growth in FY12 will be 7%, which is likely to rise to around 7.5% in FY13 under certain assumptions made relating to the global economy and domestic policy responses. Inflation on the other hand is to moderate to 5% in FY13 based on a good harvest and stable global commodity prices. The projection for the fiscal deficit for FY12 has been placed at 5.5% which is expected to range between 5-5.5% in FY13 mainly due to pressure on the expenditure side. The RBI is expected to lower interest rates in the course of the year, with the repo rate coming down by 100-150 bps. The outlook further expects the rupee to remain volatile as euro conditions will remain in flux while the domestic current account deficit will be under pressure at 3% of GDP which will still be an improvement over the 3.5% deficit expected in FY12.

Moreover, India was among the top 20 real estate investment markets globally with investment volume of Rs 190 billion (US\$ 3.46 billion) recorded in 2012, according to Cushman & Wakefield's report 'International Investment Atlas'. India is also expected to be the second largest manufacturing country globally in the next five years, followed by Brazil as the third ranked country, according to Deloitte. The cumulative amount of foreign direct investment (FDI) equity inflows into India were worth US\$ 191,757 million between April 2000 to February 2013, while FDI equity inflow during April 2012 to February 2013 was recorded as US\$ 20,899 million, according to the latest data published by Department of Industrial Policy and Promotion (DIPP). Foreign institutional investors (FIIs) made a net investment (including equity and debt) worth Rs 168,367 crore (US\$ 30.72 billion) in 2012-13, according to data published by Securities and Exchange Board of India (SEBI). Moreover, US\$ 310.47 million in the equity and US\$ 41.32 million in the debt market were invested by FIIs, as on May 16, 2013, as per the SEBI data.

**INDUSTRY OVERVIEW****INDIAN EQUITY MARKET**

Morgan Stanley has argued in one of their recent reports that the Indian stock market is likely to perform well in 2013 as it remains the most attractive relative to other countries. In other words, while the Indian economy is in doldrums it remains more attractive than the United States and European Union as the last two undergo economic upheaval, and this is the reason why investors and foreign institution investors (FIIs) pour easy money into India. Morgan Stanley calls this the "TINA" factor or "There Is No Alternative". It also said, "Our top-down forecast is higher than the consensus, putting earnings in an even better.

## SECONDARY MARKET

A deep and liquid Corporate Bond Market is quintessential for the sustenance and growth of all economies. It renders financial stability by facilitating industrial and Infrastructure growth, optimizing funding cost and diversifying funding resources thereby reducing the burden on the banking system. In India, the Corporate Bond market has a variegated but stunted existence. In this write-up I have attempted to bring forth the peculiar characteristics of the Corporate Bond Market in India.

## OPPORTUNITIES AND THREATS

The Company being a player in the financial market, the performance of the Company largely depends on the National and Global Capital Markets.

India cannot grow in a vacuum and we require a regular flow of foreign investments. It is very important to maintain the confidence of foreign investors at this stage. The budget should avoid any goof-ups. For example, retrospective taxation clauses in the past hit foreign investments. It is a proven fact that FIIs (foreign institutional investors) have been helpful in expanding Indian capital markets. FIIs should be allowed to invest freely in India and capital markets should be opened to foreigners in a phased manner. Currently foreign investors are routing almost all their investments through tax havens such as Mauritius.

## RISK AND CONCERNS MANAGEMENT

India needs to streamline regulations to attract greater foreign capital and fend off a growing threat of financial activity moving to other countries, the outgoing head of the country's largest stock exchange. Investor faith in India's financial system was dented badly last year after the proposed introduction of a series of controversial anti-tax avoidance rules, which critics argue would see double and retrospective taxation of investment deals.

Despite extraneous risks, Indian equity markets have in the last few years emerged as an attractive investment destination. Indeed, economic and financial problems in developed economies have caused money to flow into countries such as India that have been registering comparatively better growth rates.

## OUTLOOK

2013 started on a positive note led by optimism around a version of the fiscal cliff in the US, strong economic data from China and rate cut by the Reserve Bank of India (RBI). However, gains were erased later in the quarter mainly due to a disappointing Union budget that lacked significant proposals to boost investor confidence. Withdrawal of support by a key ally of the central government also weighed down investor sentiments as it raised concerns over the government's ability to push through reforms and boost growth.

After being subdued in FY12 and for most part of FY13, stock markets have begun an upward move. Movement of stock markets in FY14 would be influenced by many domestic and global factors. On the