

**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

Mr. N. SATISH KUMAR JAIN	:	Chairman and Managing Director
Mr. ANIL KUMAR JAIN	:	Director
Mr. YATISH JAIN	:	Director
Mr. Y MALLIKARJUNA RAO	:	Director
Mr. C H D V V PRASAD RAO	:	Director
Mr. K VISWESWARA RAO	:	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
TOTAL INCOME	1,95,583	2,76,676
TOTAL EXPENDITURE	5,32,422	19,35,065
Profit/ (Loss) before depreciation & Financial Charges	(3,36,839)	(1,658,389)
Depreciation	(4,626)	(7,711)
Financial Charges	-	-
Profit / Loss Before Tax	(3,41,465)	(1,666,100)
Prior period items	-	-
Provision for tax	-	-
Deferred Tax	-	-
NET PROFIT / (LOSS)	(3,41,465)	(1,666,100)

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

domestic front, growth-inflation trends, movement of exchange rate and current account deficit, policy changes and political stability in the wake of the 2014 General Elections would be major determinants. These factors would increase volatility in the market. Global developments in the US and Euro-zone could be potential stresses exogenously impacting Indian capital markets.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has put in place an adequate and effective system of internal control, commensurate with its size and nature of business to ensure efficacy of operations and compliance with applicable legislation.

To ensure that all internal control systems are in place and complied with, internal audit is conducted at regular intervals and audit report is reviewed by the management on monthly basis. Besides this, the company has Audit Committee of the Board which periodically evaluates the internal audit reports, reviews and monitors the internal control systems.

HUMAN RESOURCES MANAGEMENT:

The Company believes and recognizes that its employees are a vital resource in its growth and to give competitive edge in the present business scenario.

The Company has a group of able and experienced employees. The Company believes that the quality of its employees is the key to its success in the long run. The Company continues to have cordial relations with its employees and provides personal development opportunities for all round exposure to them.

The Board of Directors wishes to place on record its appreciation for the hard work and dedication of its employees at all levels.

DILIGENT INDUSTRIES LIMITED

ANNEXURE--B

FORM
(See Rule 3)
COMPLIANCE CERTIFICATE

Reg. No. of the Company: 088116
Authorized Capital : Rs. 40,000,000/-
Paid-up Capital : Rs. 40,000,000/-

To
The Members,
DILIGENT INDUSTRIES LIMITED
H. No. 6-3-348/10, Flat No. 106,
Nirmal Towers, Dwarkapuri Colony, Punjagutta,
HYDERABAD-500081

We have examined the registers, records, books and papers of M/s DILIGENT INDUSTRIES LIMITED (The Company) as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial Year ended 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, and its officers, we certify that in respect of the aforesaid financial year that:

1. The Company has kept and maintained all registers as stated in **ANNEXURE A** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in **ANNEXURE B** to this certificate, with the Registrar of Companies.
3. The company being a public limited company comments are not required.
4. The Board of Directors duly met six times on 14.05.2012, 09.08.2012, 25.08.2012, 08.11.2012, 11.01.2013 and 11.02.2013 in respect of which proper notices were given and the proceedings were duly recorded and signed in the Minutes Book maintained for the purpose.
5. The company has closed its Register of Members, during the financial year under review from Tuesday 25th September 2012 To Saturday 29th September 2012 (both days inclusive) for the purpose of 18th Annual General Meeting.
6. The Annual General Meeting of the Company for the financial year ended 31st March, 2012 was held on 29th September, 2012 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year under review. However a Postal Ballot under Section 192A of the Companies Act, 1956 was conducted during the Financial Year under review and complied with the provision.

8. The Company has not advanced loans to its Directors and/or the persons or firms or companies referred to under Section 295 of the Act during year under review.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year under review.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. There were no instances falling within the purview of Section 314 of the Act during the financial year under review and as such company was not required to obtain any approval from the Board of Directors, members or the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year under review.
13. The Company has
 - i) Delivered all the certificates on lodgment of transfer of shares in accordance with the provisions of the Act and no allotment and transmission was made during the financial year under review
 - ii) Not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.
 - iii) Not posted any warrants to any member of the Company as no dividend was declared during the financial year under review.
 - iv) no amounts lying with it in unpaid dividend account or any application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years or more.
 - v) Complied with requirements of Section 217 of the Act for the financial year under review.
14. The Board of Directors is duly constituted during the financial year under review and the following changes took place:

Sri CHDVV Prasad Rao and Sri K.Visweswara Rao, the retiring directors were reappointed as directors by the members in the 18th Annual General Meeting and complied with the provisions of the Act.

There were no other instances of appointment of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director/ Whole time Director/ Manager during the financial year.

16. The Company has not appointed any sole-selling agents during the financial year under review.
17. The company has obtained approval from Registrar of Companies for alteration of the objects Clause of Memorandum of Association of the company and the company has also obtained approval from Regional Director, South East Region for shifting of the registered office from the state of Karnataka to Andhra Pradesh, apart from above there were no instances requiring the Company to obtain approval from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.
18. The Directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under during the financial year.
19. The Company has not issued any shares, debentures, other securities during the financial year under review.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of Preference Shares / Debentures during the financial year under review as the company has not issued any preference shares or debentures.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited any deposits falling within the purview of Section 58A during the financial year under review.
24. The company has not borrowed any amounts from its Directors, members, public, financial institutions, banks and others during the financial year under review.
25. The provisions of Section 372A of the Act are not applicable as the principle business of the Company is acquisition of shares, stocks or other securities.
26. The Company has altered the provisions of the memorandum with respect to situation of the company's registered office from the state of Karanataka to State of Andhra Pradesh during the financial year under review and complied with the provision of the Act.
27. The Company has altered the provisions of the memorandum with respect to the objects of the company during the financial year under review and complied with the provision of the Act.
28. .The Company has not altered the provisions of the memorandum with respect to name of the Company during the financial year under review.
29. The Company has not altered the provisions of the memorandum with respect to share capital during the financial year under review.

DILIGENT INDUSTRIES LIMITED

30. The Company has not altered its Articles of Association during the financial year under review.
31. As per the information given by the officers of the Company, there were no prosecutions initiated against or show cause notices received by the company during the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The Company has not constitutes a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

for M/s B Chagan lal & Associates
Company Secretaries

Sd/-
B Chagan lal
Company Secretary
C.P.No: 10921

PLACE : Hyderabad
DATE : 14.08.2013

DILIGENT INDUSTRIES LIMITED

ANNEXURE - A STATUTORY REGISTERS AS MAINTAINED BY THE COMPANY

1. Register of Directors' U/s 303
2. Register of Directors' Shareholdings U/s 307
3. Register of Members U/s 150
4. Minutes of Board Meetings U/s 193
5. Minutes of Annual and Extra-Ordinary General Meetings U/s 193
6. Register of contracts, firms and Companies in which Directors are interested U/s 301.
7. Register of Investment 372A

ANNEXURE – B

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31st March, 2013

Sl. No	Forms/	Section	Purpose	Remarks
1	Form No .23AC & ACA XBRL	209	Balance Sheet and Profit & Loss A/c for the financial year ending 31/03/2012	Filed with Normal fees on 27.02.2013
2	Form 20B	159	Filing of Annual return for the AGM held on 29.09.2012	Filed with Additional fees on 27.12.2012
3	Form 66	383A	Compliance Certificate	Filed with Additional fees on 21.12.2012
4	Form 61	17	Petition under U/s 17 for shifting of Registered office	Filed with Normal fees on 02.11.2012
5	Form 62	192A	Calendar of events for passing of resolution through postal ballot	Filed with Normal fees on 15.09.2012
6	Form 21	17A	Order of the Regional Director for shifting of registered office	Filed with Normal fees on 18.01.2013
7	Form 23	192	Registration of Resolutions with Registrar of Companies & alteration of object clause of the Company	Filed with Normal fees on 08.10.2012
8	Form 18	17A	Shifting of Registered office	Filed with Additional fees on 06.02.2013
9	Form 24AA	17	Filing petition to Central Government (Regional Director)	Filed with Normal fees on 05.11.2012

for M/s B Chagan lal & Associates
Company Secretaries

Sd/-

B Chagan lal
Company Secretary
C.P.No: 10921

PLACE: Hyderabad
DATE : 14.08.2013

CORPORATE GOVERNANCE REPORT

The following are the details furnished in the form as required under the Listing Agreement.

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Your company believes in providing highest transparency and ethical value in Corporate Governance. Your company also believes in taking into confidence all the stakeholders viz Shareholders, Employees, Creditors, Customers etc. Your company is committed to take the torch of Corporate Governance forward, so that every stakeholder of the company synchronizes and synergies their efforts in their growth along with the growth of their company.

2. BOARD OF DIRECTORS:

- **Composition of the Board:**

At present, the strength of the Board is Six Directors. The Board comprises of 3 Executive and 3 Non-Executive and Independent Directors.

- **Board meeting and attendance**

Six Board Meetings were held during the Financial Year and the gap between two board meetings did not exceed four months.

14.05.2012	09.08.2012	25.08.2012	08.11.2012	11.01.2013	11.02.2013
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The constitution of the Board is given below:

S. No	Director	Category	Attendance	Attendance in Board Meeting		Other Boards		
				Held	Attended	Director ship	Committee Chairman ship	Committee member ship
1	N. Satish kumar jain	Executive Director	Yes	6	6	1	Nil	Nil
2	Anil Kumar Jain	Executive Director	Yes	6	6	2	Nil	Nil
3	Yatish Jain	Executive Director	Yes	6	6	1	Nil	Nil
4	Y Mallikarjuna Rao	Non Executive & Independent Director	Yes	6	6	2	1	1
5	CHDVV Prasad Rao	Non Executive & Independent Director	Yes	6	6	8	1	2
6	K Visweswara Rao	Non Executive & Independent Director	Yes	6	6	2	1	1

The Directorships held by Directors in other companies, as mentioned above do not include Directorships in Foreign companies, Companies Registered under Section 25 of the Companies Act, 1956.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 committees across all the companies in which they are directors.

COMMITTEES OF THE BOARD

Currently there are three Board Committees the Audit Committee, the Remuneration Committee and the Investor Grievance Committee. The terms of reference of the Board committees are determined from time to time. Meetings of each committee are convened by the Chairman of the respective committees.

The role and composition of these committees, including the number of meetings held during the financial year and the related attendance are provided below:

3. AUDIT COMMITTEE:

Brief description of terms of reference

- Review the un-audited quarterly results, half yearly and annual accounts of the company
- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of Statutory auditors, fixation of audit fee and also approval for payment of any other services
- Reviewing with the management, the annual financial statements before submission to the Board focusing primarily on:
 - (i) Any changes in accounting policies and practices
 - (ii) Major accounting entries based on exercise of judgment by management
 - (iii) Qualifications in draft audit reports
 - (iv) Significant adjustments arising out of the audit
 - (v) The going concern assumption
 - (vi) Compliance with accounting standards
- Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relative etc.; that may have potential conflict with the interests of the company at large
- Reviewing with management, external and internal auditors, the adequacy of internal control systems

- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected of fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- Discussion with external auditors before the audit commences, on the nature and scope of audit as well as have post- audit discussion to ascertain any areas of concern
- Reviewing the company's financial and risk management policies
- To look into and review the reasons for substantial defaults, if any, in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

The Chairman of the Audit Committee shall be present at the Annual General Meeting of the Company to provide any clarification on queries from shareholders.

Composition

Audit Committee of your company consists of following three Non-Executive and Independent Directors:

Name of the Director	Designation
CHDVV Prasad Rao	Chairman
Y Mallikarjuna Rao	Member
K Visweswara Rao	Member

Meetings and Attendance during the Financial Year:

MEETINGS:

The Audit committee of the Board met Five times during the year, the meetings was held for approval of Un- Audited Financial Results and Audited Financial results of the Company i.e. on:

14.05.2012	09.08.2012	25.08.2012	08.11.2012	11.02.2013
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ATTENDANCE:

S. No.	Name of the Member	Designation	No of Meetings held during the Year	No of Meetings attended
1	Mr. CHDVV Prasad Rao	Chairman	5	5
2	Mr. Y Mallikarjuna Rao	Member	5	5
3	Mr. K Visweswara Rao	Member	5	5

4. REMUNERATION COMMITTEE

Terms of Reference:

- The Remuneration Committee recommends to the board the compensation terms of the executive directors / non-executive directors
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

❖ **Composition-name of members and Chairperson**

The Remuneration Committee constitutes of following directors:

Remuneration Committee of your company consists of following three Non-Executive and Independent Directors:

Name of the Director	Designation
CHDVV Prasad Rao	Chairman
Y Mallikarjuna Rao	Member
K Visweswara Rao	Member

Remuneration Policy:

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent and reward merit. Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

❖ Remuneration paid to Directors during the Financial Year

During the financial year, No Remuneration is paid to Directors of the Company

❖ Attendance :

During the financial year under review no meeting was held.

5. SHAREHOLDERS AND INVESTOR GRIEVANCE COMMITTEE

Brief description of terms of reference:

To supervise and ensure:

- (i) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- (ii) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- (iii) Issue of duplicate / split / consolidated share certificates;
- (iv) Allotment and listing of shares;
- (v) Review of cases for refusal of transfer / transmission of shares and debentures;
- (vi) Reference to statutory and regulatory authorities regarding investor grievances;
- (vii) And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances

Composition

Share holders and grievance committee of your company consists of following three Non-Executive and Independent Directors:

Name of the Director	Designation
CHDVV Prasad Rao	Chairman
Y Mallikarjuna Rao	Member
K Visweswara Rao	Member

DILIGENT INDUSTRIES LIMITED

The committee specifically looks after the services of the Registrars and share transfer agents and recommends measures for providing efficient services to investors. It resolves within the reasonable time, various complaints received from the investors.

(a) Name & Designation of the Compliance Officer : Mr. N. SATISH KUMAR JAIN
Chairman & Managing Director

(b) Details of Investor complaints received and redressed during the year:

Nature of Complaints	Year 2012-13		
	Received	Resolved	Pending
Total Complaints	4	4	0

6. GENERAL BODY MEETINGS:

a) Location, Day, Date and Time where the last three AGM's held and Special Resolutions passed there as follows

Year	Day, Date & Time	Location	Special Resolution
2011-12	SATURDAY 29th September 2012 at 11.00 AM	Registered office Bangalore	Nil
2010-11	FRIDAY 30th September 2011 at 11.00 AM	Registered office Bangalore	Nil
2009-10	THURSDAY 29th September 2010 at 10.30 AM	Registered office Bangalore	Nil

POSTAL BALLOT:

The company has conducted the postal ballot for the items specified as below, dated 25.08.2012 and the results were declared on 29.09.2012 the chairman on the basis of the report submitted by the scrutinizer.

ITEMS OF POSTAL BALLOT

1. Special Resolution for Alteration of objects clause of the Company.
2. Special Resolution for shifting of registered office of the company from the state of Karnataka to the state of Andhra Pradesh

I, B Chagan Lal, Practicing Company Secretary, Hyderabad is been appointed as scrutinizer for conducting the process of postal ballot, the Postal Ballots were scrutinized and the report is been submitted herewith:

Particulars	Item No 1 ALTERATION OF OBJECTS CLAUSE OF THE COMPANY	Item No 2 SHIFTING OF REGISTERED OFFICE OF THE COMPANY FROM THE STATE OF KARNATAKA TO THE STATE OF ANDHRA PRADESH
No. of Members Voted for the Resolution	212	212
No of Invalid Postal Ballot Forms	5	5
No. of Shares held by the Members who voted on the Resolution	2875263	2875263
Votes cast in favor of the Resolution	2875063	2872763
Votes Cast against the Resolution	200	2500
% of Votes Cast in Favor of Resolution	99.99%	99.91%

Item No. 1 & 2: "The aforesaid item of Business are required to be passed by way of "SPECIAL RESOLUTION" I hereby certify that the relevant resolutions has been passed as a Special Resolution.

Sri N Satish Kumar Jain, Chairman & Managing Director of the Company was authorized to conduct the postal ballot process and Mr B ChaganLal & Associates, Practicing Company Secretary was appointed as Scrutinizer for Postal Ballot process of the Company.

No Special Resolution is proposed to be conducted through Postal Ballot

7. Disclosures:

During the year there were no materially significant related party transactions conflicting with the interest of the company.

There were no non compliances during last year by the company on any matters related to Capital

market. There were no penalties imposed nor restrictions passed on the company by any stock exchange, SEBI or any Statutory Authority.

The company has complied with the mandatory requirements of Clause 49 of the Listing Agreement as entered with the Stock Exchanges.

8. Means of Communication:

The Quarterly results of the company are published in the news papers within 48 hours from the conclusion of the Board Meeting.

Financial results and other information are displayed in the Investors column on the company's website: www.diligentindustries.com

9. General Shareholder Information:

- AGM: The 19th Annual General Meeting of the Company will be held on SATURDAY, 28th September, 2013 at Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanyapuri Hyderabad, Andhra Pradesh.

- Financial Calendar:

CALENDER OF EVENTS:

Event	Dates
First Quarter un-audited Financial Results	Second week of August, 2013
Second Quarter un-audited Financial Results	Second week of November, 2013
Third Quarter un-audited Financial Results	Second week of February, 2014
Fourth Quarter Audited Financial Results	Last week of May, 2014

- **BOOK CLOSURE DATE : TUESDAY 24TH SEPTEMBER, 2013 TO SATURDAY 28TH SEPTEMBER, 2013 (BOTH DAYS INCLUSIVE)**
- **DIVIDEND PAYMENT DATE** : NA
- **LISTING ON STOCK EXCHANGES** : The shares of the company are listed on
BSE Limited
Bangalore Stock Exchange Limited
Madras Stock Exchange Limited

Scrip Code BSE - Code: 531153 ID : DILIGENT

DILIGENT INDUSTRIES LIMITED

- **Market Price Data :** During the Financial year 2012-13

Month	BSE Limited	
	High (Rs)	Low (Rs)
April, 2012	8.29	6.18
May, 2012	9.69	7.90
June, 2012	10.50	8.86
July, 2012	9.54	6.77
August, 2012	10.09	7.35
September, 2012	11.44	7.83
October, 2012	10.80	8.81
November, 2012	17.89	9.30
December, 2012	17.55	13.30
January, 2013	13.61	10.75
February, 2013	11.26	10.22
March, 2013	12.69	10.98

Share Transfer System:

All the physical share transfers received are processed by the Share Transfer Agents **M/s. VENTURE CAPITAL AND CORPORATE INVESTMENTS PRIVATE LIMITED.** The Company's shares are being traded in compulsory Demat form. The Company has entered into agreement with both NSDL and CDSL to dematerialize its shares, which enable the Company's shares to be transferred electronically through Depositories System.

Registrar and Transfer Agents:

**M/s. Venture Capital and Corporate
Investments Private Limited.**
12-10-167, Bharat Nagar
Hyderabad-500018

• DEMAT ISIN NUMBER

Under the Depository System the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares by NSDL & CDSL	INE650C01010
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Compliance Certificate:

Certificate from Statutory Auditors of the company M/s P S Nagaraju & Co, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of Listing Agreement forms part of this 19th Annual Report

DILIGENT INDUSTRIES LIMITED

SHAREHOLDING PATTERN AS ON 31ST MARCH 2013:

Sl. No.	Category	No. os Shares Held	% of Shareholding
A	INDIAN PROMOTERS & PROMOTER GROUP		
	Individuals/Hindu Undivided Family	1014200	25.36
	Central Government /State Governments		
	Bodies Corporate		
	Financial Institutions/Banks		
	Sub Total of A1		
	FOREIGN		
A2.	Individuals (Non-Residents)		
	Individuals (Foreign Individuals)		
	Bodies Corporate		
	Institutions		
	Any Other (Specify)		
	Sub Total of A2	0	0
	TOTAL OF A1 +A2	1014200	25.36
B 1.	Public Shareholdings		
	Institutions		
	Mutual Funds and UTI		
	Banks/Financial Institutions		
	Central Government/State Government		
	Venture Capital Funds		
	Insurance Companies		
	Foreign Institution Investor		
	Foreign Venture Capital Investors		
	Any Other (Specify)		
	Sub Total B1	0	0
B2.	Non Institutions		
	Bodies Corporate	225557	5.64
	Individuals		
	Individuals share holders holdings		
	nominal share capital upto Rs. 1 Lakhs	1132716	28.32
	Individual Shareholding holding		
	nominal share capital in excess of Rs. 1 Lakhs	1627027	40.68
	Any Other (Specify)		
	NRIs/OCBs	500	0.01
	Foreign Collaborators		
	Clearing Members	-	-
	Sub Total B2	2985800	74.64
	TOTAL OF PUBLIC SHAREHOLDING (B1+B2)	2985800	74.64
C	Shares held by Custodian and against which Depository Receipts have been issued	0	0
	TOTAL A+B+C	4000000	100

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013

SL NO	Description	Holders	% of Holders	Holdings	% of Holdings
1	1 - 500	1198	64.44	405071	10.13
2	501 - 1000	469	25.23	382936	9.57
3	1001 - 2000	111	5.97	170850	4.27
4	2001 - 3000	25	1.34	60400	1.51
5	3001 - 4000	11	0.59	39300	0.98
6	4001 - 5000	4	0.22	18200	0.46
7	5001 - 10000	11	0.59	82016	2.05
8	10001 & above	30	1.61	2841227	71.03
	TOTAL	1859	100.00	4000000	100.00

- Dematerialization of shares and liquidity:

The Shares of the Company are under compulsory demat trading. The Company has already entered into necessary agreements with NSDL and CDSL for demat facility.

61.26% of total equity share capital of the Company is held in dematerialization form with NSDL and CDSL as on 31st March, 2013.

CEO & CFO Certification

The CEO & CFO of the Company gave annual certificates on financial reporting and internal controls to the Board in terms of Clause 49. (Report annexed)

- **Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity: Nil**
- **Address for correspondence**

Mr. N SATISH KUMAR JAIN
 Chairman & Managing Director
 H.No.6-3-348/10, Flat No.106,
 Nirmal Towers, Dwarakapuri Colony,
 Punjagutta, Hyderabad-500081

DECLARATION OF THE MANAGING DIRECTOR ON COMPLIANCE WITH CODE OF CONDUCT AND ETHICS:

DILIGENT INDUSTRIES LIMITED has adopted Code of Business Conduct and Ethics (“the code”) which applied to all the employees and Director of the Company. Under the Code, it is responsibility of all employees and Directors to familiarize themselves with the Code and comply with its Standards.

I hereby certify that the Board members and senior management personnel of DILIGENT INDUSTRIES LIMITED have affirmed compliance with the Code for the Financial Year 2012-2013.

Place: Hyderabad
Date: 14.08.2013

Sd/-
N SATISH KUMAR JAIN
Chairman and Managing Director

Chief Executive Officer and Chief Finance Officer (CEO&CFO) Certificate:

I, N Satish Kumar Jain, Chairman & Managing Director of Diligent Industries Limited, to the best of our knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit and Loss Account and all its schedules and notes on accounts as well as the Cash Flow Statement for the year ended 31.03.2013.
2. To the best of our knowledge and belief:
 - a. These statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading.
 - b. The financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws and regulations.
3. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
5.
 - a) There has not been any significant change in internal control over financial reporting during the year under reference;
 - b) There has not been any significant changes in accounting policies during the year under reference; and
 - c) We are not aware of any instances during the year of significant fraud, with involvement there in of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad
Date: 14.08.2013

Sd/-
N Satish Kumar Jain
Chairman and Managing Director

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To
The Members of
Diligent Industries Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by Diligent Industries Limited as on the Financial Year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination, conducted in the manner described in the guidance note on "Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31st 2013. No investor grievance is pending for a period exceeding one month against the company as per records maintained by the company. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For P.S. Nagaraju & Co;
Chartered Accountants
(Firm Reg. No.011447S)

Sd/-
CA P S Nagaraju
Partner
Membership No. 210268.

Place : Hyderabad
Date : 14.08.2013

AUDITOR'S REPORT

To
The Members of
Diligent Industries Limited
Hydreabad

Report on the Financial Statements:

1. We have audited the accompanying financial statements of **M/s DILIGENT INDUSTRIES LIMITED** ("the Company") which comprise the Balance sheet as at March 31, 2013, and the Statement of Profit and Loss account and the Cash Flow Statement for the year ended as on that date, and the summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements:

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

Auditor's responsibility:

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

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

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

Report on other Legal and Regulatory Requirements:

7. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act'), since in our opinion and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet & Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet & Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For P.S. Nagaraju & Co;
Chartered Accountants
(Firm Reg. No.011447S)

Sd/-
CA P S Nagaraju
Partner
Membership No. 210268.

Place : Hyderabad
Date : 30th May, 2013

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of the Auditor's Report of even date to the members of Diligent Industries Limited on the Financial Statements as of and for the year ended March 31, 2013.

We report that :

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets of the company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
(c) In our opinion, and according to the information and explanation given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- II. The Company is dealing in broking Services, Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- III. The Company has neither granted nor taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b), (c) and (d)/(f) and (g)] of the said order are not applicable to the company.
- IV. In our opinion, and according to the information and explanation given to us, there is an adequate control system commensurate with the size of the company and the nature of its business with regards to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- V. (a) According to the information and explanation given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the act.
(b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangement exceeding the value of Rupees Five Lakhs in respect of any party during the year.
- VI. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- VII. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- VIII. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the services provided by the company.

- IX. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, Sales-tax, wealth tax, service tax, custom duty, and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales-tax, wealth tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- X. The Company has accumulated losses as at the end of the financial year is more than fifty percent of its Net worth. It has incurred cash losses in the financial year ended on that date.
- XI. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- XII. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- XIII. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company, the provisions of Clause 4(xii) of the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- XIV. In our opinion, the Company has maintained proper records of transactions and contracts, In respect of trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investment have been held by the Company in its own name.
- XV. In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. The Company has not raise any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- XVII. According to the cash flow statement and other records examined by us and the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short term basis have been used for long-term investment.
- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

DILIGENT INDUSTRIES LIMITED

- XIX. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- XX. The Company has not raised any money by public issues during the year. The Management has disclosed the end use of monies during the year, out of public issue raise in the earlier year.
- XXI. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For P.S. Nagaraju & Co;
Chartered Accountants
(Firm Reg. No.011447S)

Sd/-
CA P S Nagaraju
Partner
Membership No. 210268.

Place : Hyderabad
Date : 30th May, 2013

DILIGENT INDUSTRIES LIMITED

BALANCE SHEET AS ON 31ST MARCH, 2013

Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
I. EQUITY AND LIABILITIES			
A SHAREHOLDERS FUND			
(a) Share Capital	1	40,000,000	40,000,000
(b) Reserves and Surplus	2	(16,072,056)	(15,730,591)
2 Share application money pending for allotment		-	-
3 Non - current liabilities:			
(a) Long - term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long - term liabilities		-	-
(d) Long - term provisions		-	-
4 Current liabilities			
(a) Short - term borrowings		-	-
(b) Trade payables	3	-	7,146
(c) Other current liabilities	4	104,472	15,000
(d) Short - term provisions		-	-
Total		<u><u>24,032,416</u></u>	<u><u>24,291,555</u></u>
II ASSETS			
1 Non - current assets:			
(a) Fixed assets			
(i) Tangible assets	5	6,940	11,566
(b) Non - current investments		-	-
(c) Deferred tax asset (Net)		1,977,052	1,977,052
(d) Long-term loans and advances		-	-
(e) Other non-current assets	6	5,849,875	5,849,875
2 Current assets:			
(a) Inventories	7	965,966	965,966
(b) Trade receivables	8	4,106,203	4,194,966
(c) Cash and cash equivalents	9	1,863,930	5,542,130
(d) Short-term loans and advances	10	9,261,000	5,750,000
(e) Other current assets	11	1,450	-
Total		<u><u>24,032,416</u></u>	<u><u>24,291,555</u></u>
Significant accounting policies	16		

Notes to accounts 1 to 15

See accompanying notes forming part of the financial statements

In terms of our report attached.

For. P.S. Nagaraju & Co.

Chartered Accountants

Firm Reg. No. 011447S

Sd/-

CA P S Nagaraju

Partner

Membership No. : 210268

PLACE : Hyderabad

Date: 30.05.2013

For and on behalf of the Board of Directors

Sd/-

N. SATISH KUMAR JAIN

Chairman and Managing Director

Sd/-

ANIL KUMAR JAIN

Director

DILIGENT INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
I. Revenue from Operations	12	-	250,000
II. Other Income (Net)	13	195,583	26,676
III. Total revenue (I+II)		<u>195,583</u>	<u>276,676</u>
IV. Expenses:			
(a) Changes in Inventories of Finished goods, work in progress and stock-in trade.		-	125
(b) Employees benefits expense	14	80,000	-
(c) Finance cost		-	-
(d) Depreciation and amortisation expense	5	4,626	7,711
(e) Other expenses	15	452,422	1,934,940
V. Total expenses		537,049	1,942,776
VI. Profit/(Loss) before exceptional and extraordinary items and tax (III-V)		(341,465)	(1,666,100)
VII. Exceptional items		-	-
VIII. Profit/(Loss) before extraordinary items and tax (VI-VII)		(341,465)	(1,666,100)
IX. Extraordinary items		-	-
X. Profit/(Loss) before tax (VIII-IX)		(341,465)	(1,666,100)
XI. Tax expense:			
(a) Current tax expense for current year		-	-
(b) Deferred tax		-	-
XII. Profit/(Loss) from continuing operations (X-XI)		(341,465)	(1,666,100)
XIII. Profit/(Loss) from discontinuing operations (before tax)		-	-
XIV. Tax expense of discontinuing operations		-	-
XV. Profit/(Loss) for the period from the discontinuing operations (after tax)		-	-
XVI. Profit/(Loss) for the year		<u>(341,465)</u>	<u>(1,666,100)</u>
XVII. Earning per Equity Share:			
Face value per Share		10	10
No. of Shares		4,000,000	4,000,000
Basic EPS		(0.09)	(0.42)
Diluted EPS		(0.09)	(0.42)

See accompanying notes forming part of the financial statements including other Notes to Accounts

In terms of our report attached.

For. P.S. Nagaraju & Co.

Chartered Accountants

Firm Reg. No. 011447S

Sd/-

CA P S Nagaraju

Partner

Membership No. : 210268

PLACE : Hyderabad

Date: 30.05.2013

For and on behalf of the Board of Directors

Sd/-

N. SATISH KUMAR JAIN

Chairman and Managing Director

Sd/-

ANIL KUMAR JAIN

Director

DILIGENT INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Pursuant to clause 32 of Listing Agreement as amended)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A. Cash Flow From Operating Activities		
Net Profit Before Tax and Extraordinary Items	(341,465)	(1,666,100)
Adjustment For:		
Depreciation	4,626	7,711
Interest/ Dividend Received	(102,464)	(26,676)
Operating Profit Before Working Capital Changes	(439,303)	(1,685,064)
Adjustment For:		
Trade and Other receivables	88,763	179,421
Inventories	-	125
Trade payables	(7,146)	(50,000)
Other current Liabilities	89,472	(10,354)
Other Current Assets	(1,450)	
NET CASH FROM OPERATING ACTIVITIES (A)	169,639	119,192
B Cash Flow From Investing Activities		
Purchase of Fixed Assets	-	-
Purchase of Investment	-	(5,750,000)
Sale of Fixed Assets	-	-
Sale of Investments	-	200,125
Short term Loans & advances	(3,511,000)	-
Interest Received	58,647	26,676
Dividend Received	43,816	-
NET CASH USED IN INVESTING ACTIVITIES (B)	(3,408,536)	(5,523,199)
C Cash Flow From Financing Activities		
Issue of share Capital	-	10,867,500
Redemption of Share capital	-	-
Dividend Paid	-	-
Redemption of Debentures	-	-
NET CASH USED IN FINANCING ACTIVITIES ©	-	10,867,500
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(3,678,200)	3,778,429
Opening Balance of Cash and Cash Equivalents	5,542,130	1,763,701
Closing Balance of Cash and Cash Equivalents	1,863,930	5,542,130
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	(3,678,200)	3,778,429

In terms of our report attached.

For. P.S. Nagaraju & Co.

Chartered Accountants

Firm Reg. No. 011447S

Sd/-

CA P S Nagaraju

Partner

Membership No. : 210268

PLACE : Hyderabad

Date: 30.05.2013

For and on behalf of the Board of Directors

Sd/-

N. SATISH KUMAR JAIN
Chairman and Managing Director

Sd/-

ANIL KUMAR JAIN
Director

DILIGENT INDUSTRIES LIMITED

Notes to the financial statements for the year ended March 31st, 2013

1. Share Capital

Note No	Particulars	As at 31.03.2013 Rs.	As at 31.03.2012 Rs.
	Authorised Share Capital; 40,00,000 (Previous year: 40,00,000) Equity shares at Rs. 10 each	40,000,000	40,000,000
		40,000,000	40,000,000
	Issued, Subscribed and Fully paid Shares; 40,00,000 Equity shares at Rs. 10 each Previous year -40,00,000 Equity shares at Rs. 10 each	40,000,000	40,000,000
		40,000,000	40,000,000

1.1 Reconciliation of number of shares

Note No	Particulars	As at March 31, 2013	As at March 31, 2012
	Equity shares "Balance at the beginning of the year 40,00,000 (Previous year: 40,00,000) shares of Rs. 10/- each." Add: Additions to share capital on account of fresh issue or bonus issue etc.,	4,000,000 -	3,000,000 1,000,000
	Ded: Deductions from share capital on account of shares bought back, redemption etc.,	-	-
	"Balance at the end of the year"		

1.2 Rights, Preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. The equity shares now being offered shall rank pari passu with the existing shares of the Company in all respects except that the holder(s) of the equity shares now offered will be entitled to dividend, if any, only from the date of allotment on pro-rata basis for the period for which such capital is paid-up. subject to provisions of Section 206A of the Act, the equity shareholders are entitled to receive dividend, offer of right shares and Bonus Shares and any other rights available under the provisions of Law.

DILIGENT INDUSTRIES LIMITED

1.3 Details of Share holders holding more than 5% shares in the company: (Amount in ₹)

Name of the share holder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Yatish Kumar Jain	-	-	248,900	6.22
CGP Hydro Power Private Limited	200,000	5.00	200,000	5.00
Chintamneni Naga Jyothi	248,900	6.22	-	-
N.Satish Kumar Jain	1,014,200	25.36	1,014,200	25.36
Total	1,463,100	36.58	1,463,100	36.58

1.4 Aggregate number of Bonus Shares issued and shares issued for consideration other than cash during the five years immediately preceding the reporting date.

As at March 31, 2013- Nil (As at March 31, 2012- NIL)

2 Reserve and surplus

	As at March 31, 2013"	As at March 31, 2012
Surplus / (Deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	(15,730,591)	(14,064,492)
Add: Profit / (Loss) for the year	(341,465)	(1,666,099)
Less: Transfers to reserves during the year	-	-
Balance at the end of the year	(16,072,056)	(15,730,591)

3 Trade payables

	As at March 31, 2013"	As at March 31, 2012
Venture Capital & Corporate services limited	-	7,146
Total	-	7,146

4 Other current liabilities

	As at March 31, 2013"	As at March 31, 2012
(a) Other Payables:		
Audit fee Payable	37,472	15,000
Creditors for expenses	67,000	-
Total	104,472	15,000

Note No. : 5 Fixed Assets

Particulars	Rate of depreciation	Gross Block (At cost)			Depreciation/ Amortisation			Net block		
		April 1, 2012 during the year	Additions during the year	Deletions March 31, 2013	As at March 31, 2013	Up to April 1, 2012	For the year	Deletions During year	Up to March 31, 2013	As at March 31, 2012
Computers & Hardwares	40%	96,552	-	-	96,552	84,986	4,626	-	89,612	11,566
Total langible assets		96,552	-	-	96,552	84,986	4,626	-	89,612	11,566
Previous year		96,552	-	-	96,552	77,275	7,711	-	84,986	11,566

For P.S. NAGARAJU & Co.,
Chartered Accountants
(Firm Reg. No.0114475)

Sd/-
CAP S Nagaraju
Partner
Membership No.210268

Place : Hyderabad
Date: 30.05.2013

For and on behalf of the Board

Sd/-
N. SATISH KUMAR JAIN
Chairman and Managing Director

Sd/-
ANIL KUMAR JAIN
Director

DILIGENT INDUSTRIES LIMITED

(Amount in ₹)

6 Other non current assets

	As at March 31, 2013"	As at March 31, 2012
Deposits:		
BGSE (BSE) Capital Adequacy	250,000	250,000
BGSE Membership card	4,499,875	4,499,875
Office Lease and advance account	1,100,000	1,100,000
Total	5,849,875	5,849,875

7 Inventories

	As at March 31, 2013"	As at March 31, 2012
Stock-in-trade (acquired for trading)	965,966	965,966
Total	965,966	965,966

8 Trade Receivables

	As at March 31, 2013"	As at March 31, 2012
(Unsecured and considered goods unless stated otherwise)		
Outstanding for a period exceeding six months from the due date.	4,106,203	4,194,966
Total	4,106,203	4,194,966

9 Cash and cash equivalents

	As at March 31, 2013"	As at March 31, 2012
(a) Cash on hand	1,833,044	1,024,781
(b) Balances with banks		
(i) Axis Bank Ltd. A/c No. 912020007293674	17,120	4,124,952
(ii) Canara Bank A/c No. 24422440001313	13,767	230,638
(iii) FDR Canara Bank	-	161,758
Total	1,863,930	5,542,129

DILIGENT INDUSTRIES LIMITED

10 Short term loans and advances

(Amount in ₹)

	As at March 31, 2013"	As at March 31, 2012
Loans and advances to Inter-corporate parties.		
K. Mohan Rao	250,000	750,000
Magalam Vintrade Private Ltd.	1,000,000	1,000,000
Ram Informatics Ltd.	2,500,000	2,500,000
Sainaren Properties Pvt. Ltd	1,000,000	1,500,000
Bothtree Consulting Ltd.	1,400,000	-
Brahampuri Anna	111,000	-
N. Ramesh Kumar	1,500,000	-
Congen Tech Solution Pvt. Ltd	1,500,000	-
Total	9,261,000	5,750,000

11 Other Current Assets

	As at March 31, 2013"	As at March 31, 2012
TDS - F.Y 12-13	1,450	-
Total	1,450	-

12 Revenue from Operations

	As at March 31, 2013"	As at March 31, 2012
Income from operations	-	250,000
Total	-	250,000

13 Other Income

	As at March 31, 2013"	As at March 31, 2012
Dividend	43,816	-
Brokerage Income	93,120	-
Interest Income on FDR	58,647	26,676
Total	195,583	26,676

DILIGENT INDUSTRIES LIMITED

(Amount in ₹)

14 Employees Benefit expenses

	As at March 31, 2013''	As at March 31, 2012
Salaries & wages	80,000	-
Total	80,000	-

15 Other Expenses

	As at March 31, 2013''	As at March 31, 2012
Annual Subscription fees	-	3,409
Professional Charges	49,000	10,000
General Expenses	-	211,517
D P Handling Charges	-	13,236
Meeting expenses	-	102,844
Printing & Stationery	25,000	19,800
Audit Fees	22,472	15,000
Travelling & Conveyance Expense	-	198,104
NSDL Fees	-	270
Donations	-	200,000
SEBI Fees	-	5,000
Advertisement Expenses	-	14,224
Courier Charges	-	7,650
Demat RTA expenses	55,056	7,146
ICICI credit card expenses	-	8,000
Bank Charges	14,586	580
Listing Fees	126,820	749,381
Postage charges	35,120	25,400
ROC Filing fees	17,500	9,500
Accounting charges	24,000	-
BGSE cub charges	7,868	-
Sitting Fees	75,000	-
SCB credit card expenses	-	333,476
Telephone expenses	-	403
Total	452,422	1,934,940

Note No - P:

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES.

(Annexed to and forming part of the financial statements for the year ended 31st March, 2013)

These financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) and the other relevant provisions of the Companies Act, 1956.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in revised Schedule VI to the Companies Act, 1956.

I. Revenue Recognition:

Company generally follows the mercantile system of accounting and recognizes income and expenses on accrual basis, including provisions or adjustments for committed obligations and amounts deemed as payable or receivable during the year.

II. Expenditure:

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

III. Use of Estimates:

The preparation of accounting of financial statements in conformity with generally accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the period. Difference between actual results and estimates are recognized in the period in which the results are known / materialized.

IV. Fixed Assets:

Fixed Assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price, including duties and other non-refundable taxes or levies any directly attributable cost of bringing the asset to its working condition and indirect costs specifically attributable to a fixed asset.

Assets retired from active use are carried at lower of book value and estimated net realizable value.

V. Method of depreciation :

As per the accounting standard – 6, Depreciation on Fixed Assets, is provided on the “Written Down Value Method” (W.D.V) at the rates specified in the Schedule XIV to the companies Act, 1956 from time to time.

VI. Investments:

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of Long-term Investments. However, fixed income long term securities are stated at cost, less amortization of premium/ discount and provision for diminution to recognize a decline, other than temporary.

VII. Foreign currency Transactions:

As per the Accounting standard – 11, there are no foreign currency transactions undertaken by the Company during the year under review.

VIII. Employee Benefits:

As per accounting Standard 15, “Employees Benefits” during this year this standard is not applied.

IX. Taxes on Income

Income-tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.

Minimum Alternative Tax credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal tax during the specified period.

X. Related Party transactions: Nil

In terms of our report attached.

For. P.S. Nagaraju & Co.

Chartered Accountants

Firm Reg. No. 011447S

Sd/-

CA P S Nagaraju

Partner

Membership No. : 210268

PLACE : Hyderabad

Date: 30.05.2013

For and on behalf of the Board of Directors

Sd/-

N SATISH KUMAR JAIN

Chairman and Managing Director

Sd/-

ANIL KUMAR JAIN

Director

DILIGENT INDUSTRIES LIMITED

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

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

19TH ANNUAL GENERAL MEETING SATURDAY 28TH SEPTEMBER, 2013

I/We hereby record / my / our presence at the 19th Annual General Meeting of the Members of the Company will be held at Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanyapuri Hyderabad on Saturday 28th September, 2013 at 11.30 A.M.

Full Name of the Member :..... (In Block Letters)

Regd. Folio No. :..... No of Shares held..... Full Name of Proxy :

Full Name of Proxy :..... (In block Lettrs)

SIGNATURE(S) OF THE MEMBER(S) OR PROXY / PROXIES PRESENT

PROXY FORM

Regd. Folio No. :..... No of Shares held..... I/We..... of..... being a Member/Members of DILIGENT INDUSTRIES LIMITED here by appoint..... of..... failing him/her..... of..... as my / our proxy to attend and vote for me/us and on my / our behalf on Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanyapuri Hyderabad on Saturday 28th September, 2013 at 11.30 A.M.

As Witnessed my hand / our hands this.....day of.....2013

Signature.....

Signature across Re. 1 Revenue Stamp

Note : The form order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company 48 hours before the meeting.

BOOK - POST



If undelivered please return to:

DILIGENT INDUSTRIES LIMITED

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

FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH STOCK EXCHANGES

1.	Name of the Company	DILIGENT INDUSTRIES LIMITED
2.	Annual Financial statement for the year ended	31 st March, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	To be signed by CEO/Managing Director MR. N SATISH KUMAR JAIN CFO Auditor of the Company MR. P S NAGARAJU (M/s P S Nagaraju & Co) Audit Committee Chairman MR. CHDVV PRASAD RAO	<p align="center">For DILIGENT INDUSTRIES LIMITED</p>  <p align="center">Managing Director</p> <p align="center"><i>P. S. Nagaraju</i></p>  <p align="center">For DILIGENT INDUSTRIES LIMITED</p>  <p align="right">Director</p>