

# DILIGENT INDUSTRIES LIMITED

CIN: L15490AP1995PLC088118

Registered Office : Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari-534 432,  
Andhra Pradesh - 534432, Phone No: 08829-256077/99, Fax: 08829-256088  
E-mail: diligentinvestors@gmail.com, Website: www.diligentindustries.com

---

Date: 07.09.2019

To  
Corporate Relationship Department  
BSE Limited,  
1<sup>st</sup> Floor, Rotunda Building,  
P.J. Towers, Dalal Street,  
**Mumbai - 400 001.**

**Sub:** Notice for the 25<sup>th</sup> Annual General Meeting and Annual Report 2018-19

**Ref: Scrip Code- 531153; Stock Symbol- DILIGENT**

\*\*\*\*\*

Dear Sir,

In accordance with Regulation 34 and other Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to inform that the 25<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Monday the 30<sup>th</sup> day of September, 2019 at 03.00 P.M.

Also, please find attached herewith Annual Report 2018-19.

Thanking you,

For **DILIGENT INDUSTRIES LIMITED**

*V.B. Prakash*

**Bhanu Prakash Vankineni**  
Managing Director



25<sup>th</sup>  
ANNUAL REPORT  
2018-2019

**DILIGENT INDUSTRIES LIMITED**

**COMPANY INFORMATION****Board of Directors**

|                              |  |
|------------------------------|--|
| Mr. Bhanu Prakash Vankineni  | : Managing Director                      |
| Mr. Kiran Kumar Vankineni    | : Executive Director                     |
| Mrs. Phani Anupama Vankineni | : Non-Executive Non-Independent Director |
| Mr. Srinivas Babu Edupuganti | : Independent Director                   |
| Mr. V.V.Vinod Kumar          | : Independent Director (Chairman)        |

**Key Managerial Personnel**

|                           |                           |
|---------------------------|---------------------------|
| Mr. Kiran Kumar Vankineni | : Chief Financial Officer |
|---------------------------|---------------------------|

**Board Committees****Audit Committee**

|                                       |
|---------------------------------------|
| Mr. V.V.Vinod Kumar - Chairperson     |
| Mr. Srinivas Babu Edupuganti - Member |
| Mr. Bhanu Prakash Vankineni - Member  |

**Nomination & Remuneration Committee**

|  |
|--|
| Mr. Srinivas Babu Edupuganti - Chairperson |
| Mrs. Phani Anupama Vankineni - Member      |
| Mr. V.V.Vinod Kumar - Member               |

**Auditors**

M/s.NSVR & Associates LLP  
Chartered Accountants  
Flat No. 202, Plot No: 28,  
Panchavathi Co-operative society,  
Road No.10, Banjara Hills,  
Hyderabad – 500 034.

**Stakeholders Relationship Committee**

|   |
|---|
| Mrs. Phani Anupama Vankineni- Chairperson |
| Mr. Bhanu Prakash Vankineni - Member      |
| Mr. Srinivas Babu Edupuganti- Member      |

**Secretarial Auditors**

M/s P.S.RAO & Associates  
6-3-347-22/2, Flat-10, 4th Floor,  
Dwarakapuri Colony, Punjagutta,  
Hyderabad,Telangana-500 082.

**Registrars & Share Transfer Agent**

M/s Venture Capital and Corporate  
Investments Private Limited,  
# 12-10-167, Bharat Nagar,  
Hyderabad -500 018  
Email: [info@vccipl.com](mailto:info@vccipl.com)  
Website: [www.vccipl.com](http://www.vccipl.com)

**Registered Office**

Dwarka Thirumala Road,  
Denduluru Village and Mandal,  
West Godavari-534 432,  
Andhra Pradesh  
Email: [diligentinvestors@gmail.com](mailto:diligentinvestors@gmail.com)  
Web: [www.diligentindustries.com](http://www.diligentindustries.com)

**Bankers**

Indian Bank  
R.R Pet, Eluru,  
Andhra Pradesh.

**NOTICE**

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of Diligent Industries Limited will be held on **Monday the 30<sup>th</sup> day of September, 2019 at 03.00 PM** at Registered Office of the Company at Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari District, AP- 534 432, to transact the following business:

**ORDINARY BUSINESS:****ITEM NO. 1 - Adoption of Audited Standalone Financial Statements**

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2019 together with the Reports of Board of Directors, Auditors and such other reports annexed thereon.

**ITEM NO. 2-Appointment of a Director**

To appoint a Director in the place of Mr. KiranKumar Vankineni (DIN:02696680) who retires by rotation and being eligible, offers herself for reappointment

**SPECIAL BUSINESS:****ITEM NO. 3: Re- appointment of Mr. Bhanu Prakash Vankineni as Managing Director**

*To consider and if thought fit, to pass with or without modification following resolution as Special Resolution:*

**RESOLVED THAT** pursuant to provisions of Section 196, 197 and 203 of the Companies Act, 2013 (“ACT”) read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, read with Schedule V of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, on the recommendation of Nomination and Remuneration Committee, the consent of members of the Company be and is hereby accorded to appoint Mr. Bhanu Prakash Vankineni (DIN: 00919910), as the Managing Director of the Company to hold office for another period of 3 years w.e.f. 14<sup>th</sup> November, 2019, on the gross remuneration, perquisites and other allowances not exceeding Rs. 2,50,000 per month.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Mr. Bhanu Prakash Vankineni (DIN: 00919910), Managing Director, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limit specified under the Companies Act, 2013.

**RESOLVED FURTHER THAT** in the event of loss/absence of profits or inadequacy of profits in any financial year during his tenure as referred above, the said remuneration shall be paid as minimum remuneration in terms of Section II of Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** this resolution will be effective from 14<sup>th</sup> November, 2019 until when previous resolution passed at the 22<sup>nd</sup> Annual General Meeting held on 30<sup>th</sup> September, 2016 shall be in force.

**ITEM NO. 4: Re- appointment of Mr. V.V. Vinod Kumar as Independent Director**

*To consider and if thought fit, to pass with or without modification, following resolution as Special Resolution:*

**RESOLVED THAT** pursuant to provisions of Section 149, 152, 160 and other applicable provisions, if any, of the Companies Act (“ACT”), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory modification(s) or re-enactment(s) thereof for the time being in force) and on the recommendation of Nomination and Remuneration Committee, the consent of members of the Company be and is hereby accorded to appoint Mr. V V Vinod Kumar (DIN: 03642809), whose tenure of office as Independent Director expires at this Annual General Meeting, having submitted a declaration

that he meets the criteria of Independence under Section 149 of the Companies Act, 2013 and is eligible for re-appointment as Independent Director of the Company to hold office for a period of five years w.e.f. 30<sup>th</sup> September, 2019.

**ITEM NO. 5: Re- appointment of Mr. Srinivas Babu Edupuganti as Independent Director**

*To consider and if thought fit, to pass with or without modification, following resolution as Special Resolution:*

**RESOLVED THAT** pursuant to provisions of Section 149, 152, 160 and other applicable provisions, if any, of the Companies Act (“ACT”), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory modification(s) or re-enactment(s) thereof for the time being in force) and on the recommendation of Nomination and Remuneration Committee, the consent of members of the Company be and is hereby accorded to appoint Mr. Srinivas Babu Edupuganti (DIN: 03637508), whose tenure of office as Independent Director expires at this Annual General Meeting, having submitted a declaration that he meets the criteria of Independence under Section 149 of the Companies Act, 2013 and is eligible for re-appointment as Independent Director of the Company to hold office for a period of five years w.e.f. 30<sup>th</sup> September, 2019.

**By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED**

**Place: Denduluru**

**Date: 14.08.2019**

**Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910**

**NOTES:**

- 1 The Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to item No. 3, 4 & 5 forms part of this Notice. Additional Information, pursuant to applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India in respect of Directors seeking appointment/ re-appointment at this Annual General Meeting ('Meeting' or 'AGM') is furnished annexure to this Notice.
- 2 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
- 3 Proxy forms, in order to be effective, must be received in the enclosed Proxy Form at the Registered Office of the company not less than forty-eight hours before the time fixed for the Meeting. A Proxy Form is annexed to this Notice.
- 4 The Share Transfer Register and the Register of Members of the Company will remain closed from **22-09-2019 to 30-09-2019** (both days inclusive).
- 5 M/s. Venture Capital and Corporate Investments Pvt. Ltd., 12-10-167, Bharat Nagar, Hyderabad-500018 is the Registrar & Share Transfer Agent (RTA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
- 6 Members desiring any information or clarification as regards the accounts are requested to send queries in writing to the Registered Office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.

- 7 Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the Attendance slip duly filled in for attending AGM. Copies of Annual Report will not be provided at the AGM.
- 8 Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar and Transfer Agent enclosing their share certificates to enable consolidation of their shareholdings in one folio.
- 9 Members holding Shares in physical form may write to the Company/Registrar & Share Transfer Agents (RTA) for any change in their address and bank mandates; members having shares in electronic form may inform the same to their depository participants immediately.
- 10 As part of the "Green Initiative", the Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participants unless the Members have registered their request for a hard copy of the same. Members may also note that Integrated will also be available on the Company's Website [www.diligentindustries.com](http://www.diligentindustries.com)
- 11 To support the "Green Initiative" the members who have not registered their e-mail addresses are requested to register the same with Registrar and Share Transfer Agent.
- 12 Process and manner for members opting for e-voting are as under: In Compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Including statutory modification(s) or re-enactment(s) for the time being in force), The Company is pleased to provide e-voting facility to its members enabling them to cast their votes electronically through e-Voting services provided by M/s Central Depository Services (India) Limited.

The instructions for e-voting are as under:

- (i) The voting period begins on **27<sup>th</sup> September, 2019 at 9.00 AM and ends on 29<sup>th</sup> September, 2019 at 5.00 PM**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **24<sup>th</sup> September, 2019**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "DILIGENT INDUSTRIES LIMITED" from the drop-down menu and click on "SUBMIT"
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first-time user follow the steps given below:

|                              | <b>For Members holding shares in Demat Form and Physical Form</b>   |
|------------------------------|---|
| <b>PAN</b>                   | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-</p> <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| <b>DOB</b>                   | <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>  |
| <b>Dividend Bank Details</b> | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>   |

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <DILIGENT INDUSTRIES LIMITED> on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

## (xix) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details, they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

13. Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then do not vote by physically also and vice versa. However, in case shareholders cast their vote physically and e-voting, then voting done through e-voting will prevail and voting done physically will be treated as invalid.
14. The Board of Directors has appointed Mrs. N.Vanitha, a Practising Company Secretary as a Scrutinizer to process the e-voting and submit a report to the Chairman.
15. Compliance Officer of the Company will address all the grievances in relation to this annual general meeting including e-voting. His contact details are Email: [diligentinvestors@gmail.com](mailto:diligentinvestors@gmail.com) Phone Nos.040-23352185.
16. The members may download a copy of the notice of this meeting and the results declared along with the Scrutinizer’s Report from the website of the Company ([www.diligentindustries.com](http://www.diligentindustries.com)) or from [www.evotingindia.com](http://www.evotingindia.com).
17. Brief Profile of Directors seeking appointment and re-appointment at the 25<sup>th</sup> Annual General Meeting (pursuant to Regulation 36 of SEBI (LODR) Regulations, 2015) is attached to this Notice as **Annexure-A**.

**Explanatory Statement**

(Pursuant to the provisions of Section 102 (1) and Section 110 of the Companies Act, 2013)

The following statement sets out the all material facts relating to special businesses mentioned in the accompanied Notice:

**Item No: 3**

Statement as per Section II(A) of Part II of Schedule V of the Companies Act, 2013:

**I. General Information:**

1. **Nature of Industry:** The Company is engaged in the business of production/extraction of rice bran oil and other allied products.
2. **Date or expected date of commencement of commercial production:** N.A.



3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.

4. Financial Performance based on given indicators:

(Rs. in Lakhs)

| Financial Parameters | 2018-19 | 2017-18 | 2016-17 |
|----------------------|---------|---------|---------|
| Total Income         | 7971.98 | 7847.41 | 6089.31 |
| PBT                  | 48.88   | 98.33   | 7.36    |

5. Foreign investments or collaborations, if any: N.A.

## II. Information about the appointee:

### 1. Background Details:

Mr. Bhanu Prakash Vankineni, is the promoter of erstwhile Aditya Agro Allied Oils Limited and became part of the promoter group of the Company, subsequent to the merger of Aditya Agro Allied Oils Limited with the Company and is holding Master's Degree in Mathematical Science(M.Sc.). Having come from rich agricultural family he knows very well about the tendency of agri-commodities on seasonal basis. Being experienced in the agri- commodities trading, he studied the demand for oil products in India and set-up an oil solvent extraction, edible oil plant in a record time of 7 months in the year 2008. Being a holder of Master's Degree in Mathematical Science, he always looks for new developments in the industry where he operates and his focus is always on strategic planning and better understanding the quality and variety of edible oils, de-oiled cake and other related products.

The overall day to day affairs and Management decisions taken by our Company are under the able guidance and supervision of Mr. Bhanu Prakash Vankineni. He presently looks after Strategic Business Planning, business development and client interface in the Company. He is responsible for developing the business, identifying strategic partners and customers and providing sales, Consulting & support.

### 2. Past Remuneration.

2016-17 - Rs. 15,00,000/- (Foregone his salary for FY 2016-17)

2017-18 - Rs. 15,00,000/- (Foregone his salary for FY 2017-18)

2018-19 - Rs. 15,00,000/- (Foregone his salary for FY 2018-19)

3. Recognition or awards: N.A.

### 4. Job profile and his suitability:

Mr. Bhanu Prakash Vankineni is entrusted with substantial powers of the Management of the Company subject to the superintendence, control and direction of the Board of Directors, the provisions of Memorandum and Articles of Association and subject to the restrictions if any imposed by the Companies Act,2013. He shall do all acts to promote, develop and extend the business of the Company. His vast experience in the industry will help the Company to grow and prosper. He is well suited as he is not only experienced but also versed with the entire operations of the Company.

5. Remuneration proposed: As detailed in the resolution

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The proposed remuneration to the appointee is in line with the remuneration comparable to the size of the Company and also that of the Industry and of the position and person.

**7. Pecuniary Relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any:**

Mr. Bhanu Prakash Vankineni is one of the promoter directors and having control stake with the Company along with his relatives and associates.

He is the husband of Mrs. VankineniPhani Anupama and brother of Mr. KiranKumarVankineni, who are the Directors of the Company.

**III. Other Information:**

1. **Reason of loss or inadequate profits:** Due to stubbed markets and cheaper imports and non-availability of raw materials the operations have been affected.
2. Steps taken or proposed to be taken for improvement:
  - a) Entering into long term contract with the raw- material suppliers for continuous supply.
  - b) Direct marketing of by- products to improve the margins.
3. Expected increase in productivity and profits in measurable terms:

The Company is expecting to get good results in next 2 to 3 years due to implementation of measures stated above.

As per the provisions of the Companies Act, 2013, it requires the consent of the members by way of Special Resolution for re- appointing Mr. Bhanu Prakash Vankineni as the Managing Director of the Company, therefore the Board commends your approval for the said resolution.

Except Mr. Bhanu Prakash Vankineni, being the appointee, Mrs. Phani Anupama Vankineni and Mr. Kiran Kumar Vankineni, none of the other Director(s), Key Managerial Personnel or their relatives, is/are in any way, concerned or interested financially or otherwise in the above resolution.

A brief profile of the Managing Director to be re-appointed, including the nature of his expertise and other disclosures as required under Regulation 36 of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015 is provided in Annexure-A to this notice.

**Item No: 4:**

Pursuant to the provisions of the Section 149 and other applicable provisions of Companies Act, 2013, Mr. V V Vinod Kumar was appointed as Independent Director of the Company w.e.f 30.09.2014 for a term five (5) years. The Term referred to above will come to an end at the ensuing Annual General Meeting.

The Nomination and Remuneration Committee (NRC) on the basis of report of performance evaluation, has recommended the re-appointment of Mr. V.V. Vinod Kumar, as Independent Directors for a second term of Five (5) consecutive years on the Board.

The Board based on the performance evaluation and as per the recommendation of the NRC, recommends re-appointing Mr. V.V. Vinod Kumar as an Independent Director of the Company, not liable to retire by rotation, for a second term of Five (5) consecutive years on the Board of the Company.

Mr. V.V.Vinod Kumar has given his consent to act as director and declaration to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013. He further submitted a declaration that he meets the criteria of independence as prescribed under Section 149 of the Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors, after reviewing the declaration submitted by Mr.V.V.Vinod Kumar, is of the opinion

that he fulfills the conditions specified in the Companies Act, 2013 and Listing Regulations and he is independent of the Management. The Board commends his appointment (in Item No 4 to this notice as Special Resolution) as Independent Director for the second term of five years effective from the ensuing Annual General Meeting.

A brief profile of the Independent Director to be re-appointed, including the nature of his expertise and other disclosures as required under Regulation 36 of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015 is provided in Annexure-A to this notice.

Except Mr. V. V. Vinod Kumar, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the above said resolution.

**ITEM NO: 5**

Pursuant to the provisions of the Section 149 and other applicable provisions of Companies Act, 2013 Mr. Srinivas BabuEdupuganti, who was appointed as Independent Director of the Company w.e.f 30.09.2014 for a term five (5) years. The Term referred to above will come to an end at the ensuing Annual General Meeting.

The Nomination and Remuneration Committee (NRC) on the basis of report of performance evaluation, has recommended the re-appointment of Mr. Srinivas BabuEdupuganti, as Independent Directors for a second term of Five (5) consecutive years on the Board.

The Board based on the performance evaluation and as per the recommendation of the NRC, recommend to re-appoint Mr. Srinivas BabuEdupuganti as an Independent Director of the Company, not liable to retire by rotation, for a second term of Five (5) consecutive years on the Board of the Company.

Mr. Srinivas BabuEdupuganti has given his consent to act as director and declaration to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013. He further submitted a declaration that he meets the criteria of independence as prescribed under Section 149 of the Companies Act, 2013 and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors after reviewing the declaration submitted by Mr. Srinivas BabuEdupuganti, are of the opinion that he fulfills the conditions specified in the Companies Act, 2013 and Listing Regulations and he is independent to the Management. The Board commend his appointment (in Item No 4 to this notice as Special Resolution) as Independent Director for the second term of five years effective from the ensuing Annual General Meeting.

A brief profile of the Independent Director to be re-appointed, including the nature of his expertise and other disclosures as required under Regulation 36 of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015 is provided in Annexure-A to this notice.

Except Mr. Srinivas BabuEdupuganti, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the above said resolution.

**By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED**

**Place: Denduluru  
Date: 14.08.2019**

**Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910**

**ANNEXURE-A**

Details of Directors as on 31<sup>st</sup> March, 2019 seeking appointment/ re-appointment at the Annual General Meeting [pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

| <b>Name of the Director</b>   | <b>Mr. Kiran Kumar Vankineni</b>  | <b>Mr. Bhanu Prakash Vankineni</b>   | <b>Mr. V. V. Vinod Kumar</b>   | <b>Mr. Srinivas Babu Edupuganti</b>   |
|---|---|--|--|---|
| Age   | 55 Years  | 53 Years   | 43 Years   | 51 Years  |
| Date of Appointment   | 20-12-2014  | 14-11-2013   | 10-02-2012   | 31-07-2014  |
| Relationship with other Directors   | He is related to Mr. Bhanu Prakash Vankineni, Managing Director and Mrs. Phani Anupama Vankineni, Director.                                 | He is one of Promoter of the Company and related to Mrs. Phani Anupama Vankineni, Vankineni and Mr. Kiran Kumar Vankineni, Director. | None   | None  |
| Expertise in specific functional areas:   | He has expertise in the field of engineering and has rich experience of more than 2 decades in private organizations in various capacities. | As specified in Item No. 3 of the Explanatory Statement.   | He has overall experience of 12 years in Legal, Secretarial and Regulatory matters and has handled various assignments related to Corporate Law and other applicable law to various Companies; he is an expert in drafting and pleading. | He is well versed in the field of with accounts, finance, legal and governance matters.   |
| Qualifications  | B.E (Mechanical)  | M.Sc (Mathematics)   | B. Com, LLB  | B. Com, LLB   |
| Board Membership of other Listed Companies as on March 31, 2019   | NIL   | NIL  | 1. Raminfo Limited   | NIL   |
| Chairman/Member of the Committee of the Board of Directors of Diligent Industries Limited as on March 31, 2019  | NIL   | 2 (Member of Audit Committee & Stakeholders Relationship Committee)  | 2 (Chairperson of Audit Committee and Member of Nomination & Remuneration Committee)   | 3 (Member of Audit Committee, Chairperson of Nomination and Remuneration Committee and Member of Stakeholders Relationship Committee) |
| Chairman/Member of the Committee of Directors of other companies in which he is a director as on March 31, 2019 | NIL   | NIL  | 1 (Raminfo Limited)  | NIL   |
| a) Audit Committee  | NIL   | NIL  | 1 (Member)   | NIL   |
| b) Stakeholders' Relationship   | NIL   | NIL  | 1 (Chairperson)  | NIL   |
| c) Nomination and Remuneration Committee  | NIL   | NIL  | 1 (Member)   | NIL   |
| Number of shares held in the Company as on March 31, 2019   | 8,45,000  | 85,69,600  | NIL  | NIL   |

**By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED**

**Place: Denduluru  
Date: 14.08.2019**

**Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910**

**DIRECTOR'S REPORT**

To the Members,

Your Directors have pleasure in presenting herewith the 25<sup>th</sup> Annual Report on the business of Your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2019.

**Financial Summary**

(Rs. In Lakhs)

| <b>Particulars</b>                                       | <b>Financial Year<br/>2018-19</b> | <b>Financial Year<br/>2017-18</b> |
|--|-----------------------------------|-----------------------------------|
| Total Income   | 7971.98                           | 7847.40                           |
| Total Expenditure  | 7725.98                           | 7535.51                           |
| Profit/(Loss) before Depreciation &<br>Financial Charges | 246.00                            | 311.89                            |
| Depreciation   | 48.85                             | 49.39                             |
| Financial Charges  | 148.27                            | 164.18                            |
| Profit/Loss Before Tax                                   | 48.88                             | 98.32                             |
| Prior period items                                       | -                                 | -                                 |
| Provision for tax  | 14.00                             | -                                 |
| Deferred tax   | (6.13)                            | (4.56)                            |
| <b>NET PROFIT/(LOSS)</b>                                 | <b>41.00</b>                      | <b>64.34</b>                      |

**REVIEW OF OPERATIONS:**

With a view to get hold of, stabilize, compete and increase the Company's presence in the market initially the Company is concentrating on the trading. The move would certainly create good presence and name to the Company, which would enable the Company in future to generate good income. During the year under review, as the price volatility of trading was very high, the volume of trade restrained to the extent reported.

**CHANGE IN NATURE OF BUSINESS:**

During the year under review, there is no change in the nature of business carried out by your Company.

**DIVIDEND:**

Due to inadequacy of profits, the Directors of your Company did not recommend any dividend for the Financial Year 2018-19.

**TRANSFER TO RESERVES:**

Your Company has not transferred any amount to the general reserve.

**DEPOSITS:**

Your Company has not accepted any deposits falling within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the Financial Year.

**BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL**

Your Board consists of Five (5) Directors including Two Independent Non- Executive Directors and One Non-Executive Non- Independent Director. None of the Directors of the Company are disqualified under the Provisions of the Companies Act, 2013 ('Act') or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All independent Directors have provided confirmations as contemplated under Section 149(7) of the Companies Act 2013 stating that they meet the criteria of independence, as provided in Section 149(6) and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Appointments/Re-appointments:**

As per the provisions of the Companies Act, 2013 and Articles of Association of the Company Mr. Kiran Kumar Vankineni, Director (DIN: 02696680) of the Company, retires at the ensuing Annual General Meeting and the Board of Directors, on the recommendation of Nomination and Remuneration Committee recommends his re-appointment. His brief profile is annexed to the Notice of the Annual General Meeting.

The Board of Directors based on the recommendation of Nomination and Remuneration Committee (NRC) recommend re-appointment of Mr. Bhanu Prakash Vankineni as Managing Director (DIN: 00919910) of the Company to hold office for a period of 3 years w.e.f. 14<sup>th</sup> November, 2019 on the terms and conditions as provided in the explanatory statement annexed to the Notice of the Annual General Meeting.

The Board of Directors based on the recommendation of Nomination and Remuneration Committee (NRC) recommend re-appointment of Mr. V. V. Vinod Kumar (DIN: 03642809) and Mr. Srinivas BabuEdupuganti(DIN: 03637508) as Independent Directors of the Company, for further period of 5 years, in accordance with Section 149 of the Companies Act, 2013 and other applicable provisions read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. V. V. Vinod Kumar and Mr. Srinivas BabuEdupuganti have given a declaration separately that they meet the criteria of independence pursuant to Section 149(6) of the Act.

There is no change in the Board Composition after 31<sup>st</sup> March, 2019 and up to the date of this report. However, Mr. Chada Jagadish Reddy (PAN: AFRPC9153N) has been appointed as Company Secretary and Compliance Officer of the Company w.e.f. 01<sup>st</sup> September, 2018 and he has resigned and ceased to be as such w.e.f. 15<sup>th</sup> April, 2019.

**FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Board of Directors has carried out an Annual Evaluation of its own performance and has devised a Policy on evaluation of performance of Board of Directors, Committees and Individual Directors, pursuant to the provisions of the Act, the Corporate Governance requirements and as prescribed by SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Extract of the Policy on Evaluation of Performance of the Board, its Committees and individual Directors, is available on the website of the Company [www.diligentindustries.com](http://www.diligentindustries.com).

In a separate meeting of independent directors held on February 12, 2019, the performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive directors and non-executive directors. The same was discussed in the Board meeting that followed, at which the performance of the Board, its Committees and individual directors was also discussed.

The performance of the Board as a whole was evaluated by the Independent Directors, after seeking inputs from all the directors on the basis of the criteria such as the Board's composition, structure, effectiveness of Board processes, information and functioning, etc.

The Independent Directors reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

**Evaluation by Board (Other than Independent Directors):**

In accordance with Regulation 17(10) of SEBI Listing Regulations, the entire Board of Directors of the Company shall evaluate the performance of Independent Directors of the Company. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

**Criteria for Performance Evaluation:**

- a. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
- b. Adherence to the Code of Conduct in letter and in spirit by the Independent Directors.
- c. Bringing objectivity and independence of view to the Board's discussions in relation to the Company's strategy, performance, and risk management.
- d. Statutory Compliance and ensuring high standards of financial probity and Corporate Governance.
- e. Responsibility towards requirements under the Companies Act, 2013, Responsibilities of the Board and Accountability under the Director's Responsibility Statement.

**Familiarization Programmes for Independent Directors:**

All Independent Directors inducted into the Board attended an orientation program. The Familiarization Policy of the Company is available on its website [www.diligentindustries.com](http://www.diligentindustries.com). A familiarization program for the Independent Directors was held in its separate meeting.

**INDEPENDENT DIRECTORS' DECLARATION**

Each of the Independent Directors of the Company have submitted declaration, pursuant to Section 149(7) of the Companies Act, 2013 ("the Act"), stating that they meet the criteria of independence as laid down in Section 149(6) of the Act and Regulation 16 of the SEBI (LODR) Regulations, 2015.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors' confirm that:

- i) In preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2019 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- 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 31<sup>st</sup> March, 2019 and of the profit and loss of the Company for the year;
- iii) The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors had prepared the annual accounts on a 'going concern' basis;
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**STATUTORY AUDITORS:**

At the 22nd Annual General Meeting M/s NSVR & Associates LLP, Chartered Accountants, (Firm Registration No.008801S), were appointed as Statutory Auditors of the Company, to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2020-21.

**SECRETARIAL AUDITORS:**

M/s. P.S.Rao & Associates, Practicing Company Secretaries, was appointed to conduct the secretarial audit of the Company for the financial year 2018-19, as required under Section 204 of the Companies Act, 2013 and

Rules there-under. The secretarial audit report for FY 2018-19 forms part of the Annual Report as **Annexure-II** to the Board's report.

The Board has appointed M/s. P.S.Rao & Associates, Practicing Company Secretaries, as secretarial auditors of the Company for the financial year 2019-2020.

The Secretarial Audit Report does not contain any qualifications/reservations or adverse remarks and is self-explanatory.

**Comments by the Board on Every Qualification, Reservation or Adverse Remark or Disclaimers:**

As there is no qualification, reservation or adverse remark in the reports made by the Statutory Auditors, your directors need not give their comments on that.

However, with regard to the qualification raised by the Secretarial Auditors, on appointment of Company Secretary, your company states that as the registered office of the Company is situated in a village which is far away from any nearby town, none of the qualified personnel intended to work in a village environment. However, your Company, with due efforts, appointed Mr. Chada Jagadish Reddy (PAN:AFRPC9153N) as the Company Secretary and Compliance Officer w.e.f. 01<sup>st</sup> September, 2018.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Management has set-up a system to monitor and evaluates the efficacy and adequacy of internal control system in the Company on regular basis, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the audit reports the units undertake corrective action in their respective areas and strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board periodically.

The Board of Directors of the Company have adopted various policies like Related Party Transactions policy, Whistle Blower Policy, policy to determine material subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the Board of Directors is of the opinion that the Company's internal financial controls were adequate and effective during the FY 2018-19.

**RISK MANAGEMENT:**

The Risk Management is overseen by the Audit Committee of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which form part of the Board Report.

The Board has framed a Risk Management Policy, inter alia, identifying various elements of risks faced by the Company which, in the Board's opinion, may threaten its existence and providing measures to control and mitigate such risks. The said Policy is posted on the Company's website [www.diligentindustries.com](http://www.diligentindustries.com).

**EXTRACT OF ANNUAL RETURN:**

In accordance with the provisions of Section 92 of the Companies Act, 2013, an extract of the Annual Return for the FY 2018-19 in Form MGT-9 is annexed herewith as **Annexure - I**.



**CORPORATE SOCIAL RESPONSIBILITY (CSR):**

As per the criteria laid down in the Companies Act, 2013, the provisions of Corporate Social Responsibility are not applicable to your Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO**

Information required under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as **Annexure – III**.

**OTHER DISCLOSURES:****Board Meetings**

During the year under review Five Board Meetings were held. For further details, please refer Corporate Governance Report which forms part of this Annual Report.

**Committees of Board**

Your company has the following committees namely:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee

The constitution of all the committees is as per the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The details of the Constitution are mentioned in Corporate Governance Report, which forms part of this Annual Report.

**CORPORATE GOVERNANCE**

The Report on Corporate Governance as stipulated in Regulation 34(3) of SEBI (LODR) Regulations, 2015 is attached hereto as a part of this report as **Annexure – IX**

**MANAGEMENT DISCUSSION AND ANALYSIS**

A brief note on the Management discussion and analysis for the year is annexed as **Annexure - VIII**

**VIGIL MECHANISM:**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, a Vigil Mechanism for directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or Ethics Policy and to provide adequate safeguards against victimization of persons who use such mechanism and to provide direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website [www.diligentindustries.com](http://www.diligentindustries.com)

**REMUNERATION RATIO OF THE DIRECTORS/ KEY MANAGERIAL PERSONNEL/ EMPLOYEES:**

Statement showing disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed herewith as **Annexure – IV**.

**PARTICULARS OF EMPLOYEES**

As required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee of your Company is in receipt of remuneration Rs. 1,02,00,000/- (Rupees One

Crores Two Lakh) or more, or employed for part of the year and in receipt of Rs. 8,50,000/- (Rupees Eight Lakh Fifty Thousand) or more a month, during the financial year under review.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

Details of the Loans, guarantees and investments if any covered under Section 186 of the Companies Act, 2013 are given in the notes to the financial statements pertaining to the year under review.

**SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES:**

The salient features of the Company's subsidiaries, associate companies and joint ventures, to the extent applicable, are furnished in form AOC-1 annexed herewith as **Annexure – V**.

**RELATED PARTY TRANSACTIONS:**

Related party transactions entered during the financial year under review are disclosed in the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2019. These transactions were entered at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. **Form AOC-2**, containing a note on the aforesaid related party transactions is enclosed herewith as **Annexure – VI**.

Related Party Disclosures, as per Schedule V of SEBI (LODR) Regulations, 2015 are enclosed herewith as **Annexure-VII**.

The policy on materiality of Related Party Transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website [www.diligentindustries.com](http://www.diligentindustries.com)

**HUMAN RESOURCES:**

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of the employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

**DISCLOSURE AS PER SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and Redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. Further details pertaining to the same, as required to be disclosed, are furnished in the Corporate Governance Report.

**GENERAL:**

1. Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:
  - I. Issue of equity shares with differential rights as to dividend, voting or otherwise.
  - II. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
  - III. Neither the Managing Director nor the Whole-time Director of the Company receive any remuneration or commission from any of its subsidiaries.
  - IV. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

- V. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and date of report.
  - VI. No frauds were reported by the auditors during the year under review.
  - VII. Maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is not required by the Company.
2. The Company has complied with Secretarial Standards, i.e. SS-1 and SS-2 relating to Meetings of the Board of Directors and General Meetings respectively, issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

**ACKNOWLEDGEMENTS:**

Your Directors wish to convey their appreciation to business associates for their support and contribution during the year. The Directors would also like to thank the employees, shareholders, customers, suppliers, alliance partners and bankers for the continued support given by them to the Company and their confidence reposed in the management.

**Place: Denduluru**  
**Date: 14.08.2019**

**By order of the Board of Directors**  
**For Diligent Industries Limited**

Sd/-  
**Bhanu Prakash Vankineni**  
**Managing Director**  
**DIN: 00919910**

Sd/-  
**Phani Anupama Vankineni**  
**Director**  
**DIN: 00935032**

## ANNEXURE -I

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

Ason the financial year ended on 31-03-2019  
 [Pursuant to section 92(3)of the Companies Act,2013 and rule12(1)of the  
 Companies (Management and Administration) Rules,2014]

## I. REGISTRATION AND OTHER DETAILS:

|   |   |
|---|---|
| CIN   | L15490AP1995PLC088116   |
| Registration Date   | 13/01/1995  |
| Name of the Company   | Diligent Industries Limited   |
| Category / Sub-Category of the Company                                    | Company Limited by Shares/ Indian Non-Government Company  |
| Address of the Registered office and contact details                      | Dwarka Thirumala Road,<br>Denduluru Village and Mandal,<br>West Godavari - 534432.<br>Tel:08829-256077/99<br>Fax:08829-256088<br>Email: diligentinvestors@gmail.com   |
| Whether listed company  | Yes   |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | M/s. Venture Capital And Corporate Investments Pvt.Ltd.,12-10-167,<br>Bharatnagar, Hyderabad-500018.<br><b>Phone</b> : 040 23818475/23818476/23868023<br><b>Fax</b> : +91 040-23868024<br>Email:info@vccilindia.com |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Business activities contributing 10 % or more of the total turnover of the company

| S.No | Name and Description of main products / services       | NIC Code of the Product/ service | % to total turnover of the company |
|------|--|----------------------------------|------------------------------------|
| 1.   | Extraction of Edible Oils and Trading in related goods | 10402                            | 100%                               |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S.No | Name and Address of The company | CIN/GLN               | Holding/ Subsidiary/ Associate | % of sharesheld | Applicable Section |
|------|---------------------------------|-----------------------|--------------------------------|-----------------|--------------------|
| 1.   | GENESIS IBRC INDIA LIMITED      | L24100AP1992PLC107068 | Associate                      | 23.08           | 2(6)               |

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

**(i) Category-wise Share Holding \***

| Category of Share holders  | No. of Shares held at the beginning of the year |                  |                    |                   | No. of Shares held at the end of the year |                  |                    |                   | % Change during the year |
|--|---|------------------|--------------------|-------------------|---|------------------|--------------------|-------------------|--------------------------|
|  | Demat   | Physical         | Total              | % of Total Shares | Demat                                     | Physical         | Total              | % of Total Shares |                          |
| <b>A. Promoters</b>  |   |                  |                    |                   |   |                  |                    |                   |                          |
| <b>(1) Indian</b>  |   |                  |                    |                   |   |                  |                    |                   |                          |
| a) Individual/HUF  | 1,40,27,000                                     | 0                | 1,40,27,000        | 61.33             | 1,40,27,000                               | 0                | 1,40,27,000        | 61.33             | 0.00                     |
| b) Central Government  | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| c) State Government(s)   | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| d) Bodies Corporate  | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| e) Banks / FI  | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| f) Any Other   | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| <b>Sub-total (A) (1):-</b>   | <b>1,40,27,000</b>                              | <b>0</b>         | <b>1,40,27,000</b> | <b>61.33</b>      | <b>1,40,27,000</b>                        | <b>0</b>         | <b>1,40,27,000</b> | <b>61.33</b>      | <b>0.00</b>              |
| <b>(2) Foreign</b>   |   |                  |                    |                   |   |                  |                    |                   |                          |
| a) NRIs - Individuals  | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| b) Other – Individuals   | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| c) Any Other   | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| <b>Sub-total (A) (2):-</b>   | <b>0</b>  | <b>0</b>         | <b>0</b>           | <b>0.00</b>       | <b>0</b>                                  | <b>0</b>         | <b>0</b>           | <b>0.00</b>       | <b>0.00</b>              |
| <b>Total shareholding of Promoter</b>  |   |                  |                    |                   |   |                  |                    |                   |                          |
| <b>(A) = (A)(1)+(A)(2)</b>   | <b>1,40,27,000</b>                              | <b>0</b>         | <b>1,40,27,000</b> | <b>61.33</b>      | <b>1,40,27,000</b>                        | <b>0</b>         | <b>1,40,27,000</b> | <b>61.33</b>      | <b>0.00</b>              |
| <b>B. Public Shareholding</b>  |   |                  |                    |                   |   |                  |                    |                   |                          |
| <b>1. Institutions</b>   |   |                  |                    |                   |   |                  |                    |                   |                          |
| a) Mutual Funds  | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| b) Banks / FI  | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| c) Central Government  | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| <b>Sub-total (B)(1):-</b>  | <b>0</b>  | <b>0</b>         | <b>0</b>           | <b>0.00</b>       | <b>0</b>                                  | <b>0</b>         | <b>0</b>           | <b>0.00</b>       | <b>0.00</b>              |
| <b>2. Non-Institutions</b>   |   |                  |                    |                   |   |                  |                    |                   |                          |
| a) Bodies Corporate  |   |                  |                    |                   |   |                  |                    |                   |                          |
| i) Indian  | 2,13,645  | 20,400           | 2,34,045           | 1.02              | 8,451                                     | 20,400           | 28,851             | 0.13              | -0.89                    |
| ii) Overseas   | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| b) Individuals   |   |                  |                    |                   |   |                  |                    |                   |                          |
| i) Individual shareholders holding nominal share capital upto*1 lakh/2 lakh            | 6,89,143  | 13,96,640        | 20,85,783          | 9.12              | 7,22,808                                  | 13,66,240        | 20,89,048          | 9.13              | 0.01                     |
| ii) Individual shareholders holding nominal share capital in excess of * 1 lakh/2 lakh | 65,21,213                                       | 0                | 65,21,213          | 28.51             | 67,24,213                                 | 0                | 67,24,213          | 29.4              | -0.89                    |
| c) Others (NBFC Registered with RBI)   | 0   | 0                | 0                  | 0                 | 0   | 0                | 0                  | 0.00              | 0.00                     |
| Clearing Members   | 3,959   | 0                | 3,959              | 0.02              | 2,888                                     | 0                | 2,888              | 0.01              | -0.01                    |
| Non-Resident Indians   | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0                 | 0.00                     |
| <b>Sub-total (B)(2): -</b>   | <b>74,27,960</b>                                | <b>14,17,040</b> | <b>88,45,000</b>   | <b>38.67</b>      | <b>74,58,360</b>                          | <b>13,86,640</b> | <b>88,45,000</b>   | <b>38.67</b>      | <b>0</b>                 |
| <b>Total Public Shareholding</b>   |   |                  |                    |                   |   |                  |                    |                   |                          |
| <b>(B)=(B)(1) + (B)(2)</b>   | <b>74,27,960</b>                                | <b>14,17,040</b> | <b>88,45,000</b>   | <b>38.67</b>      | <b>74,58,360</b>                          | <b>13,86,640</b> | <b>88,45,000</b>   | <b>38.67</b>      | <b>0.00</b>              |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                                 |   |                  |                    |                   |   |                  |                    |                   |                          |
|  | 0   | 0                | 0                  | 0.00              | 0   | 0                | 0                  | 0.00              | 0.00                     |
| <b>Grand Total (A+B+C)</b>   | <b>2,14,54,960</b>                              | <b>14,17,040</b> | <b>2,28,72,000</b> | <b>100.00</b>     | <b>2,14,85,360</b>                        | <b>13,86,640</b> | <b>2,28,72,000</b> | <b>100.00</b>     | <b>0.00</b>              |

**(ii). Shareholding of Promoters:**

| S. No. | Shareholder's Name      | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change In share holding during the year |
|--------|-------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|        |                         | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1      | Vankineni Bhanu Prakash | 85,69,600                                 | 37.47                            | 85,69,600  | 85,69,600                           | 37.47                            | 0  | —   |
| 2      | Vankineni Phani Anupama | 7,38,400                                  | 3.23                             | 7,38,400   | 7,38,400                            | 3.23                             | 0  | —   |
| 3      | Vankineni Ratna Kumari  | 25,22,000                                 | 11.03                            | 25,22,000  | 25,22,000                           | 11.03                            | 0  | —   |
| 4      | Vankineni Kiran Kumar   | 8,45,000                                  | 3.69                             | 8,45,000   | 8,45,000                            | 3.69                             | 0  | —   |
| 5      | Vankineni Vijayalakshmi | 4,29,000                                  | 1.88                             | 4,29,000   | 4,29,000                            | 1.88                             | 0  | —   |
| 6      | Vankineni Padma Kumari  | 78,000                                    | 0.34                             | 78,000   | 78,000                              | 0.34                             | 0  | —   |
| 7      | Kalagara Savithri       | 8,45,000                                  | 3.69                             | 8,45,000   | 8,45,000                            | 3.69                             | 0  | —   |
|        | <b>TOTAL</b>            | <b>1,40,27,000</b>                        | <b>61.33</b>                     | <b>1,40,27,000</b>                               | <b>1,40,27,000</b>                  | <b>61.33</b>                     | <b>0</b>   | <b>—</b>                                  |

(iii) Change in Promoters' Shareholding: NO CHANGE

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

| S. No. | Name Of the Shareholder   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|---|---|----------------------------------|---|----------------------------------|
|        |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1.     | Paturi Srinivasa Rao<br>At the beginning of the year<br>At the end of the year          | 18,00,000                                 | 7.87                             | 18,00,000                               | 7.87                             |
| 2.     | Garapati G Ram Chowdary<br>At the beginning of the year<br>At the end of the year       | 8,45,000                                  | 3.69                             | 8,45,000                                | 3.69                             |
| 3.     | A Brahmaji<br>At the beginning of the year<br>At the end of the year                    | 3,95,154                                  | 1.73                             | 3,95,154                                | 1.73                             |
| 4.     | Mallikarjuna Rao Yerrapragada<br>At the beginning of the year<br>At the end of the year | 5,65,635                                  | 2.47                             | 5,65,635                                | 2.47                             |
| 5.     | Chintamaneni Naga Jyothi<br>At the beginning of the year<br>At the end of the year      | 4,97,800                                  | 2.18                             | 4,97,800                                | 2.18                             |
| 6.     | Parvataneni Satyanarayana<br>At the beginning of the year<br>At the end of the year     | 3,75,400                                  | 1.64                             | 3,75,400                                | 1.64                             |
| 7.     | T Venkata Appa Rao<br>At the beginning of the year<br>At the end of the year            | 3,39,506                                  | 1.48                             | 3,39,506                                | 1.48                             |
| 8.     | SATYANARAYANA N<br>At the beginning of the year<br>At the end of the year               | 202195                                    | 0.88                             | 287673                                  | 1.26                             |
| 9.     | Sajja Rohit<br>At the beginning of the year<br>At the end of the year                   | 2,50,000                                  | 1.09                             | 2,50,000                                | 1.09                             |
| 10.    | Sajja Vignatha<br>At the beginning of the year<br>At the end of the year                | 2,50,000                                  | 1.09                             | 2,50,000                                | 1.09                             |

(v) Shareholding of Directors and Key Managerial Personnel:

| S. No. | Name of the director / key managerial personnel (KMP)                             | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------|---|---|----------------------------------|---|----------------------------------|
|        |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1.     | Vankineni Bhanu Prakash<br>At the beginning of the year<br>At the end of the year | 85,69,600                                 | 37.47                            | 85,69,600                               | 37.47                            |
| 2      | Vankineni Phani Anupama<br>At the beginning of the year<br>At the end of the year | 7,38,400                                  | 3.23                             | 7,38,400                                | 3.23                             |
| 3.     | Vankineni Kiran Kumar<br>At the beginning of the year<br>At the end of the year   | 8,45,000                                  | 3.69                             | 8,45,000                                | 3.69                             |

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| Particulars   | Secured Loans excluding deposits | Unsecured Loans    | Deposits | Total Indebtedness |
|---|----------------------------------|--------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year |                                  |                    |          |                    |
| i) Principal Amount                                 | 1,895,115                        | 117,674,883        | —        | 119,569,998        |
| ii) Interest due but not paid                       | —                                | —                  | —        | —                  |
| iii) Interest accrued but not due                   | —                                | —                  | —        | —                  |
| <b>Total (i+ii+iii)</b>                             | <b>1,895,115</b>                 | <b>117,674,883</b> | <b>—</b> | <b>119,569,998</b> |
| Change in Indebtedness during the financial year    |                                  |                    |          |                    |
| • Addition  | —                                | —                  | —        | —                  |
| • Reduction   | 280,443                          | 6,411,797          | —        | 6,692,240          |
| Net Change  | <b>280,443</b>                   | <b>6,411,797</b>   | <b>—</b> | <b>6,692,240</b>   |
| Indebtedness at the end of the financial year       |                                  |                    |          |                    |
| i) Principal Amount                                 | 1,614,672                        | 111,263,086        | —        | 112,877,758        |
| ii) Interest due but not paid                       | —                                | —                  | —        | —                  |
| iii) Interest accrued but not due                   | —                                | —                  | —        | —                  |
| <b>Total (i+ii+iii)</b>                             | <b>1,614,672</b>                 | <b>111,263,086</b> | <b>—</b> | <b>112,877,758</b> |



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(Amount in Rs.)

| S.No. | Particulars of Remuneration   | Managing Director        | Executive Director            | Total Amount                  |
|-------|---|--------------------------|-------------------------------|-------------------------------|
| 1.    | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Not paid during the year | Rs.4,80,000<br><br>—<br><br>— | Rs.4,80,000<br><br>—<br><br>— |
| 2.    | Stock Option  | —                        | —                             | —                             |
| 3.    | Sweat Equity  | —                        | —                             | —                             |
| 4.    | Commission<br>- as % of profit<br>- others, specify...  | —                        | —                             | —                             |
| 5.    | Others, please specify  | —                        | —                             | —                             |
|       | Total (A)   | —                        | Rs.4,80,000                   | Rs.4,80,000                   |
|       | Ceiling as per the Act  | Rs.42,00,000             | Rs.42,00,000                  | Rs.84,00,000                  |

*B. Remuneration to other directors:*

(Amount in Rs.)

| S.No. | Particulars of Remuneration   | Name of Directors               | Total Amount |
|-------|---|---------------------------------|--------------|
| 1.    | <i>Independent Directors</i><br>• <i>Fee for attending board / committee meetings</i><br>• <i>Commission</i><br>• <i>Others, please specify</i> | —                               | —            |
| 2.    | <i>Total (1)</i>  |                                 |              |
|       | Other Non-Executive Directors<br>• Fee for attending board / committee meetings<br>• Commission<br>• Others, please specify                     | —                               | —            |
|       | Total (2)   | —                               | —            |
|       | Total (B)=(1+2)   |                                 | —            |
|       | Total Managerial Remuneration   |                                 | —            |
|       | Overall Ceiling as per the Act  | Rs.1,00,000/- per Board Meeting |              |

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD**

(Amount in Rs.)

| S.No. | Particulars of Remuneration  | Vankineni Kiran Kumar (CFO)  | Chada Jagadeesh Reddy* | Total Amount |
|-------|--|--|------------------------|--------------|
| 1.    | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | He has been paid remuneration as Executive Director. Hence, no remuneration was paid as CFO during the year. | 1,05,000<br>—<br>—     | 1,05,000     |
| 2.    | Stock Option   | —  | —                      | —            |
| 3.    | Sweat Equity   | —  | —                      | —            |
| 4.    | Commission<br>- as % of profit<br>- others, specify...   | —  | —                      | —            |
| 5.    | Others, please specify   | —  | —                      | —            |
|       | Total (A)  | —  | 1,05,000               | 1,05,000     |
|       | Ceiling as per the Act   | —  | —                      | —            |

\* Mr. Chada Jagadish Reddy, Company Secretary and Compliance officer of the Company, was appointed as such w.e.f. 01<sup>st</sup> September, 2018 and has resigned from the office w.e.f. 15<sup>th</sup> April, 2019.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type                             | Section of The Companies Act | Brief Description | Details of Penalty /Punishment/ Compounding fees imposed | Authority[RD / NCLT/COURT] | Appeal made, if any(give Details) |
|----------------------------------|------------------------------|-------------------|--|----------------------------|-----------------------------------|
| Penalty                          | —                            | —                 | —  | —                          | —                                 |
| Punishment                       | —                            | —                 | —  | —                          | —                                 |
| Compounding                      | —                            | —                 | —  | —                          | —                                 |
| <b>OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                            |                                   |
| Penalty                          | —                            | —                 | —  | —                          | —                                 |
| Punishment                       | —                            | —                 | —  | —                          | —                                 |
| Compounding                      | —                            | —                 | —  | —                          | —                                 |

**By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED**

**Place: Denduluru  
Date: 14.08.2019**

**Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910**

**Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032**

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

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

For the Financial Year Ended 31<sup>st</sup> March, 2019

To  
The Members,  
Diligent Industries Limited  
Dwaraka Thirumala Road  
Denduluru (V & M)  
West Godavari  
AP- 534432.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **Diligent Industries Limited**, (hereinafter referred to as “the Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31<sup>st</sup> March, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- i) The Companies Act, 2013 (the Act) (applicable sections as on date) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under by the Securities and Exchange Board of India (SEBI);
- iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;
- v) Provisions of the following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) were not applicable to the Company in the financial year under report: -
  - a) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - b) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

- d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- vi) The industry specific law(s) that are applicable to the Company are as follows:
  - a) National Oil Seeds and Vegetable Oils Development Board Act, 1983;
  - b) Food Safety and Standards Act, 2006.
  - c) Indian Boilers Act, 1923.

We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards SS-1 and SS-2 with respect to meetings of the Board of Directors and General Meetings, respectively, issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

**We report** that during the period under review, the Company has duly complied with the provisions of the Companies Act, 2013, Regulations of SEBI and other acts, as specified above, applicable to the industry of the Company, except the following:

1. *The Company had not appointed Whole Time Company Secretary till 31<sup>st</sup> August, 2018 from 15<sup>th</sup> May, 2016 (i.e. within the expiry of 6 (Six) months) in accordance with the provisions of Section 203 of the Companies Act, 2013.*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. During the year under review, there was no change in the composition of the Board.

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

As a general practice of the Board, decisions were taken on unanimous consent.

**We further report that** no prosecutions were initiated and no fines or penalties were imposed for the year, under the Companies Act, FEMA, SEBI Act, SCRA or other SEBI Regulations, on the Company or its directors and officers during the period under review.

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

**For P.S. Rao & Associates  
Company Secretaries**

**Place: Hyderabad**

**Date: 14.08.2019**

**Sd/-  
P.S.Rao  
Company Secretary  
FCS No: 10322  
P No: 3829**

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

To  
The Members,  
Diligent Industries Limited  
Dwaraka Thirumala Road  
Denduluru (V & M)  
West Godavari  
AP- 534432.

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

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

**For P.S. Rao & Associates  
Company Secretaries**

**Place: Hyderabad  
Date: 14.08.2019**

**Sd/-  
P.S.Rao  
Company Secretary  
FCS No: 10322  
P No: 3829**

**ANNEXURE - III****PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014****(A) Conservation of energy-**

The Company has been laying emphasis on the conservation of energy and taking several measures like effective control on utilization of energy and regular monitoring of its consumption etc.

**(B) Technology absorption-**

- (i) the efforts made towards technology absorption; NIL
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; NIL
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- N.A.
- (iv) the expenditure incurred on Research and Development- NIL

**(C) Foreign exchange earnings and Outgo- NIL**

**By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED**

**Place: Denduluru**

**Date: 14.08.2019**

**Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910**

**Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032**

## ANNEXURE - IV

## PARTICULARS OF EMPLOYEES

[Pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- i) The percentage of increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19.

Remuneration, among directors, is paid only to Mr. Kiran Kumar Vankineni as executive director of the Company. Remaining Directors are not in receipt of any remuneration other than sitting fees.

| S. No | Name of Director        | Remuneration 2018-19 | Remuneration 2017-18 | Percentage Change (%) |
|-------|-------------------------|----------------------|----------------------|-----------------------|
| 1     | Bhanu Prakash Vankineni | Foregone             | Foregone             | NIL                   |
| 2     | Kiran Kumar Vankineni   | Rs. 480,000          | Rs. 480,000          | NIL                   |
| 3     | Chada Jagadish Reddy*   | Rs. 105,000          | NIL                  | NIL                   |

\* Mr. Chada Jagadish Reddy, Company Secretary and Compliance officer of the Company, was appointed as such w.e.f. 01<sup>st</sup> September, 2018 and has resigned from the office w.e.f. 15<sup>th</sup> April, 2019.

- ii) ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| S. No. | Name of Director/ KMP and Designation      | The ratio of the remuneration of each director to the median remuneration of the employees for the financial year | The Percentage increase in remuneration of each director, CFO, CEO in the financial year |
|--------|--|---|--|
| 1.     | Bhanu Prakash Vankineni (MD)               | Foregone<br>(During the year no remuneration was paid)  | NIL  |
| 2.     | Kiran Kumar Vankineni (CFO)                | 5.00X   | NIL  |
| 3.     | Chada Jagadish Reddy*<br>Company Secretary | 1.09X   | NIL  |

\* Mr. Chada Jagadish Reddy, Company Secretary and Compliance officer of the Company, appointed as such w.e.f. 01<sup>st</sup> September, 2018 and has resigned from the office w.e.f. 15<sup>th</sup> April, 2019

Note: Here 'X' is a median remuneration of the permanent employees is Rs. 96,000/- per annum.

- iii) In the financial year, there was an increase of NIL % in the median remuneration of employees;
- iv) There were 13 permanent employees on the rolls of Company as on March 31, 2019;
- v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 was NIL % whereas the decrease/ increase in the managerial remuneration for the same financial year was NIL%.
- vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- vii) Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**Particulars of top ten employees in terms of remuneration drawn.**

(Amount in Lakhs)

| S. No | Employee name    | Designation         | Educational qualification | Age | Experience | Date of Joining | Gross remuneration paid | Previous employment and designation, If any | No. Shares held, If any | Whether relative to director or manager |
|-------|------------------|---------------------|---------------------------|-----|------------|-----------------|-------------------------|---|-------------------------|---|
| 1     | Lakshmi Narayana | Plant Incharge      | I.T.I                     | 51  | 25         | 04-01-2008      | 2.04                    | -   | -                       | -                                       |
| 2     | V.Satish         | Lab Incharge        | Graduate                  | 39  | 20         | 04-01-2008      | 1.80                    | -   | -                       | -                                       |
| 3     | P.Sattibabu      | Boiler Incharge     | Intermediate              | 38  | 12         | 01-06-2016      | 1.49                    | -   | -                       | -                                       |
| 4     | M.S.Ramarao      | Electrical Incharge | 9 <sup>th</sup> Class     | 61  | 30         | 12-02-2012      | 1.44                    | -   | -                       | -                                       |
| 5     | K.V.Ramprasad    | Factory Incharge    | 9 <sup>th</sup> Class     | 42  | 22         | 19-03-2008      | 1.44                    | -   | -                       | -                                       |
| 6     | E.Srinivasa Rao  | Office Staff        | 10 <sup>th</sup> Class    | 51  | 25         | 10-01-2009      | 0.96                    | -   | -                       | -                                       |
| 7     | Y.Ramu           | Goodown Staff       | 5 <sup>th</sup> Class     | 57  | 30         | 19-03-2008      | 0.96                    | -   | -                       | -                                       |
| 8     | P.M.D.Praveen    | Office Staff        | Graduate                  | 29  | 6          | 01-09-2014      | 0.90                    | -   | -                       | -                                       |
| 9     | K.Gandhi         | Goodown Supervisor  | old matriculation         | 70  | 35         | 07-04-2008      | 0.85                    | -   | -                       | -                                       |
| 10    | P.Rajini         | Accounts            | Intermediate              | 40  | 8          | 01-07-2013      | 0.65                    | -   | -                       | -                                       |

viii) During the year under review, no employee was in receipt of remuneration exceeding one crore and two lakh rupees for the reporting year and no employee was paid for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.

**By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED**

**Place: Denduluru  
Date: 14.08.2018**

**Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910**

**Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032**



## Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

The Company has no subsidiaries.

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: (Rs. in Lakhs)

| S.No | Particulars  | GENESIS IBRC INDIA LIMITED   |
|------|--|--|
| 1    | Latest Balance Sheet Date                                      | 31.03.2019   |
| 2    | Shares of Associate Company held by the Company as on year end |  |
|      | No. of shares (in units)                                       | 30,00,000  |
|      | Amount of Investment in Associate Company                      | 300.00   |
|      | Extent of Holding %  | 23.08  |
| 3    | Description of how there is Significant Influence              | N.A.   |
| 4    | Reason why the associate is not consolidated                   | This Associate Company has not yet commenced its commercial operations. Due to this, the effect on the consolidation will be Nil. Hence, there will not be any change in the standalone or consolidated financial statements |

By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED

Place: Denduluru

Date: 14.08.2019

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

**FORM NO. AOC -2**

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2019, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis:

The details of material contracts or arrangements or transactions at arm's length basis during the year ended 31<sup>st</sup> March, 2019 are as follows:

| Nature of contract & Name of the related party | Nature of relationship | Duration of Contracts | Salient Terms  | Amount (Rs. in Lakhs) |
|--|------------------------|-----------------------|----------------|-----------------------|
| Loan from Mr. Bhanu Prakash Vankineni          | Managing Director      | As mutually agreed    | Unsecured Loan | 169.08                |
| Loan repaid to Mr. Bhanu Prakash Vankineni     | Managing Director      | As mutually agreed    | Unsecured Loan | 290.15                |
| Loan from Mrs. Phani Anupama Vankineni         | Director               | As mutually agreed    | Unsecured Loan | 86.99                 |
| Loan repaid to Mrs. Phani Anupama Vankineei    | Director               | As mutually agreed    | Unsecured Loan | 30.05                 |

By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED

Place: Denduluru

Date: 14.08.2019

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

## ANNEXURE - VII

## Related Party Disclosure as per Schedule V of SEBI (LODR) Regulations, 2015

(Amount in Lakhs)

| Nature of contract & Name of the related party | Nature of relationship | Duration of Contracts | Salient Terms  | Transaction for 2018-19 | Closing Balance as on 31 <sup>st</sup> March, 2019 |
|--|------------------------|-----------------------|----------------|-------------------------|--|
| Loan From Mr. Bhanu Prakash Vankineni          | Managing Director      | As mutually agreed    | Unsecured Loan | 169.08                  | 946.53   |
| Loan repaid to Mr. Bhanu Prakash Vankineni     | Managing Director      | As mutually agreed    | Unsecured Loan | 290.15                  | —  |
| Loan from Mrs. Phani Anupama Vankineni         | Director               | As mutually agreed    | Unsecured Loan | 86.99                   | 166.09   |
| Loan repaid to Mrs. Phani Anupama Vankinei     | Director               | As mutually agreed    | Unsecured Loan | 30.05                   | —  |

By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED

Place: Denduluru

Date: 14.08.2019

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

**MANAGEMENT DISCUSSION & ANALYSIS****I. Industry structure and development:**

The global edible oil market is segmented into palm, rice bran oil, sunflower, olive, corn and canola oils, as well as specialty blended oils and others. The palm oil segment is projected to register the fastest growth rate through the forecast period, with the segment accounting over 32% share in the global market in terms of volume in 2015.

According to a new report published by Persistence Market Research, India has the fifth largest edible oil economy in the world which accounts for 4% of global vegetable oil production, 12% of global consumption and 21% of globally traded volumes. Even though India occupies a prominent position in the global oilseeds production more than 70% of India's edible oil demand is met by imports and it is projected that the India may need to import 14 million ton of edible oil by the year 2020. Indian Oilseed production is about 25-26 million ton leading to 10.75 million ton of edible oil.

The global edible oils market is segmented on the basis of region, into North America, Europe, Asia Pacific, Latin America and Middle-East and Africa (MEA). Asia Pacific is projected to dominate the global market, accounting for 41.29% share in 2015, and is expected to account for 42.40% at the end of 2024. The projected market trend can be ascribed to growing demand for edible oils in India and China, especially in the food and beverage industries.

**II. Strengths/Opportunities:**

- a. A well-established supplier in the edible oil segment, in operation and manufacturing a diverse range of edible oils covering refined castor oil, rice bran oil, palm oil, cottonseed oil, groundnut oil and other vegetable oils.
- b. The promoters are having more than a decade of experience in the business of edible as well as non-edible oils.
- c. The Company has its extensive marketing and distribution network which reaches out the customers in India.
- d. The Company's focus is on Healthy edible oils which include rice bran oil and vegetable oil as they are more preferred with increasing health consciousness in the country – edible oil segment is growing at a CAGR of 10% to 15% and as such health friendly oils are growing at a CAGR of over 20% in India. This creates a big opportunity for the company to make its existing local brands popular on a national scale.

**III. Weaknesses / Risks and concern:****Business Risk:**

The Edible Oil Industry is exposed to significant threats that arise because of price volatilities, regulatory uncertainties and raw material availability concerns. It also faces stiff challenges in marketing its products since there is little product differentiation, and assured off-take or long-term contracts are few and far between. The industry also has a high credit risk, which arises from its widespread debtor base and the trading nature of Its operations. Solvent extraction units face huge raw material availability risks since oilseed imports are minimal and largely restricted. Hence, the domestic extraction industry has to depend solely on the domestic crop, which, in turn, depends on monsoons, crop yields, and area under cultivation, minimum support prices and other financial incentives announced by the government. Apart from its highly seasonal nature, oilseed production fluctuates widely because of these variables. Moreover, nearly 35 percent of domestic oil consumption is dependent on imports. Hence, global demand-supply dynamics too have a key bearing on domestic realizations with domestic prices increasingly aligning themselves to

international ones. Since international oil prices continue to exhibit highly volatile patterns, they affect domestic players. Although the industry offers a natural hedge to some extent since input and output prices are correlated, any adverse movement in prices could make the business unviable because of the industry is extremely thin bottom-line. The domestic Edible Oil Industry also faces significant regulatory risks as evident in the Government's increasing interventions through frequent changes in customs and excise duty structures and international trade-related regulations (import and export restrictions). These changes have a far-reaching impact on players since the consumers' high price sensitivity leads to shifts in the demand pattern among various edible oils. As a result, one oil category often expands at the cost of another.

**Government Policies:**

The policies announced by the Government have been progressive and are expected to remain likewise in future, and have generally taken an equitable view towards various stakeholders, including domestic farmers, industry, consumers etc. Government policies play an important role in the businesses of your Company.

**Risk Mitigation Practices****Availability Risk:**

Industry players maintain adequate stocks to achieve optimal capacity utilization during the off-season, making their operations highly working capital-intensive and raising stockholding costs. This practice also increases price risk to some extent, since the industry could face volatility between the procurement of the inputs and the sale of the outputs, impacting margins. Companies also prefer to be located close to raw material sources.

**Price Risk:**

Companies use risk mitigation tools such as agro-commodity futures to manage price risk. Globally, commodity exchanges like the Chicago Board of Trade (CBOT) have significantly higher volumes than the equity exchanges in the country, but domestic exchanges have low volumes and have traditionally been technologically inferior to their international counterparts. Nationwide commodity exchanges have come up recently such as the National Commodity and Derivatives Exchange (NCDEX) and Multi-Commodity Exchange (MCX), which are trying to match international standards of connectivity and scalability. Nevertheless, a significant proportion of domestic players still do not hedge their positions, leading to high volatility in margins. Companies also use forward currency covers for imports and exports to hedge against currency risks. Besides, big players are looking at branding and retailing of edible oils since this offers higher realizations and greater pricing flexibility than bulk oils. This, however, entails considerable investments in a marketing and distribution network and requires a reasonable size of operation, which small-unorganized players may not possess.

**Regulatory Risk:**

Some of the Edible Oil players are diversifying their operations across more than one oil category to insulate themselves from any demand substitution due to relative duty changes. Also, some companies have set up import-based refining plants in areas that offer tax breaks such as Kandla Port in Gujarat to save on customs duty, apart from enjoying cost economies because of their proximity to the input source.

**Credit Risk:**

On an average, players provide a credit period of 2 to 4 weeks. While this is specific to a player's internal credit policy, a high debtor turnover is desirable. Additional incentives such as cash discounts are also a common feature in the business. Companies also enter into letter of credit-based contracts for exports of DOC and other products.

**Risk Management Policy:**

The Company, by adopting a Risk Management Policy, has ensured the awareness of its standards for risk taking while conducting business. The aim of this policy is not to eliminate risk. It is to assist personnel to manage the risks involved in all activities to maximize opportunities and minimize adverse consequences.

**IV. Outlook:**

India's edible oil production remained in the range of 6.6- 8.2 billion tonnes during the last five oil years November 2012- October 2017. The Country's edible oil production grew by 15.2% y-o-y to 7.6 million tonnes during 2016-17. In the on-going oil year, domestic production of edible oil from oilseeds is expected to remain almost flat on the back of estimated 2% y-o-y decline in oilseed production to 30.6 million tonnes during the year. The fall in the oilseed output will be driven by 16.9% decline in soyabean production due to unfavorable climatic conditions. Lower Prices for the crop in the last year are believed to have impacted its production during the year.

**Imports:**

While India's edible oil output from oilseeds is expected to remain flat, the country's demand for edible oil is likely to increase steadily during the year 2017-18. Thus, the Country will continue to depend on the imports of edible oil to meet the domestic requirements. India meets a large part of the internal needs through imports and the Country's dependence has increased over the years and currently around 65-70% of the domestic edible oil requirements are met through this route

**V. Internal Control System and its Adequacy:**

DIL has well-established processes and clearly-defined roles and responsibilities for people at various levels. This, coupled with adequate internal information systems embedded in business automation software, ensures proper information flow for the decision-making process. Adherence to these processes is ensured through frequent internal audits. The Executive Committees monitors business operations through regular reviews of performance vis-a-vis budgets. An extensive program of internal audit conducted by the internal audit team, reviewed by the Audit Committee, and requisite guidelines and procedures augment the internal controls. The internal control system is designed to ensure that financial and other records are reliable for preparing financial statements and other information. These procedures ensure that all transactions are properly reported and classified in the financial records.

**VI. Financial Performance with respect to operational Performance:**

During the year under review, the management concentrated on the optimum utilization of working capital resources and better financial management along with debtors as it could save interest costs. However, non-availability of raw-materials timely affected the margins severely. The Company continues to concentrate on better working capital management as other overheads could not be controlled.

**VII. Human Relations and Industry Relations:**

The Company continued to make significant progress on strengthening HR Processes and Practices to build organization for current as well as future sustainability during the year. The Company focuses on providing individual development and growth in a professional work culture that ensures high performance. The Company has concentrated on enhancing capability of employees that ultimately helps achieving better standards of operations. The Company organizes various Seminars for the up gradation of Employees. Moreover, to enhance the skills of Employees various Training programs are also arranged by the Company

**VIII. Ratio Analysis:**

During the year under review, there have been no significant changes in the key financial ratios in comparison with FY 2017-18.

**IX. Cautionary Statement**

Some of the statements contained in this report related to objectives, outlook and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Factors that could make significant difference to the Company's operations including economic developments, government regulations, patent and tax laws and related factors.

The company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

**By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED**

**Place: Denduluru**

**Date: 14.08.2019**

**Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910**

**Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032**

**CORPORATE GOVERNANCE REPORT****(Pursuant to Schedule V C of the SEBI(LODR) Regulations, 2015)**

The Company's shares are listed on BSE Limited. The Corporate Governance Report has been prepared in accordance with Regulation 34 read with Schedule V C of the of the SEBI (LODR) Regulations, 2015.

**1. CORPORATE GOVERNANCE PHILOSOPHY**

The Company is committed to the highest standards of Corporate Governance Practices. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance will certainly benefit the Board and Management to carry out the objectives effectively for the benefit of the company and its shareholders. The code of Corporate Governance emphasizes the transparency of systems to enhance the benefit of shareholders, customers, creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standards of ethical conduct are maintained throughout the organization.

**2. BOARD OF DIRECTORS**

The Board of Directors along with its committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board presently comprises of Five (5) Directors, having rich and vast experience with specialized skills in their respective fields, out of which Three (3) are Non-Executive Directors. The Company has a Non-Executive Chairman. The Board consists of two Independent Directors. The composition of Board of Directors is in conformity with the Regulation 17 of the SEBI (LODR) Regulations, 2015 ('the Listing Regulations') and the provisions of Section 149 of the Companies Act, 2013 ('Act').

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other Directorships, along with Committee positions held by them in other Companies. The composition of the Board and category of Directors is as follows:

**Composition of Board and Category of Directors:**

| Name of the Director     | Category                                  | Designation          | No of Shares held in the Company |
|--------------------------|---|----------------------|----------------------------------|
| Bhanu Prakash Vankineni  | Executive Director<br>(Promoter)          | Managing Director    | 85,69,600                        |
| Phani Anupama Vankineni  | Non-Executive<br>Non-Independent Director | Director             | 7,38,400                         |
| KiranKumar Vankineni     | Executive Director                        | Director             | 8,45,000                         |
| Srinivas Babu Edupuganti | Non-Executive Director                    | Independent Director | Nil                              |
| V.V. Vinod Kumar         | Non-Executive Director                    | Independent Director | Nil                              |



**The Details of attendance of Directors at the AGM, Board Meetings with the particulars of their Directorship and Chairmanship/Membership of Board/Committees in other Companies are as under:**

| Name of the Director                             | No of Board Meetings during the Year 2018-2019 and attendance |          | Attendance at last AGM 29-09-2018 | @ No. of Director ships held in other Companies | # Committee Memberships and Chairmanships in other Companies |               | Name of the Other Listed Companies and Category of Directorship |
|--|---|----------|-----------------------------------|---|--|---------------|---|
|  | Held  | Attended |                                   |   | Member ship  | Chairman ship |   |
| Bhanu Prakash Vankineni<br>Managing Director     | 5   | 5        | Yes                               | 1   | NIL  | NIL           | NIL   |
| Phani Anupama Vankineni<br>Executive Director    | 5   | 5        | Yes                               | -   | NIL  | NIL           | NIL   |
| Kiran Kumar Vankineni<br>Executive Director      | 5   | 5        | Yes                               | -   | NIL  | NIL           | NIL   |
| Srinivas Babu Edupuganti<br>Independent Director | 5   | 5        | Yes                               | -   | NIL  | NIL           | NIL   |
| V.V.Vinod Kumar<br>Independent Director          | 5   | 5        | Yes                               | 2   | 1  | 1             | RAMINFO LIMITED<br>(Independent Director)                       |

@Note: Excluding Directorship in Foreign Companies and Section 8 Companies.

# Only Membership of Audit and Stakeholder Relationship Committees are considered.

**Relationship inter-se among Directors:**

In accordance with the provisions of Section 2(77) of the Companies Act, 2013 and rules made there-under, Mr. Bhanu Prakash Vankineni, Managing Director, Mrs. Phani Anupama Vankineni and Mr. Kiran Kumar Vankineni belong to promoter group and are related to each other.

As per the disclosures given by the respective directors, no director is a member of more than ten committees and Chairman of more than five committees, as specified in Regulation 26 of Listing Regulations, across all the Companies in which he/she is a director. Further, no director is acting as Independent Director of more than Seven Listed Companies, and if a Whole Time Director of Listed Company, not more than three Listed companies.

The Matrix presenting the director area of expertise against the experience is specified as follows:

| Name of the Director     | Designation          | Experience | Field of Expertise   |
|--------------------------|----------------------|------------|--|
| Bhanu Prakash Vankineni  | Managing Director    | 31         | Strategic Business Planning, Business development                                      |
| Phani Anupama Vankineni  | Director             | 26         | Administrative Functions   |
| Kiran Kumar Vankineni    | Director             | 20         | Expertise in the field of engineering and has sound technical knowledge and experience |
| Srinivas Babu Edupuganti | Independent Director | 25         | Accounts, Legal, Finance and Governance matters  |
| V.V. Vinod Kumar         | Independent Director | 12         | Legal, Secretarial and Regulatory matters  |

The Company is in compliance with Section 203 read with Sections 2(19) & 2(51) of the Companies Act, 2013 and Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, including any statutory modification(s) or re-enactment(s) thereof.

**Meeting of the Board of Directors:**

During the financial year 2018-19, Five (5) Board Meetings were held on 30.05.2018, 14.08.2018, 01.09.2018, 14.11.2018, and 14.02.2019. The maximum gap between two consecutive meetings did not exceed One Hundred and Twenty Days (120 days). The necessary quorum was present for all the meetings.

**Independent Directors:**

During the period under review, no Independent Director has resigned before the expiry of his tenure.

**Meeting of Independent Directors:**

A separate meeting of Independent Directors was held on 14<sup>th</sup> February, 2019, inter alia, to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairman and to assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The terms and conditions for appointment of Independent Directors are detailed in the Company's policy on Terms & Conditions for appointment of Independent Directors which can be accessed at [www.diligentindustries.com](http://www.diligentindustries.com)

In the opinion of the Board the Independent Directors fulfill the conditions specified in Regulation 25 of Listing Regulations read with Schedule IV of the Companies Act, 2013 and are of Independent of the Management.

Familiarisation Programmes imparted to Independent Directors:

The Company conducted familiarisation program for the Independent Directors to familiarize them with their roles, rights, responsibilities in the Company, nature of the Industry in which the Company operates, business mode of the Company and Internal procedures and controls etc.

Familiarisation programmes of the Directors is available on the website and can be accessed at [www.diligentindustries.com](http://www.diligentindustries.com).

Code of Conduct for Directors and Senior Management:

The Company has framed a Code of Conduct for its Directors and Senior Management Personnel and revised it as per the requirements of the statute. The said code is hosted on the Company's website ([www.diligentindustries.com](http://www.diligentindustries.com)). The Code of Conduct is applicable to all Directors and Senior Management of the Company. All the members of the Board and Senior Management of the Company have confirmed compliance with their respective Code of Conduct for the financial year ended 31st March, 2019.

Further, a declaration signed by the Managing Director stating the compliance of Code of Conduct by the Board of Directors and Senior Management is annexed hereto and forms part of this Report.

**3. COMMITTEES OF BOARD:****A. Audit Committee:**

The Board constituted a Qualified and Independent Audit Committee comprising of three directors as members of the Committee in which two thirds of the members are independent directors in accordance with the Regulation 18 of SEBI (LODR) Regulations 2015, and Section 177 of the Companies Act, 2013.

The Committee is empowered with the roles and powers as prescribed under Regulation 18 of Listing Regulations and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions of the Board from time to time.

During the year the composition of the Audit Committee and the attendance of each Member of the Committee at the meetings as follow:

| S.No | Name of the Director     | Category    | Nature of Directorship | No. of meetings held during the year | No. of meetings attended |
|------|--------------------------|-------------|------------------------|--------------------------------------|--------------------------|
| 1    | V.V.Vinod Kumar          | Chairperson | Independent Director   | 4                                    | 4                        |
| 2    | Srinivas Babu Edupuganti | Member      | Independent Director   | 4                                    | 4                        |
| 3    | Bhanu Prakash Vankineni  | Member      | Managing Director      | 4                                    | 4                        |

The Chairman of the Audit Committee also attended the last Annual General Meeting of the company.

The Managing Director, Chief Financial Officer, Sr. Mgr. Finance, Statutory Auditors and Internal Auditors are also invited to the meetings, as required, to brief the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

During the year, four meetings of the Audit Committee were held and the said meetings were held on 30.05.2018, 14.08.2018, 14.11.2018, 14.02.2019. The gap between two audit Committee meetings did not exceed one hundred and twenty days (120 days).The necessary quorum was present at all the meetings.

#### **B. Nomination & Remuneration Committee:**

The Committee is empowered with the roles and powers as prescribed under Regulation 19 of SEBI (LODR) Regulations, 2015 as amended from time to time, Section 178 of the Companies Act, 2013 and in the Nomination and Remuneration policy of the Company. The Committee also acts in terms of reference and directions of the Board from time to time.

The Remuneration Committee comprises of Three (3) Non-Executive Directors. The present composition of the Remuneration Committee is as follows:

| S.No | Name of the Director     | Category    | Nature of Directorship                 | No. of meetings held during the year | No. of meetings attended |
|------|--------------------------|-------------|--|--------------------------------------|--------------------------|
| 1    | Srinivas Babu Edupuganti | Chairperson | Independent Director                   | 2                                    | 2                        |
| 2    | V.V.Vinod Kumar          | Member      | Independent Director                   | 2                                    | 2                        |
| 3    | Phani Anupama Vankineni  | Member      | Non-Executive Non-Independent Director | 2                                    | 2                        |

During the year, two meetings of Nomination and Remuneration Committee were held and the said meetings were held on 14.11.2018 and 14.02.2019.

The role of the NRC is as specified under Schedule II Part (D) of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. Apart from this NRC reviews profiles & experience, performance appraisals and recommends the remuneration package payable to Executive Director(s) and other Senior Executives in the top-level management of the Company and other elements of their appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time.

#### **Nomination and Remuneration Policy:**

The Company's Remuneration policy as applicable to Directors, Key Managerial Persons and other Senior Management Personnel of the Company is annexed as **Annexure-X** to the Board's Report.

The details of remuneration and commission paid during the year to the Managing Director, is as follows:

| Category of Payment              | Amount in Rs. |
|----------------------------------|---------------|
| a. Fixed Component               | NIL           |
| b. Performance Lined Incentives  |               |
| Allowances, Perquisites & others | -             |
| Commission                       | -             |
| Company's Contribution to PF     | -             |
| Perks                            |               |
| Total                            | NIL           |

Compensation paid to Non-Executive Directors and their shareholding is as follows:

| Name of the Director     | Designation                             | Sitting fees paid Rs. | No. of shares held on 31-03-2019 |
|--------------------------|---|-----------------------|----------------------------------|
| Phani Anupama Vankineni  | Non- Executive Non-Independent Director | Nil                   | 7,38,400                         |
| Srinivas Babu Edupuganti | Independent Director                    | Nil                   | Nil                              |
| V.V.Vinod Kumar          | Independent Director                    | Nil                   | Nil                              |

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

#### Performance Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has recommended the guidelines for evaluation of Independent Directors. It largely includes:

- The qualification and experience of Independent Directors
- The ground work that the Independent Directors prepare before attending the meeting to enable them in giving valuable inputs during meeting.
- The exposure of the Independent Directors in different areas of risk the entity faces and advices them to mitigate the same.

#### C. Stakeholders Relationship Committee (SRC):

The stakeholders Relationship Committee was re-constituted, in line with the amendments to SEBI (listing obligations and Disclosure requirements) Regulations, 2015, as under:

| S.No | Name of the Director      | Category | Nature of Directorship                 | No. of meetings held during the year | No. of meetings attended |
|------|---------------------------|----------|--|--------------------------------------|--------------------------|
| 1    | Phani Anupama Vankineni   | Chairman | Non-Executive Non-Independent Director | 1                                    | 1                        |
| 2    | Bhanu Prakash Vankineni   | Member   | Managing Director                      | 1                                    | 1                        |
| 3    | Srinivas Babu Edupuganti* | Member   | Independent Director                   | 1                                    | 0                        |

\*Srinivas Babu Edupuganti was appointed as Member of SRC w.e.f. 14<sup>th</sup> February, 2019.

The Stakeholders Relations Committee of the Board is empowered to oversee the redressal of investor's complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with SEBI (LODR) Regulations, 2015, the Board authorized the Registrar and Transfer Agent (RTA) of the Company i.e. Venture Capital and Corporate Investments Private Limited, to process the requests for transfer and transmission of shares. All the investors' Complaints, which cannot be settled at the level RTA and the Compliance officer, will be placed before the Committee for final settlement.

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31<sup>st</sup> March, 2019.

Name and designation of Compliance Officer:

In pursuance of resignation of Mr. Chada Jagadish Reddy, Company Secretary and Compliance Officer w.e.f.15<sup>th</sup> April, 2019, the Board of Directors appointed Mr. Bhanu Prakash Vankineni, Managing Director, as compliance officer of the Company

Name of Compliance Officer : Bhanu Prakash Vankineni

Email- id for investor grievances : [diligentinvestors@gmail.com](mailto:diligentinvestors@gmail.com)

Number of Shareholders' complaints

received so far : During the year ended 31<sup>st</sup> March, 2019, the Company has not received any complaints and as a result, there were no pending complaints as at the year end.

No of pending Complaints : NIL

No of complaints not solved to the satisfaction

Of shareholders : NIL

#### 4. Certificate from Practising Company Secretary for Non-disqualification of Directors:

Mr. P. S. Rao, Practising Company Secretary, P.S.Rao & Associates, Company Secretaries, has given a certificate that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

#### 5. M/s NSVR & Associates LLP., Chartered Accountants (Firm Registration Number: 008801S) have been appointed as the Statutory Auditors of the Company. Particulars of payment to Statutory Auditors on a consolidated basis is given as follows:

(Amount in Lakhs)

| Particulars      | Amount      |
|------------------|-------------|
| a) Audit fees    | 0.75        |
| b) Other Charges | 0.20        |
| <b>Total</b>     | <b>0.95</b> |

During the year under review, the Statutory Auditors have rendered only audited related services.

**6. Constitution of Internal Complaints Committee:**

Your Company has adopted a policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace and has duly constituted an Internal Complaints Committee (ICC) as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The disclosure pertaining to the complaints are given hereunder:

|  |     |
|--|-----|
| No of Complaints received during the year            | NIL |
| No of Complaints disposed off during the year        | NIL |
| No of Complaints pending as on end of financial year | NIL |

**7. GENERAL BODY MEETINGS**

**i. Annual General Meetings:**

| Financial year ended | Date & Time                                  | Venue  | Special Resolution   |
|----------------------|--|--|--|
| 2017-18              | 29 <sup>th</sup> September, 2018, 03.00 P.M. | Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari- 534 432, A.P.  | Nil  |
| 2016-17              | 29 <sup>th</sup> September, 2017, 04.00 P.M. | Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari – 534 432, A.P. | Nil  |
| 2015-16              | 30 <sup>th</sup> September, 2016, 03.00 P.M. | Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari – 534 432, A.P. | 1. Re-appointment and to fix Remuneration of Mr. V. Bhanu Prakash Vankineni as Managing Director of the Company, for a period of 3 years with effect from 14 <sup>th</sup> November, 2016. |

ii. Special Resolution passed in last year through postal ballot.

No Special Resolution has been passed by the Company through postal ballot during the year under review.

iii. No Special Resolution is proposed to be passed by the Company through postal ballot at the ensuing Annual General Meeting.

**8. DISCLOSURES**

**a. Disclosures on Materially Significant Related Party Transactions**

- There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.
- The policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company and can be accessed at [www.diligentindustries.com](http://www.diligentindustries.com)

**b. Details of Non-Compliance and Penalties**

- During the period between 15<sup>th</sup> November, 2016 and 31<sup>st</sup> August, 2018, the Company had not appointed a Whole Time Company Secretary and Compliance Officer of the Company as

prescribed under Section 203 of the Companies Act, 2013 read with Regulation 6 of SEBI (LODR) Regulations, 2015.

- c. The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or Policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review, no person has been denied access to the Chairman of the Audit Committee.
  - The Whistle Blower Policy of the Company is also posted on the website of the Company [www.diligentindustries.com](http://www.diligentindustries.com)
- d. The Company is in compliance of all the mandatory requirements of Corporate Governance as enumerated in Regulation 17 to 27 of SEBI (LODR) Regulations, 2015 and regulation 46(2)(b) to (i) of SEBI (LODR) Regulations, 2015 and is in the process of complying with non-mandatory requirements as envisaged under Regulation 27 read with Schedule II of SEBI (LODR) Regulations, 2015.
- e. The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (IND-AS) pursuant to the Companies (Indian Accounting Standards) Rules, 2015 as applicable to the Company from the financial year 2018-19.
- f. There are no instances where recommendations of the Committees have not been adopted by the Board of Directors during the period under review.
- g. The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that the executive management control risks through means of a properly defined framework.
- h. Regulation 16(1) (c) of the SEBI Listing Regulations, 2015 defines a “material non-listed Indian subsidiary” as an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year.
 

Under this definition, the Company did not have any “material non-listed Indian subsidiary” during the year under review.

The policy for determining ‘material’ subsidiary posted on the website of the Company under Investors Section at: [www.diligentindustries.com](http://www.diligentindustries.com)
- i. Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has framed a Code of Conduct for regulating, monitoring and preventing Insider Trading. The Code has been formulated towards achieving compliance with the new regulations and is designed to maintain the highest ethical standards of trading in securities of the Company by persons to whom it is applicable.
 

The Code of Conduct is posted on the website of the Company under Investors Section at: [www.diligentindustries.com](http://www.diligentindustries.com)
- j. There are no shares lying in Demat Suspense Account.
- k. CEO/CFO Certification
 

A compliance certificate under Regulation 17(8) of SEBI (LODR) Regulations, 2015 signed by the Company’s Managing Director and CFO is annexed to this Report.
- l. Compliance Certificate

Compliance certificate for Corporate Governance from Practising Company Secretary of the Company is annexed hereto and forms part of this report.

#### 10. MEANS OF COMMUNICATION

- A. Quarterly and half-yearly reports are published in two Newspapers- one in English and one in Telugu.
- B. The financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website [www.diligentindustries.com](http://www.diligentindustries.com). The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial results, Shareholding pattern, etc.
- C. The Company is also displaying official news announcements on its website [www.diligentindustries.com](http://www.diligentindustries.com).
- D. Management Discussion and Analysis forms part of this Annual Report.
- E. All the Presentations made to Institutional Investors/analyst are displayed on the Company's website and can be accessed under Investors section at [www.diligentindustries.com](http://www.diligentindustries.com). However, no presentations were made to Institutional Investors/Analysts during the reporting period.

#### 11. GENERAL SHAREHOLDER'S INFORMATION

- i) Annual General Meeting

|                                     |  |
|-------------------------------------|--|
| Date and Time                       | <b>Monday, 30<sup>th</sup> September, 2019- 3.00 PM</b>                          |
| Venue                               | Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari, A.P.-534 432 |
| Last Date of Proxy forms submission | 02:00PM on 28 <sup>th</sup> September, 2019                                      |

- ii) Financial Year : 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March,2019
- iii) Book Closure : 22<sup>nd</sup>September, 2019 to 30<sup>th</sup> September, 2019
- iv) Dividend Payment Date : N.A.
- v) Listing on Stock Exchange : BSE Limited
- vi) Stock Code

| Name of the Stock Exchange     | Stock Code   | Scrip Code |
|--------------------------------|--------------|------------|
| Bombay Stock Exchange Limited  | 531153       | DILIGENT   |
| Demat ISIN No. for NSDL & CDSL | INE650C01028 |            |

The listing fees for the year 2018-19and 19-20 have been paid toBSE Limited.

- vii) Market Price Data & Share Performance of the Company:

The monthly High, Low and trading volumes of the Companies Equity Shares during the last financial year 2018-2019 at BSE Limited are given below:



| Month           | Bombay Stock Exchange Limited (BSE) |           |        |
|-----------------|-------------------------------------|-----------|--------|
|                 | High (Rs.)                          | Low (Rs.) | Volume |
| April, 2018     | 15.90                               | 14.25     | 4,492  |
| May, 2018       | 16.25                               | 13.54     | 8,812  |
| June, 2018      | 13.54                               | 12.87     | 201    |
| July, 2018      | 14.21                               | 10.12     | 8,021  |
| August, 2018    | 16.50                               | 11.62     | 24,070 |
| September, 2018 | 16.55                               | 14.05     | 25,202 |
| October, 2018   | 16.50                               | 15.65     | 11,133 |
| November, 2018  | 16.50                               | 16.30     | 32     |
| December, 2018  | 16.50                               | 15.70     | 26     |
| January, 2019   | 14.95                               | 13.55     | 3,113  |
| February, 2019  | 14.16                               | 14.85     | 1,171  |
| March, 2019     | 12.82                               | 7.57      | 3,310  |

During the reporting period, there are no instances of suspension of trade in the securities of the Company

- viii) All Services relating to share transfer/transmissions and information may be addressed to:  
 Registrar and Share Transfer Agent  
 M/s. Venture Capital and Corporate Investments Private Limited,  
 12-10-167, Bharath Nagar,  
 Hyderabad - 500 018.  
 Tel: 040-23818475/476  
 Fax: 040-23868024  
 Email: [info@vccilindia.com](mailto:info@vccilindia.com)  
 Website: [www.vccipl.com](http://www.vccipl.com)

The Company periodically audits the operations of share transfer agent.

- ix) Share Transfer System

Share Transfers requests shall be lodged with the Registrar at the above-said address. The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

The SEBI has debarred the transfer of shares in physical form w.e.f 01<sup>st</sup> April, 2019. Any investor desirous of transferring shares (which are in physical form) after 01<sup>st</sup> April, 2019 can do so only after shares are dematerialized vide SEBI Circular LIST/COMP/15/2018.

Pursuant to Regulation 40(9) of SEBI (LODR) Regulations, a certificate on half-yearly basis, have been given by a Practicing Company Secretary due compliance of shares transfer formalities.

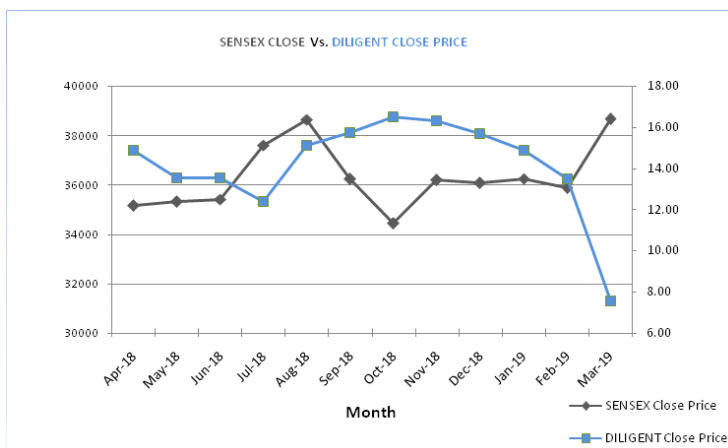
- x) Distribution of Equity Shares as on 31<sup>st</sup> March, 2019

| CATEGORY |              | No. of Shareholders | % to Shareholders | Amount           | % to Capital |
|----------|--------------|---------------------|-------------------|------------------|--------------|
| From     | To           |                     |                   |                  |              |
| 1        | 5000         | 1387                | 72.31             | 3506620          | 3.07         |
| 5001     | 10000        | 363                 | 18.93             | 2942930          | 2.58         |
| 10001    | 20000        | 91                  | 4.74              | 1334505          | 1.17         |
| 20001    | 30000        | 20                  | 1.04              | 483365           | 0.42         |
| 30001    | 40000        | 12                  | 0.63              | 426805           | 0.37         |
| 40001    | 50000        | 3                   | 0.16              | 140265           | 0.12         |
| 50001    | 100000       | 8                   | 0.42              | 553530           | 0.48         |
| 100001   | ABOVE        | 34                  | 1.77              | 104971980        | 91.79        |
|          | <b>TOTAL</b> | <b>1918</b>         | <b>100</b>        | <b>114360000</b> | <b>100</b>   |

xi) Shareholding Pattern as on 31<sup>st</sup> March, 2019

| Category  | No. of Shares held | % of Capital  |
|---|--------------------|---------------|
| Indian Promoters  | 1,40,27,000        | 61.33         |
| Banks, Financial institutions, Insurance Companies & Mutual Funds | 0                  | 0             |
| Foreign Institutional Investors                                   | 0                  | 0             |
| Indian Public & HUFs  | 88,13,261          | 38.53         |
| Private Corporate Bodies  | 29,352             | 0.13          |
| NRIs /OCBs/ FCBs  | 0                  | 0             |
| Others  | 2,387              | 0.01          |
| <b>Total</b>  | <b>2,28,72,000</b> | <b>100.00</b> |

xii) Share Performance of the Company in Comparison with broad-based indices BSESENSEX.



xiii) Dematerialization of shares and liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) limited (CDSL) for dematerialization facility. As on 31<sup>st</sup> March, 2019, 93.94% of the Company's Equity shares are in dematerialized form. The ISIN NO. / Code for the Company's Equity Shares is INE650C01028. Shareholders can open an account with any of the depository participants registered with any of these depositories.

xiv) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:

The Company is not carrying on any Commodity Business and has also not undertaken any hedging activities; hence same are not applicable to Company.

xv) Since the Company does not have debt instruments or fixed deposit program, obtaining of credit rating is not required.

xvi) Plant Locations

Dwaraka Thirumala Road, Denduluru Village and Mandal, West Godavari, AP- 534 432.

xvii) Since the Company does not have debt instruments or fixed deposit program obtaining of credit rating is not required.

xviii) Address for Correspondence

Mr. Bhanu Prakash Vankineni, Managing Director,

Diligent Industries Limited

Denduluru Village and Mandal,

West Godavari – 534 432

Andhra Pradesh.

**By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED**

**Place: Denduluru**

**Date: 14.08.2019**

**Sd/-**

**Bhanu Prakash Vankineni**

**Managing Director**

**DIN: 00919910**

**Sd/-**

**Phani Anupama Vankineni**

**Director**

**DIN: 00935032**

**CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
DILIGENT INDUSTRIES LIMITED  
Dwaraka Thirumala Road, Denduluru Village and Mandal,  
West Godavari, AP- 534432

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of DILIGENT INDUSTRIES LIMITED having CIN: L15490AP1995PLC088116 and having registered office at Dwaraka Thirumala Road, Denduluru Village and Mandal, West Godavari, AP- 534 432 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| S. No. | Name of Director                | Nature/ Category of Directorship | DIN      |
|--------|---------------------------------|----------------------------------|----------|
| 1      | Bhanu Prakash Vankineni         | Managing Director                | 00919910 |
| 2      | Kirankumar Vankineni            | Executive Director               | 02696680 |
| 3      | Phani Anupama Vankineni         | Non- Executive Director          | 00935032 |
| 4      | Srinivas Babu Edupuganti        | Independent Director             | 03637508 |
| 5      | Venkata Vinod Kumar Valipireddy | Independent Director             | 03642809 |

Ensuring eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P.S. Rao & Associates  
Company Secretaries**

**Place: Hyderabad  
Date: 14-08-2019**

**Sd/-  
P.S.Rao  
FCS No: 10322  
C.P. No: 3829**

**Managing Director's and CFO's Certification**  
**(Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015)**

To

The Board of Directors

We, Bhanu Prakash Vankineni, Managing Director and KiranKumar Vankineni, Chief Financial Officer of Diligent Industries Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement of Diligent Industries Limited for the year ended 31<sup>st</sup>March, 2019 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and 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 the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and Audit Committee:
  - a) Significant changes in internal control over financial reporting during the year.
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - c) That there have been no instances of significant fraud of which we have become aware, involving of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

**Place: Denduluru**  
**Date: 30.05.2019**

**Sd/-**  
**Kiran Kumar Vankineni**  
**Chief Financial Officer**

**Sd/-**  
**Bhanu Prakash Vankineni**  
**Managing Director**

**Declaration regarding compliance by Board Members and Senior Management**  
**Personnel with the Company's Code of Conduct**

I, Bhanu Prakash Vankineni, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year ended 31<sup>st</sup> March, 2019.

**Place: Denduluru**  
**Date: 14.08.2019**

**Sd/-**  
**Bhanu Prakash Vankineni**  
**Managing Director**  
**DIN: 00919910**

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members,  
Diligent Industries Ltd.

We have examined the compliance of the conditions of Corporate Governance by Diligent Industries Limited (hereinafter referred to as “the Company”) for the financial year ended on 31<sup>st</sup> March 2019, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance of conditions of corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination of the Corporate Governance Report in accordance with the established systems and procedures selected by us depending on our judgement, including assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but are not limited to, verification of secretarial records and other information of the Company, as we deem necessary to arrive at an opinion.

Based on the procedures performed by us as mentioned above and according to the information and explanations provided to us, we are of the opinion that the Company has complied with the Conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended 31<sup>st</sup> March, 2019.

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

**For P.S. Rao & Associates  
Company Secretaries**

**Place: Hyderabad**

**Date: 14-08-2019**

**Sd/-  
P.S.RAO  
Company Secretary  
FCS No:10322  
C P No: 3829**

**NOMINATION AND REMUNERATION POLICY****1. INTRODUCTION**

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of Diligent Industries Limited (“the Company”) is required to ensure that the shareholders remain informed about and repose confidence in the management of the Company. To harmonize the aspirations of human resources with the goals of the Company and in terms of the provisions of the Companies Act, 2013 (“the Act”) and the Rules made thereunder and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations), as amended from time to time, this Policy on nomination and remuneration of the Directors (including Non-Executive Directors), Key Managerial Personnel (KMP) and Senior Management of the Company has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, the qualifications, positive attributes and independence of a director and matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel.

**2. OBJECTIVE OF THE POLICY**

- (a) The objective of this Policy is to outline a framework to ensure that the Company’s remuneration levels are aligned with industry practices and are sufficient to attract and retain competent director(s) on the Board, KMP(s) and Senior Management Personnel of the quality required by Baron Infotech Limited, allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:
- (i) guiding the Board in relation to appointment and removal of Director(s), Key Managerial Personnel and Senior Management;
  - (ii) evaluating the performance of the members of the Board and assisting in providing necessary report to the Board for further evaluation of itself, its committees and individual directors.
  - (iii) recommending to the Board the remuneration payable to the Director(s) and setting forth a policy for determining the remuneration payable to KMP and Senior Management Personnel.
- (b) While determining the remuneration of the Director(s) (including Non-Executive Directors) and KMPs and Senior Management Personnel, regard should be had to the prevailing market conditions, business performance and practices in comparable companies, the financial and commercial health of the Company and also to prevailing laws and government/ other guidelines, to ensure that the pay structures are appropriately aligned and the levels of remuneration remain appropriate.
- (c) While designing the remuneration package it should be ensured that:
- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate persons of the quality required to run the Company successfully;
  - (ii) there is a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- (d) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.
- (e) The Nomination and Remuneration Committee may consult with the Chairman of the Board as it deems appropriate.

The Committee shall observe the set of principles and objectives as envisaged under the Act (including Section 178 thereof), the Rules framed thereunder and the Listing Regulations including,

inter-alia, the principles pertaining to determining qualifications, positives attributes, integrity and independence.

- (f) In this context, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors through circulation on 08th December, 2014.

### **3. EFFECTIVE DATE**

This Policy shall be effective from the date of its adoption by the Board.

### **4. DEFINITIONS**

- (a) In this Policy, unless the context otherwise requires:
- (i) 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the Directors of the Company.
  - (ii) 'Committee' means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
  - (iii) 'Company' means "DILIGENT INDUSTRIES LIMITED".
  - (iv) 'Independent Director' means a director referred to in Section 149(6) of the Companies Act, 2013 read with Regulation 16 of the Listing Regulations.
  - (v) 'Key Managerial Personnel' (KMP) shall have the meaning as prescribed to it in the Act and the Rules made thereunder.
  - (vi) 'Non-Executive Directors' include Independent Directors.
  - (vii) 'Policy' means the Nomination and Remuneration Policy.
  - (viii) 'Senior Management Personnel' for this purpose shall mean personnel of the Company who are members of its core management team, excluding the Board of Directors. It would comprise all the members of the management one level below the Board, including the functional heads.
- (b) Unless the context otherwise requires, the words and expressions used in this Policy and not defined herein but defined in the Act and/ or the Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

### **5. APPLICABILITY**

This Policy is applicable to:

- (i) Directors, including Non- Executive Directors
- (ii) Key Managerial Personnel
- (iii) Senior Management Personnel

### **6. MEMBERSHIP**

- (a) The Committee shall consist of such number of directors as is required under the applicable laws.
- (b) Membership of the Committee shall be disclosed in the Annual Report and on the website of the Company.
- (c) The terms of the Committee shall be continuous unless terminated by the Board of Directors.

### **7. CHAIRMAN**

- (a) The Chairman of the Committee shall be an Independent Director.



- (b) The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Committee but shall not be the Chairman of the Committee.
- (c) The Chairman of the Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**8. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such intervals as may be required.

**9. COMMITTEE MEMBERS' INTERESTS**

- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- (b) The Committee may invite such executives as it considers appropriate to be present at the meetings of the Committee.

**10. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

**11. QUORUM**

The quorum necessary for transacting business at a meeting of the Committee shall be two members or one-third of the members of the Committee; whichever is greater.

**12. VOTING**

- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of the members present. Any such decision shall, for all purposes, be deemed a decision of the Committee.
- (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**13. RESPONSIBILITY OF THE COMMITTEE**

- (a) The Committee is responsible for:
  - (i) formulating the criteria for determining the qualifications, positive attributes and independence of a Director for the purpose of this Policy;
  - (ii) advising the Board on issues concerning the principles of remuneration and other terms of employment, including remuneration of the Directors (including Non-Executive Directors), KMPs and the Senior Management;
  - (iii) monitoring and evaluating the programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;
  - (iv) monitoring and evaluating the application of this Policy;
  - (v) monitoring and evaluating current remuneration structures and levels in the Company; and
  - (vi) any other responsibility as determined by the Board.

**14. APPOINTMENT OF DIRECTORS, KMP OR SENIOR MANAGEMENT PERSONNEL**

- (a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and/or Senior Management Personnel.
- (b) A person should possess adequate qualifications, expertise and experience for the position in which he/ she is considered to be appointed. The Committee shall have the discretion to decide whether

the qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.

- (c) Appointment of Directors, KMPs and Senior Management Personnel is subject to compliance of provisions of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- (d) The appointment of a Director or a KMP, as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

## 15. REMUNERATION

- (i) The remuneration/ compensation/ commission, etc. to the Directors will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission, etc. shall be subject to the prior/post approval of the shareholders of the, wherever required.
- (ii) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- (iii) Increments to the existing remuneration/ compensation structure of the Directors shall be recommended by the Committee to the Board which should be within the slabs approved by the shareholders, in the case of Directors.
- (iv) Where any insurance is taken by the Company on behalf of its Directors for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such Director. Provided that, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of his/her remuneration.

### (A) Remuneration to Executive Directors:

#### Fixed pay:

- Executive Director(s) shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee, in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made thereunder for the time being in force.
- The break-up of the pay scale and quantum of perquisites, including employer 's contribution to provident fund, pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the Shareholders, wherever required.

#### Variable components:

- The Executive Directors may be paid performance-linked commission within the overall limits as approved by the Shareholders.

### (B) Remuneration to Directors other than Executive Directors:

#### Sitting Fees:

- The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee.

### (C) Remuneration to KMP and Senior Management Personnel:

- (i) The remuneration payable to the KMP and Senior Management Personnel, including their increments, will be determined by the Committee and approved by the Board of Directors.

- (ii) Where any insurance is taken by the Company on behalf of its KMP and Senior Management Personnel for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of his/her remuneration.

**Remuneration:****Fixed pay:**

- The KMP and Senior Management shall be eligible for monthly remuneration as may be recommended by the Committee and approved by the Board, in accordance with the statutory provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force.
- The break-up of the pay scale and quantum of perquisites, including employer's contribution to PF, pension scheme, medical expenses, club fees, etc. shall be approved by the Board.

**Variable components:**

- Based on their performance, the KMPs and Senior Management Personnel will be paid incentives.

**16. POLICY ON BOARD DIVERSITY**

- (a) The Board of Directors shall have an optimum combination of Directors from the different areas/ fields [like production, management, quality assurance, finance, sales and marketing, research and development, human resources, etc.] or as may be considered appropriate.
- (b) The Board shall have at least one member who has accounting or related financial management expertise.

**17. REMOVAL**

The Committee may recommend to the Board, with reasons recorded in writing, the removal of Director(s), KMP(s) and Senior Management subject to the compliance of the applicable provisions of the Act, the Rules made thereunder.

**18. DISCLOSURE OF INFORMATION**

This Policy shall be disclosed in the Board's report.

**19. DEVIATION FROM THE POLICY**

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes.

**20. AMENDMENTS TO THE POLICY**

The Board of Directors, on its own and/ or as per the recommendations of Nomination and Remuneration Committee, can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF DILIGENT INDUSTRIES LIMITED****Report on the Audit of the Financial Statements Opinion**

We have audited the accompanying financial statements of **DILIGENT INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| <b>Key Audit Matter</b>  | <b>How the Matter was addressed in Audit</b>  |
|--|---|
| <p><b>1. Revenue recognition</b></p> <p>As described in Note 1.16 to the financial statements, the Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period.</p> | <p><b>Principal Audit Procedures</b></p> <p>Our audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new accounting standard, include</p> <ul style="list-style-type: none"> <li>● Evaluated the design and implementation of the processes and internal controls relating to implementation of the new accounting standard;</li> <li>● Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;</li> </ul> |

| Key Audit Matter   | How the Matter was addressed in Audit  |
|--|--|
| <p>Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>The Group adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.</p> | <ul style="list-style-type: none"> <li>● Evaluated the changes made to IT systems to reflect the changes required in revenue recognition as per the new accounting standard;</li> <li>● Evaluated the cumulative effect adjustments as at 1<sup>st</sup> April, 2018 for compliance with the new accounting standard; and</li> <li>● Evaluated the appropriateness of the disclosures provided under the new accounting standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> </ul> |

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report there on.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion there on.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in Section 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into

account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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.

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the department of company affairs, in terms of section 143 (11) of the companies Act, 2013, and on the basis of our examination of the books and records as we considered appropriate and according to the information and explanation given to us, we give in the "Annexure B" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Companies Act 2013, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet and Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financials comply with the Accounting Standards specified under of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) There are no pending litigations for or against the Company which would impact its financial position.
    - ii) The Company does not have any derivatives contracts. Further there are no long term contracts for which provisions for any material foreseeable losses is required to be made.
    - iii) There are no amounts pending that are required to be transferred to Investor Education and Protection Fund.

**For NSVR & ASSOCIATES LLP,  
Chartered Accountants  
(FRN No.008801S/S200060)**

**Sd/-  
R Srinivasu  
Partner  
M.no:224033**

**Date: 30.05.2019  
Place: Hyderabad.**

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of DILIGENT INDUSTRIES LIMITED of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **DILIGENT INDUSTRIES LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of internal financial Controls over Financial reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purpose in accordance with generally accepted accounting principles. A company’s internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and



directors of the company; and(3)provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Limitations of Internal Financial Controls Over Financial Reporting

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

#### **Opinion:**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

**For NSVR & ASSOCIATES LLP,  
Chartered Accountants  
(FRN No.008801S/S200060)**

**Sd/-  
R Srinivasu  
Partner  
M.no:224033**

**Date: 30.05.2019  
Place: Hyderabad.**

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of DILIGENT INDUSTRIES LIMITED of even date)

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed Provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- ii.
  - a) As explained to us, the physical verification of inventories, excluding stocks lying with third parties, have been conducted at reasonable intervals by the Management during the year. In case of inventories lying with third parties, certificates of stocks holding have been received.
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification of stocks as compared to book records.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other Parties covered in the register maintained under section 189 of the Companies Act. Thus, Clause 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable
- vi. As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

- viii. Based on our Audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised moneys by way of initial public offer or further public offer.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For NSVR & ASSOCIATES LLP,  
Chartered Accountants  
(FRN No.008801S/S200060)**

Sd/-

**R Srinivasu**

**Partner**

**M.no:224033**

**Date: 30.05.2019**

**Place: Hyderabad.**

## Balance Sheet as at 31st March 2019

(Amt. in Rupees)

| Particulars                                | Note No. | As At 31.03.2019<br>(Audited) | As At 31.03.2018<br>(Audited) |
|--|----------|-------------------------------|-------------------------------|
| <b>1 ASSETS</b>                            |          |                               |                               |
| <b>Non-current assets</b>                  |          |                               |                               |
| (a) Property plant and Equipment           | 2        | 73,783,225                    | 77,342,984                    |
| (b) Capital Work Inprogress                | 2        | 22,537,775                    | 18,979,228                    |
| <b>(c) Financial assets</b>                |          |                               |                               |
| Investments                                | 3        | 30,000,000                    | 30,000,000                    |
| (d) Other Financial assets                 | 4        | 1,380,669                     | 1,358,902                     |
| (e) Other Non Current Assets.              | 5        | 4,749,875                     | 4,749,875                     |
| <b>Total Non Current Assets</b>            |          | <b>132,451,544</b>            | <b>132,430,989</b>            |
| <b>2 Current assets</b>                    |          |                               |                               |
| (a) Inventories                            | 6        | 61,987,837                    | 57,527,824                    |
| <b>(b) Financial assets</b>                |          |                               |                               |
| (i) Trade receivables                      | 7        | 253,814,030                   | 211,832,567                   |
| (ii) Cash and cash equivalent              | 8        | 1,904,304                     | 3,436,185                     |
| (c) Current tax Asset(Net)                 | 9        | -                             | 822,883                       |
| (d) Other current assets                   | 10       | 64,916,159                    | 64,195,182                    |
| <b>Total Current Assets</b>                |          | <b>382,622,329</b>            | <b>337,814,641</b>            |
| <b>Total Assets</b>                        |          | <b>515,073,874</b>            | <b>470,245,631</b>            |
| <b>1 EQUITY AND LIABILITIES</b>            |          |                               |                               |
| <b>Equity</b>                              |          |                               |                               |
| Equity Share Capital                       | 11       | 114,360,000                   | 114,360,000                   |
| Other Equity                               | 12       | (191,987)                     | (4,292,534)                   |
| <b>Total Equity</b>                        |          | <b>114,168,013</b>            | <b>110,067,466</b>            |
| <b>2 Liabilities</b>                       |          |                               |                               |
| <b>Non-current liabilities</b>             |          |                               |                               |
| (a) Financial Liabilities                  |          |                               |                               |
| Borrowings                                 | 13       | 112,877,758                   | 119,569,998                   |
| Deffered tax Liabilities (net)             |          | 460,903                       | 1,073,828                     |
| <b>Total Non Current Liabilities</b>       |          | <b>113,338,661</b>            | <b>120,643,826</b>            |
| <b>Current liabilities</b>                 |          |                               |                               |
| (a) Financial Liabilities                  |          |                               |                               |
| (i) Borrowings                             | 14       | 130,449,279                   | 132,699,604                   |
| (i) Trade payables                         | 15       | 133,521,849                   | 89,921,655                    |
| (ii) Other Financial liabilities           | 16       | 1,772,811                     | 955,317                       |
| (iii) Other Current liabilities            | 17       | 19,938,568                    | 12,103,348                    |
| (iv) Provisions                            | 18       | 1,884,694                     | 3,854,416                     |
| <b>Total Current Liabilities</b>           |          | <b>287,567,201</b>            | <b>239,534,339</b>            |
| <b>Total Equity and Liabilities</b>        |          | <b>515,073,874</b>            | <b>470,245,631</b>            |
| Summary of Significant Accounting Policies | 1        |                               |                               |

For NSVR & Associates LLP.,  
Chartered Accountants  
Firm Reg.No.008801S/S200060

For and on behalf of the Board of Directors  
Diligent Industries Limited

Sd/-  
R.Srinivasu  
Partner  
M No :224033

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN:00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

Place: Hyderabad  
Date: 30.05.2019

Sd/-  
Vankineni Kiran Kumar  
Chief Financial Officer

**Statement of Profit and Loss for the Year Ended 31st March 2019**

**(Amt. in Rupees)**

| <b>Particulars</b>  | <b>Note. No</b> | <b>31.03.2019</b>  | <b>31.03.2018</b>  |
|---|-----------------|--------------------|--------------------|
| <b>I. INCOME</b>  |                 |                    |                    |
| Revenue from Operations   | 19              | 778,542,178        | 784,513,720        |
| Other Income  | 20              | 18,656,049         | 227,006            |
| <b>Total Revenue</b>  |                 | <b>797,198,227</b> | <b>784,740,726</b> |
| <b>II. EXPENSES</b>   |                 |                    |                    |
| Cost of Materials Consumed  | 21              | 765,539,210        | 749,617,997        |
| (Increase)/Decrease in Inventories of Finished Goods and Work-in-Progress   | 22              | (8,536,259)        | (5,353,900)        |
| Depreciation and Amortization   | 2               | 4,884,933          | 4,939,572          |
| Finance Costs   | 23              | 14,827,512         | 16,417,859         |
| Employee Benefits Expenses  | 24              | 2,367,039          | 1,994,996          |
| Other Expenses  | 25              | 13,228,063         | 7,291,583          |
| <b>III. Profit/(Loss) before exceptional and extraordinary items (III - IV)</b>   |                 | <b>4,887,730</b>   | <b>9,832,619</b>   |
| Exceptional Items   | -               | -                  | -                  |
| <b>IV Profit/(Loss) before extra-ordinary items and tax (V - VI)</b>  | -               | <b>4,887,730</b>   | <b>9,832,619</b>   |
| Extraordinary items   | -               | -                  | -                  |
| <b>V Profit/(Loss) before Tax (VII - VIII)</b>  | -               | <b>4,887,730</b>   | <b>9,832,619</b>   |
| <b>VI Tax expense</b>   |                 |                    |                    |
| (1) Current tax   |                 | 1,400,108          | 3,854,416          |
| (2) Previous Year Income tax  |                 | -                  | -                  |
| (2) MAT Credit Entitlement  |                 | -                  | -                  |
| (3) Deferred tax  |                 | (612,925)          | (456,072)          |
| <b>Total Tax</b>  | -               | <b>787,183</b>     | <b>3,398,344</b>   |
| <b>VII Net Profit/(Loss) from continuing operations (IX - X)</b>  | -               | <b>4,100,547</b>   | <b>6,434,275</b>   |
| VIII Profit/(Loss) from discontinuing operations  |                 | -                  | -                  |
| IX Tax expense of discontinuing operations  |                 | -                  | -                  |
| X <b>Net Profit/(Loss) from discontinuing operations (XII - XIII)</b>   | -               | -                  | -                  |
| XI <b>Net Profit/(Loss) for the period (XI + XIV)</b>   | -               | <b>4,100,547</b>   | <b>6,434,275</b>   |
| XII <b>Other Comprehensive Income</b>   |                 |                    |                    |
| A] (i) Items that will not be reclassified to profit or loss  |                 | -                  | -                  |
| (ii) Income tax relating to items that will not be reclassified to profit or loss   |                 | -                  | -                  |
| B] (i) Items that will be reclassified to profit or (loss)  |                 | -                  | -                  |
| (ii) Income relating to items that will be reclassified to profit or loss   |                 | -                  | -                  |
| XIII <b>Total Comprehensive Income for the period (XV+XVI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b> | -               | <b>4,100,547</b>   | <b>6,434,275</b>   |
| Basic EPS   |                 | 0.18               | 0.28               |
| Diluted EPS   |                 | 0.18               | 0.28               |
| Summary of Significant Accounting Policies  | <b>1</b>        |                    |                    |

**For NSVR & Associates LLP.,  
Chartered Accountants  
Firm Reg.No.008801S/S200060**

**For and on behalf of the Board of Directors  
Diligent Industries Limited**

**Sd/-  
R.Srinivasu  
Partner  
M No :224033**

**Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN:00919910**

**Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032**

**Place: Hyderabad  
Date: 30.05.2019**

**Sd/-  
Vankineni Kiran Kumar  
Chief Financial Officer**

## Cash Flow Statement For the Period Ended 31st March 2019

(Amt. in Rupees)

| Particulars  | As At<br>31.03.2019 | As At<br>31.03.2018 |
|--|---------------------|---------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>                  |                     |                     |
| Net profit before taxation, and extraordinary items              | 4,887,730           | 9,832,619           |
| Adjusted for :   |                     |                     |
| Interest debited to P&L A/c                                      | 14,827,512          | 16,417,859          |
| Depreciation   | 4,884,933           | 4,939,572           |
| Operating profits before working capital changes                 | 24,600,175          | 31,190,050          |
| Changes in current assets and liabilities                        |                     |                     |
| Inventories  | (4,460,013)         | 4,136,788           |
| Trade Receivable   | (41,981,463)        | (166,650,636)       |
| Other Current Assets   | 101,907             | 256,324,115         |
| Current liabilities  | 48,032,861          | (105,477,162)       |
| Cash generated from operations                                   | 26,293,467          | 19,523,155          |
| Income tax paid  | (1,400,108)         | (3,854,416)         |
| <b>Net cash generated from operating activities</b>              | <b>24,893,359</b>   | <b>15,668,739</b>   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>                  |                     |                     |
| Purchase of fixed assets and change in capital wip               | (4,883,721)         | (22,468,720)        |
| Long Term Loans and advances                                     | (21,767)            | -                   |
| Investment in Equity Shares                                      | (30,000,000)        |                     |
| <b>Net cash used in investing activities</b>                     | <b>(4,905,488)</b>  | <b>(52,468,720)</b> |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>                  |                     |                     |
| Secured and Unsecured Loans                                      | (6,692,241)         | 49,528,362          |
| Interest paid  | (14,827,512)        | (16,417,859)        |
| Increase in share Capital  | -                   |                     |
| <b>Net cash generated in financing activities</b>                | <b>(21,519,752)</b> | <b>33,110,503</b>   |
| <b>D. Net increase / (decrease) in cash and cash equivalents</b> | <b>(1,531,881)</b>  | <b>(3,689,478)</b>  |
| <b>E. Cash and cash equivalents at the beginning of the year</b> | <b>3,436,184</b>    | <b>7,125,663</b>    |
| <b>F. Cash and cash equivalents at the end of the year</b>       | <b>1,904,303</b>    | <b>3,436,185</b>    |

For NSVR & Associates LLP.,  
Chartered Accountants  
Firm Reg.No.008801S/S200060

For and on behalf of the Board of Directors  
Diligent Industries Limited

Sd/-  
R.Srinivasu  
Partner  
M No :224033

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN:00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

Place: Hyderabad  
Date: 30.05.2019

Sd/-  
Vankineni Kiran Kumar  
Chief Financial Officer

## 1. NOTES TO STANDALONE FINANCIAL STATEMENTS

### DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 General Information

**Diligent Industries Limited** (the company) is engaged in the business of Manufacturing and operation of edible oils . The Company has business operations mainly in India. The Company has its registered office at Dwaraka Thirumala Road, Denduluru, West Godavari, AP-534432 . The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.2 Basis of preparation and presentation of Financial Statements

The financial statements of **Diligent Industries Limited** have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014.

#### 1.3 Basis of Measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- a. Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- b. Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation and
- c. Long-term borrowings are measured at amortized cost using the effective interest rate method.

#### 1.4 Use of estimates and judgments.

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, the areas involving critical estimates or Judgments are:

##### a. Depreciation and amortization

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

##### b. Employee Benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

**c. Provision and contingencies**

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

**d. Fair valuation**

Fair value is the market based measurement of observable market transaction or available market information.

**1.5 Functional and presentation currency**

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees.

**1.6 Current and non-current classification**

All the assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.

Assets: An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities: A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

**1.7 Foreign Currency Transaction**

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the statement of profit and loss in the period in which they arise.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, if any.



## 1.8 Property Plant & Equipment

### Recognition and measurement

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

### Depreciation

Depreciation is recognized in the statement of profit and loss, estimated useful lives of property, plant and equipment based on Schedule II to the Companies Act, 2013 (“Schedule”), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on prorata basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

| Type of Asset            | Estimated useful life in years |
|--------------------------|--------------------------------|
| Building                 | 30                             |
| Plant & Machinery        | 15                             |
| Electrical Installations | 10                             |
| Vehicles                 | 8                              |
| Computers                | 3                              |
| Office Equipment         | 5                              |
| Furniture & Fixtures     | 10                             |

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other current assets.

The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

## 1.9 Financial Instruments

a financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

### a. Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement

##### (i) Debt instrument at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

##### (ii) Investment in Preference Shares and Unquoted trade Investments

Investment in Preference Shares and Unquoted trade Investments are measured at amortised cost using Effective Rate of Return (EIR).

##### (iii) Investment in equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments i.e., investments in equity shares within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

##### (iv) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

- (i) The rights to receive cash flows from the asset have expired, or

- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement~ and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## **b. Financial liabilities**

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### (i) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

## **1.10 Inventories**

Inventories consist of finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods cost includes an appropriate share of overheads based on normal operating capacity.

## **1.11 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are

discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 1.12 Cash & Cash Equivalents

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this purpose, “short-term” means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

### 1.13 Employee Benefits

#### a. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### b. Defined Contribution Plan

The Company’s contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

#### c. Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognised in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

**d. Termination benefits**

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

**e. Other long-term employee benefits**

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

**1.14 Provisions, contingent liabilities and contingent assets****a. Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**b. Contingent liabilities**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**c. Contingent assets**

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**1.15 Revenue Recognition****a. Sale of goods and trade license**

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of the product is transferred to the customer. Revenue from the sale of Products excludes Goods and Service Tax and is measured at the fair value of the consideration received or receivable, net of returns, applicable trade discounts and primary schemes.

**b. Other Income****(i) Miscellaneous Income**

Miscellaneous Income includes Rounding off and other non operating income these are recognized as and when accrued.

**1.16 Borrowing Costs**

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a

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

### 1.17 Tax Expenses

Tax expense consists of current and deferred tax.

#### a. Income Tax

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### b. Deferred Tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognized in the statement of changes in equity as part of the associated dividend payment.

### 1.18 Earnings Per Share

The Company presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### 1.19 Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

### 1.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 1.21 Determination of fair values

The Company’s accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/

or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**a. Property, plant and equipment**

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

**b. Intangible assets**

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

**c. Inventories**

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

**d. Investments in equity and debt securities and units of mutual funds**

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

**e. Derivatives**

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

**f. Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

**2. Property, Plant and Equipment :** (Amt. in Rupees)

| PARTICULARS            | GROSS BLOCK      |                           |                           |                  | DEPRECIATION     |                   |              |                  | NET BLOCK            |                      |
|------------------------|------------------|---------------------------|---------------------------|------------------|------------------|-------------------|--------------|------------------|----------------------|----------------------|
|                        | As at 01.04.2018 | Additions during the year | Deletions during the year | As at 31.03.2019 | As on 01.04.2018 | During the period | On Deletions | As on 31.03.2019 | WDV as at 31.03.2019 | WDV as at 31.03.2018 |
| Air Conditioner        | 113551           | 29156                     | 0                         | 142707           | 99612            | 21892             | 0            | 121504           | 21203                | 13939                |
| Boiler                 | 1832160          | 0                         | 0                         | 1832160          | 986664           | 151943            | 0            | 1138607          | 693553               | 845496               |
| Building               | 59324350         | 0                         | 0                         | 59324350         | 12667208         | 2176898           | 0            | 14844106         | 44480244             | 46657142             |
| Cash Counting machine  | 4694             | 0                         | 0                         | 4694             | 2512             | 385               | 0            | 2897             | 1797                 | 2182                 |
| Computer               | 69393            | 59367                     | 0                         | 128760           | 69588            | 13104             | 0            | 82692            | 46068                | -195                 |
| Electrical fittings    | 406920           | 0                         | 0                         | 406920           | 390447           | 0                 | 0            | 390447           | 16473                | 16473                |
| EPABX System           | 2979             | 0                         | 0                         | 2979             | 2503             | 472               | 0            | 2975             | 4                    | 476                  |
| ETP Tanker             | 701509           | 0                         | 0                         | 701509           | 319337           | 43566             | 0            | 362903           | 338606               | 382172               |
| Euro Clean             | 5494             | 0                         | 0                         | 5494             | 2408             | 373               | 0            | 2781             | 2713                 | 3086                 |
| Furniture & Fixtures   | 318059           | 20000                     | 0                         | 338059           | 268121           | 40667             | 0            | 308788           | 29271                | 49938                |
| Generator              | 1443846          | 0                         | 0                         | 1443846          | 715937           | 114336            | 0            | 830273           | 613572               | 727909               |
| Gunny Bags Blower      | 24000            | 0                         | 0                         | 24000            | 6287             | 1514              | 0            | 7801             | 16199                | 17713                |
| Hero Honda Motor cycle | 30127            | 0                         | 0                         | 30127            | 19699            | 3494              | 0            | 23193            | 6934                 | 10428                |
| Lab Equipments         | 75593            | 77184                     | 0                         | 152777           | 71922            | 9524              | 0            | 81446            | 71331                | 3671                 |
| Land                   | 15400000         | 0                         | 0                         | 15400000         | 0                | 0                 | 0            | 0                | 15400000             | 15400000             |
| Lorry                  | 93014            | 0                         | 0                         | 93014            | 88363            | 0                 | 0            | 88363            | 4651                 | 4651                 |
| Plant and Equipment    | 21585195         | 1139467                   | 0                         | 22724662         | 11553520         | 1804977           | 0            | 13358496         | 9366166              | 10031675             |
| Suzuki Motor Cycle     | 72200            | 0                         | 0                         | 72200            | 39425            | 6859              | 0            | 46284            | 25916                | 32775                |
| suzuki scooter         | 61321            | 0                         | 0                         | 61321            | 31812            | 5937              | 0            | 37749            | 23572                | 29509                |
| Water Tanker           | 67000            | 0                         | 0                         | 67000            | 19149            | 4180              | 0            | 23328            | 43672                | 47851                |
| Welding machine        | 1728             | 0                         | 0                         | 1728             | 890              | 133               | 0            | 1023             | 705                  | 838                  |
| Wooden Conveyor        | 106882           | 0                         | 0                         | 106882           | 54846            | 8186              | 0            | 63031            | 43851                | 52036                |
| CAR                    | 3489492          | 0                         | 0                         | 3489492          | 476274           | 476493            | 0            | 952767           | 2536725              | 3013218              |
| <b>TOTAL</b>           | <b>105229506</b> | <b>1325174</b>            | <b>0</b>                  | <b>106554680</b> | <b>27886522</b>  | <b>4884933</b>    | <b>0</b>     | <b>32771456</b>  | <b>73783225</b>      | <b>77342984</b>      |



Notes to financial statements for the year ended  
(All amounts in Rupees except for share data or otherwise stated)

(Amt. in Rupees)

|   | As at<br>31.03.2019 | As at<br>31.03.2018 |
|---|---------------------|---------------------|
| <b>Note 3</b>   |                     |                     |
| <b>Investments</b>  |                     |                     |
| <b>Quoted Investments</b>                                 |                     |                     |
| Investment in Equity Shares of Genesis IBRC India Limited | 30,000,000          | 30,000,000          |
| <b>Total</b>  | <b>30,000,000</b>   | <b>30,000,000</b>   |
| <b>Note 4</b>   |                     |                     |
| <b>Other Financial Asset</b>                              |                     |                     |
| Electricity Deposit                                       | 1,187,100           | 1,187,100           |
| Gram Panchayat Deposit                                    | 87,656              | 87,656              |
| Telephone Deposit   | 2,999               | 2,999               |
| Indian Bank Deposit                                       | 102,914             | 81,147              |
| <b>Total</b>  | <b>1,380,669</b>    | <b>1,358,902</b>    |
| <b>Note 5</b>   |                     |                     |
| <b>Other Non current Assets</b>                           |                     |                     |
| BSE Capital Adequacy                                      | 250,000             | 250,000             |
| BSE Membership Card                                       | 4,499,875           | 4,499,875           |
| <b>Total</b>  | <b>4,749,875</b>    | <b>4,749,875</b>    |
| <b>Note 6</b>   |                     |                     |
| <b>Inventories</b>  |                     |                     |
| Raw Materials   | 145,170             | 4,524,897           |
| Finished Goods  | 56,422,154          | 47,885,895          |
| Stores, spares and packing materials                      | 5,420,513           | 5,117,032           |
| <b>Total</b>  | <b>61,987,837</b>   | <b>57,527,824</b>   |
| <b>Note 7</b>   |                     |                     |
| <b>Trade Receivables</b>                                  |                     |                     |
| Unsecured Considered Good                                 | 253,814,030         | 211,832,567         |
| <b>Total</b>  | <b>253,814,030</b>  | <b>211,832,567</b>  |
| <b>Note 8</b>   |                     |                     |
| <b>Cash and Bank Balances</b>                             |                     |                     |
| In Current Accounts with Banks                            | 209,483             | 472,889             |
| Cash on Hand  | 1,694,821           | 2,963,296           |
| <b>Total</b>  | <b>1,904,304</b>    | <b>3,436,185</b>    |

**Notes to financial statements for the year ended**  
(All amounts in Rupees except for share data or otherwise stated)

(Amt. in Rupees)

|  | As at<br>31.03.2019 | As at<br>31.03.2018 |
|--|---------------------|---------------------|
| <b>Note 9</b>  |                     |                     |
| <b>Current Tax Assets (Net)</b>                          |                     |                     |
| MAT Credit Entitlement                                   | -                   | 822,883             |
| <b>Less: Provision for Taxes</b>                         |                     | -                   |
| <b>Total</b>   | <b>-</b>            | <b>822,883</b>      |
| <b>Note 10</b>   |                     |                     |
| <b>Other Current Assets</b>                              |                     |                     |
| GST Input  | 1,761,177           | 2,318,566           |
| Advances to Employees                                    | 744,360             | 208,303             |
| Other Loans and Advances                                 | 3,818,824           | 3,873,810           |
| T.D.S Receivable   | 157,606             | 37,163              |
| VAT Credit Receivable                                    |                     | -                   |
| Advance to Suppliers                                     | 58,174,294          | 57,451,267          |
| Prepaid Expenses   | 259,898             | 306,073             |
| <b>Total</b>   | <b>64,916,159</b>   | <b>64,195,182</b>   |
| <b>Note 11</b>   |                     |                     |
| <b>Share Capital :</b>                                   |                     |                     |
| a) Authorised share Capital                              |                     |                     |
| 2,40,00,000 Equity shares of Rs.5/- each                 |                     |                     |
| (Previous Year 2,40,00,000 Equity shares of Rs.5/- each) | 120,000,000         | 120,000,000         |
|  | <b>120,000,000</b>  | <b>120,000,000</b>  |
| Issued, Subscribed and Paid Up                           |                     |                     |
| 2,28,72,000 Equity share of Rs.5/- each fully paid up    | 114,360,000         | 114,360,000         |
| (Previous Year 2,28,72,000 Equity shares of Rs.5/- each) |                     |                     |
| <b>Total</b>   | <b>114,360,000</b>  | <b>114,360,000</b>  |

**10.1 Rights attached to Equity Shareholders**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, after distribution of all preferential amounts (if any) in proportion to the number of equity shares held.

**Notes to financial statements for the year ended**  
(All amounts in Rupees except for share data or otherwise stated)

(Amt. in Rupees)

|   | As at<br>31.03.2019 | As at<br>31.03.2018 |
|---|---------------------|---------------------|
| <b>b) Reconciliation of the number of shares outstanding in numbers</b> |                     |                     |
| Opening Balance   | 22,872,000          | 22,872,000          |
| Issued During the year  | 0                   | 0                   |
| Cancelled during the year   | 0                   | 0                   |
| <b>Closing Balance</b>  | <b>22,872,000</b>   | <b>22,872,000</b>   |

**c) Shareholders' holding more than 5 percent equity shares**

| Particulars             | 2018-19      |              | 2017-18      |              |
|-------------------------|--------------|--------------|--------------|--------------|
|                         | No of Shares | % of Holding | No of Shares | % of Holding |
| Name of the Shareholder |              |              |              |              |
| Vankineni Bhanu Prakash | 8,569,600    | 37.47%       | 8,569,600    | 37.47%       |
| Vankineni Ratna Kumari  | 2,522,000    | 11.03%       | 2,522,000    | 11.03%       |
| Paturi Srinivasa Rao    | 1,800,000    | 7.87%        | 1,800,000    | 7.87%        |

**Note 12: Other Equity** (Amt. in Rupees)

| Particulars  | Equity Component of Compound financial Instruments | Reserves and Surplus       |                               |                 |                            |                   |                                   | Capital Reserve | Other Reserves(OCI)      |                                      | TOTAL |
|--|--|----------------------------|-------------------------------|-----------------|----------------------------|-------------------|-----------------------------------|-----------------|--------------------------|--------------------------------------|-------|
|  |  | Securities Premium Reserve | Debtenture Redemption Reserve | General Reserve | Capital Redemption Reserve | Retained Earnings | Share Options Outstanding Account |                 | FVOCI equity investments | Foreign currency translation reserve |       |
| <b>Balance at 1 April 2015</b>   | -  | -                          | -                             | -               | -                          | -17,077,462       | 5,815,867                         | -               | -                        | -11,261,595                          |       |
| <b>Restatements</b>  |  |                            |                               |                 |                            |                   |                                   |                 |                          | 0                                    |       |
| Profit for the Year  |  |                            |                               |                 |                            | 744,524           |                                   |                 |                          | 744,524                              |       |
| Other Comprehensive income   |  |                            |                               |                 |                            | 0                 |                                   |                 |                          | 0                                    |       |
| Dividend paid  |  |                            |                               |                 |                            | 0                 |                                   |                 |                          | 0                                    |       |
| Dividend Distribution Tax  |  |                            |                               |                 |                            | 0                 |                                   |                 |                          | 0                                    |       |
| Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit |  |                            |                               |                 |                            | -16,332,938       |                                   |                 |                          | 0                                    |       |
| <b>Balance at 31 March 2016</b>  | -  | -                          | -                             | -               | -                          | -16,332,938       | 5,815,867                         | 0               | 0                        | -10,517,071                          |       |
| <b>Restatements</b>  |  |                            |                               |                 |                            |                   |                                   |                 |                          | 0                                    |       |
| Profit for the Year  |  |                            |                               |                 |                            | -209,739          |                                   |                 |                          | -209,739                             |       |
| Other Comprehensive income   |  |                            |                               |                 |                            | -                 |                                   |                 |                          | 0                                    |       |
| Dividend paid  |  |                            |                               |                 |                            | -                 |                                   |                 |                          | 0                                    |       |
| Dividend Distribution Tax  |  |                            |                               |                 |                            | -                 |                                   |                 |                          | 0                                    |       |
| Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit |  |                            |                               |                 |                            | -                 |                                   | 0               |                          | 0                                    |       |
| <b>Balance at 31 March 2017</b>  | -  | -                          | -                             | -               | -                          | -16,542,677       | 5,815,867                         | 0               | 0                        | -10,726,810                          |       |
| <b>Restatements</b>  |  |                            |                               |                 |                            |                   |                                   |                 |                          | 0                                    |       |
| Profit for the Year  |  |                            |                               |                 |                            | 6,434,275         |                                   |                 |                          | 6,434,275                            |       |
| Other Comprehensive income   |  |                            |                               |                 |                            | 0                 |                                   |                 |                          | 0                                    |       |
| Dividend paid  |  |                            |                               |                 |                            | 0                 |                                   |                 |                          | 0                                    |       |
| Dividend Distribution Tax  |  |                            |                               |                 |                            | 0                 |                                   |                 |                          | 0                                    |       |
| Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit |  |                            |                               |                 |                            | -                 |                                   |                 |                          | 0                                    |       |
| <b>Balance at 31 March 2018</b>  | -  | -                          | -                             | -               | -                          | -10,108,401       | 5,815,867                         | 0               | 0                        | -4,292,534                           |       |
| <b>Restatements</b>  |  |                            |                               |                 |                            |                   |                                   |                 |                          | 0                                    |       |
| Profit for the Year  |  |                            |                               |                 |                            | 4,100,547         |                                   |                 |                          | 4,100,547                            |       |
| Other Comprehensive income   |  |                            |                               |                 |                            | -                 |                                   |                 |                          | 0                                    |       |
| Dividend paid  |  |                            |                               |                 |                            | -                 |                                   |                 |                          | 0                                    |       |
| Dividend Distribution Tax  |  |                            |                               |                 |                            | -                 |                                   |                 |                          | 0                                    |       |
| Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit |  |                            |                               |                 |                            | -                 |                                   |                 |                          | 0                                    |       |
| <b>Balance at 31 March 2019</b>  | -  | -                          | -                             | -               | -                          | -6,007,854        | 5,815,867                         | 0               | 0                        | -191,987                             |       |

**Notes to financial statements for the year ended**  
(All amounts in Rupees except for share data or otherwise stated)

(Amt. in Rupees)

|   | As at<br>31.03.2019 | As at<br>31.03.2018 |
|---|---------------------|---------------------|
| <b>Note 13</b>                          |                     |                     |
| <b>Borrowings</b>                       |                     |                     |
| <b>Secured Loans</b>                    |                     |                     |
| Indian Bank Car Loan                    | 1,614,672           | 1,895,115           |
| Loans and Advances from Related Parties |                     |                     |
| Unsecured Loans                         | 111,263,086         | 117,674,883         |
| <b>Total</b>                            | <b>112,877,758</b>  | <b>119,569,998</b>  |
| <b>Note 14</b>                          |                     |                     |
| Cash Credits Demand Loan                |                     |                     |
| Indian Rupee loans from banks (Secured) | 130,449,279         | 132,699,604         |
| <b>Total</b>                            | <b>130,449,279</b>  | <b>132,699,604</b>  |
| <b>Note 15</b>                          |                     |                     |
| <b>Trade Payables :</b>                 |                     |                     |
| (Trade Payables for Goods and Services) | 131,908,841         | 89,415,014          |
| Creditors for expenses                  | 1,613,008           | 506,641             |
| <b>Total</b>                            | <b>133,521,849</b>  | <b>89,921,655</b>   |
| <b>Note 16</b>                          |                     |                     |
| <b>Other Financial Liabilities</b>      |                     |                     |
| A.M.C.Payable                           | 777,947             | 569,925             |
| Audit fee payable                       | 140,000             | 135,000             |
| Electricity Charges Payable             | 854,864             | 250,392             |
| <b>Total</b>                            | <b>1,772,811</b>    | <b>955,317</b>      |
| <b>Note 17</b>                          |                     |                     |
| <b>Other Current Liabilities</b>        |                     |                     |
| GST Payable                             | 299,331             | -                   |
| C.S.T.2% Payable                        |                     | -                   |
| VAT Payable                             |                     | -                   |
| ESI Payable                             | 6,516               | 9,562               |
| Provident Fund Payable                  | 29,399              | 22,879              |
| T.D.S.Payable                           | 22,791              | 150,339             |
| Professional tax payable                | 1,050               | -                   |
| Advance from Customers                  | 19,579,481          | 11,920,568          |
| <b>Total</b>                            | <b>19,938,568</b>   | <b>12,103,348</b>   |
| <b>Note 18</b>                          |                     |                     |
| <b>Other Current Liabilities</b>        |                     |                     |
| Provision for Tax                       | 1,884,694           | 3,854,416           |
| <b>Total</b>                            | <b>1,884,694</b>    | <b>3854416</b>      |

**Notes to financial statements for the year ended**  
(All amounts in Rupees except for share data or otherwise stated)

(Amt. in Rupees)

|   | 2018-19            | 2017-18            |
|---|--------------------|--------------------|
| <b>Note 19</b>                                |                    |                    |
| <b>Revenue from Operations :</b>              |                    |                    |
| Income from Revenue                           | 778,542,178        | 784,513,720        |
| <b>Net Revenue from Operations (Net)</b>      | <b>778,542,178</b> | <b>784,513,720</b> |
| <b>Note 20</b>                                |                    |                    |
| <b>Other Income</b>                           |                    |                    |
| Interest Received                             | 99,418             | 74,587             |
| Miscellaneous income                          |                    | 54,419             |
| Processing Charges Received                   | 18,460,631         | 0                  |
| Site Rent Received                            | 96,000             | 96,000             |
| Dividend Income                               |                    | 2,000              |
| <b>Total</b>                                  | <b>18656049</b>    | <b>2,27,006</b>    |
| <b>Note 21</b>                                |                    |                    |
| <b>Cost of Materials Consumed</b>             |                    |                    |
| Raw Materials Consumed :                      | 452,4897           | 15,143,237         |
| Opening stock at the beginning of the year    |                    |                    |
| Add : Purchase                                | 761,159,483        | 738,999,657        |
|   | 765,684,380        | 754,142,894        |
| Less: Closing stock at the end of the year    | 145,170            | 4,524,897          |
| <b>Total</b>                                  | <b>765,539,210</b> | <b>749,617,997</b> |
| <b>Note 22</b>                                |                    |                    |
| <b>(Increase)/ Decrease In Inventories of</b> |                    |                    |
| <b>Finished Goods and Work-in-Progress :</b>  |                    |                    |
| <b>Opening stock of inventories :</b>         |                    |                    |
| Finished goods                                | 47,885,895         | 42,531,995         |
| Work .in. Progress                            | 47,885,895         | 42,531,995         |
| <b>Closing stock of inventories :</b>         |                    |                    |
| Finished goods                                | 56,422,154         | 47,885,895         |
| Work .in. Progress                            | 56,422,154         | 47,885,895         |
| <b>Net Amount</b>                             | <b>-8,536,259</b>  | <b>-5,353,900</b>  |
| <b>Note 23</b>                                |                    |                    |
| <b>Finance Cost :</b>                         |                    |                    |
| on Bank Loans                                 | 1,460,4482         | 16,148,759         |
| on borrowings from Directors                  |                    | 0                  |
| Processing fee                                | 223,030            | 269,100            |
| <b>Total</b>                                  | <b>14,827,512</b>  | <b>16,417,859</b>  |

**Notes to financial statements for the year ended**  
(All amounts in Rupees except for share data or otherwise stated)

(Amt. in Rupees)

|  | 2017-18           | 2016-17          |
|--|-------------------|------------------|
| <b>Note 24</b>                                 |                   |                  |
| <b>Employee Benefits Expenses :</b>            |                   |                  |
| Salaries, allowances and benefits to employees | 1,670,966         | 1,326,990        |
| Contribution to Provident fund and other funds | 215,633           | 188,006          |
| Managerial Remuneration                        | 480,000           | 480,000          |
| Staff Welfare Expenses                         | 440               | 0                |
| <b>Total</b>                                   | <b>2,367,039</b>  | <b>1,994,996</b> |
| <b>Note 25</b>                                 |                   |                  |
| <b>Other Expenses :</b>                        |                   |                  |
| Agriculture Market Cess                        | 208,022           | 352,273          |
| Bank Charges                                   | 51,005.12         | 46,570           |
| BSE Cub Charges                                | 0                 | 0                |
| Cleaning Items                                 | 2,568             | 0                |
| Commission                                     | 191,259           | 275,990          |
| Discounts Given                                | 4,423.5           | 123,698          |
| Fee & Inspection charges                       | 233,079.55        | 302,084          |
| Freight charges - Other than Railway           | 261,162           | 707,699          |
| Insurance                                      | 476,679           | 610,964          |
| Interest on Late payment of TDS                | 45,416.79         | 44,904           |
| Miscellaneous Expenses                         | 205,314.56        | 35,162           |
| Office Maintenance                             | 29,310.18         | 8,550            |
| Packing Material                               | 113,408.6         | 3,125            |
| Postage  | 4,262             | 1,970            |
| Power and fuel                                 | 7,661,560.36      | 2,858,348        |
| Printing & Stationery                          | 17,196.56         | 23,542           |
| Production Expenses                            | 1,076,477         | 933,573          |
| Quality, Rate Diff                             | 0                 | 0                |
| Rates and Taxes                                | 332,516           | 15,120           |
| Rating Charges                                 | 0                 | 56,949           |
| Repairs and Maintenance                        | 57,309            | 49,675           |
| Generator Maintenance                          | 34,008.68         | 0                |
| Ground Level Work Exp                          | 1,044,226         | 0                |
| Stock Exchange Expenses                        | 328,284           | 393,475          |
| security services expences                     | 222,275           | 0                |
| Panchayat Taxes                                | 147,571           | 0                |
| Telephone Charges                              | 96,224            | 98,875           |
| Transport Charges                              | 49,167            | 38,713           |
| Travelling Expenses                            | 6,637             | 15,054           |
| Vehicle Maintenance                            | 233,700.82        | 245,271          |
| <b>Payment to Auditor :</b>                    | <b>0</b>          | <b>0</b>         |
| As Statutory Audit fee                         | 75,000            | 30,000           |
| As Tax Audit fee                               | 20,000            | 20,000           |
| <b>Total</b>                                   | <b>13,228,063</b> | <b>7,291,583</b> |

**1.1 Deferred tax**

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approaches has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Sale of goods

The company is operating and manufacturing of edible oils.

**2.1 Auditors Remuneration****(Amt. in Rupees)**

| Particulars                                | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| a) Audit fees                              | 75,000                              | 30,000                              |
| b) Other charges                           |                                     |                                     |
| Taxation matters                           | 20,000                              | 20,000                              |
| Other matters                              | Nil                                 | Nil                                 |
| c) Reimbursement of out of pocket expenses | Nil                                 | Nil                                 |
| <b>TOTAL</b>                               | <b>95,000</b>                       | <b>50,000</b>                       |

**3.1 Earnings per Share: (Amt. in Rupees except share data)**

| Particulars  | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| <b>Earnings</b>  |                                     |                                     |
| Profit attributable to equity holders  | <b>41,00,547</b>                    | <b>64,34,275</b>                    |
| <b>Shares</b>  |                                     |                                     |
| Number of shares at the beginning of the year  | 22,872,000                          | 22,872,000                          |
| Add: Equity shares issued  | -                                   | -                                   |
| Less: Buy back of equity shares  | -                                   | -                                   |
| Total number of equity shares<br>outstanding at the end of the year  | 22,872,000                          | 22,872,000                          |
| <b>Weighted average number of equity<br/>shares outstanding during the year – Basic</b>  | 22,872,000                          | 22,872,000                          |
| Add: Weighted average number of equity shares arising<br>out of outstanding stock options (net of the stock<br>options forfeited) that have dilutive effect on the EPS | -                                   | -                                   |
| <b>Weighted average number of equity<br/>shares outstanding during the year – Diluted</b>  | 22,872,000                          | 22,872,000                          |
| Earnings per share of par value Rs.2/- – Basic (‘)   | 0.28                                | 0.01                                |
| Earnings per share of par value Rs.2/- – Diluted (‘)   | 0.28                                | 0.01                                |



**4.1 Related Parties**

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Management Personnel. List of Key Management Personnel of the Company is as below:

| Related party Transaction Firms/Company |                  |
|---|------------------|
| Sl. No.                                 | Name of the Firm |
| ---                                     | ---              |

| Key Management Personnel (KMP) |                                     |                   |
|--------------------------------|-------------------------------------|-------------------|
| Sl. No.                        | Name of the Person                  | Designation       |
| 1                              | Mr. Bhanu Prakash Vankineni         | Managing Director |
| 2                              | Smt.Phani Anupama Vankineni         | Director          |
| 3                              | Mr. KirankumarVankineni             | Director          |
| 4                              | Mr. SrinivasBabeEduuganti           | Director          |
| 5                              | Mr. Venkata Vinod Kumar Valipireddy | Director          |

The following is a summary of significant related party transactions:

| Particulars   | For the year ended | For the year ended |
|---|--------------------|--------------------|
|   | 31 March 2019      | 31 March 2018      |
| a) Key managerial personnel Remuneration & Commission |                    |                    |
| Mr. KirankumarVankineni                               | 4,80,000           | 4,80,000           |
| Mr. Chada Jagadish Reddy                              | 1,05,000           | Nil                |
| b) Non-whole time Directors                           |                    |                    |
| <b>Total</b>  |                    |                    |

**Transactions / Balances with Related Parties (Amt. in Rupees)**

| NATURE OF TRANSACTION | M/s.Bhanu Prakash Vankineni | M/s.Phani Anupama Vankineni |
|-----------------------|-----------------------------|-----------------------------|
| 1. Loans accepted     | 1,69,08,264                 | 86,99,986                   |
| 2. Loans repaid       | 2,90,15,048                 | 30,05,000                   |

**Closing Balance with Related Parties (Debit / (Credit))**

| Name of the Party            | Amount in Rs. (As at 31 <sup>st</sup> March 2019) |
|------------------------------|---|
| M/s. Bhanu Prakash Vankineni | 9,46,53,439/- Cr                                  |
| M/s.Phani Anupama Vankineni  | 1,66,09,646/-Cr                                   |

**5.1 Earnings/expenditure in foreign currency:****Expenditure in Foreign currency:**

| Particulars                          | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Travel Expenses                      | Nil                                 | Nil                                 |
| Professional Fees                    | Nil                                 | Nil                                 |
| Other expenses                       | Nil                                 | Nil                                 |
| <b>Total</b>                         | <b>Nil</b>                          | <b>Nil</b>                          |
| <b>Earnings in Foreign currency:</b> |                                     |                                     |
| FOB Value of Exports                 | Nil                                 | Nil                                 |
| Dividend                             | Nil                                 | Nil                                 |
| <b>Total</b>                         | <b>Nil</b>                          | <b>Nil</b>                          |

**6.1 Segment Reporting:**

The Company concluded that there is only one operating segment i.e., Agriculture Products. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

**7.1 Determination of Fair Values:**

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability

## (i) Property, plant &amp; Equipment:

The Company has not elected to measure any item of property, plant and equipment at its fair value at the Transition Date; property, plant and equipment have been measured at cost in accordance with Ind AS.

## (ii) Investments in equity securities

The fair value of marketable equity is determined by reference to their quoted market price at the reporting date.

**8.1 Employee benefits:****Provident fund benefits**

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.3,22,747 and Rs.1,44,679 to the provident fund plan during the years ended 31<sup>st</sup>March 2019 and 2018, respectively.

**9.1 Income Taxes:**

**a. Income Tax Expense/ (benefit) recognized in the statement of profit and loss:**

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:  
(Amt. in Rupees)

| Particulars   | For the year ended<br>31 March 2019 | For the year ended<br>31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| Current Taxes Expense   |                                     |                                     |
| Domestic  | 14,00,108                           | 38,54,416                           |
| Deferred Taxes Expense/(Benefit)  |                                     |                                     |
| Domestic  | (6,12,925)                          | (4,56,072)                          |
| Total Income Tax Expense/(Benefit) Recognized in the Statement of Profit and Loss | <b>7,87,183</b>                     | <b>33,98,344</b>                    |

**b. Reconciliation of Effective Tax Rate:**

|   |                  |                  |
|---|------------------|------------------|
| Profit Before Income Taxes  | <b>48,87,730</b> | <b>98,32,619</b> |
| Enacted Tax Rate in India   | 26.0%            | 30.9%            |
| Computed Expected Tax Benefit/(Expense)   | <b>12,70,810</b> | <b>38,54,416</b> |
| Effect of:  |                  |                  |
| Differences between Indian and foreign tax rates  | Nil              | nil              |
| Impairment of product related intangibles and goodwill<br>(Unrecognized deferred tax assets) / recognition of previously<br>unrecognized deferred tax assets, net | Nil              | Nil              |
| Expenses not deductible for tax purposes  | 13,69,000        | 49,84,000        |
| Share-based payment expense   |                  |                  |
| Income exempt from income taxes   | Nil              | Nil              |
| Foreign exchange differences  | Nil              | Nil              |
| Incremental deduction allowed for tax Purposes  | 7,54,000         | 31,59,000        |
| Deferred tax expense on undistributed earnings of subsidiary<br>outside India   | Nil              | Nil              |
| Current taxes on undistributed earnings of subsidiary outside India   | Nil              | Nil              |
| Effect of change in tax laws and rate   | Nil              | Nil              |
| Investment allowance deduction  | Nil              | Nil              |
| Earlier Years' tax Provision -(reversal)/provided)  | Nil              | Nil              |
| Others  | Nil              | Nil              |
| Income Tax Benefit/(Expense)  | <b>18,86,000</b> | <b>38,54,000</b> |
| Effective Tax Rate  | <b>38.57%</b>    | <b>39.20%</b>    |

**c. Deferred Tax Assets & Liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

|                                       |           |            |
|---------------------------------------|-----------|------------|
| Deferred Tax Assets/(Liabilities):    |           |            |
| Property, Plant and Equipment         | -4,60,903 | -10,73,828 |
| Net Deferred Tax Assets/(Liabilities) | -4,60,903 | -10,73,828 |

d. Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March 2019 & 2018:  
(Amt. in Rupees)

| Particulars                              | As at<br>1 April<br>2018 | Recognized in<br>statement of<br>profit and loss | Recognized in<br>equity | As at<br>31 March<br>2019 |
|--|--------------------------|--|-------------------------|---------------------------|
| <b>Deferred Tax Assets/(Liabilities)</b> |                          |  |                         |                           |
| Property, Plant and Equipment            | -10,73,828               | 6,12,925   | -                       | -4,60,903                 |
| Net Deferred Tax Assets/(Liabilities)    | -10,73,828               | 6,12,925   | -                       | -4,60,903                 |

**10.1 Investments:**

The details of such investments as of 31<sup>st</sup> March 2019 are as follows: (Amt. in Rupees)

| Particulars   | Cost               | Gain<br>recognized<br>directly in<br>equity | Gain<br>recognized<br>directly in<br>profit and<br>loss account | Fair<br>value      |
|---|--------------------|---|---|--------------------|
| Non-current Investments                                   |                    |   |   |                    |
| Investment in Equity shares of<br>GENESIS IBRC INDIA LTD. | 3,00,00,000        | 0   | 0   | 3,00,00,000        |
| <b>Total</b>  | <b>3,00,00,000</b> | <b>0</b>                                    | <b>0</b>  | <b>3,00,00,000</b> |

**11.1 Financial Instruments:**

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(Amt. in Rupees)

| Particulars                  | Carrying value      |                     | Fair value          |                     |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
|                              | Mar-19              | Mar-18              | Mar-19              | Mar-18              |
| <b>Financial assets</b>      |                     |                     |                     |                     |
| Cash and Cash Equivalents    | 19,04,304           | 34,36,185           | 19,04,304           | 34,36,185           |
| Trade Receivables            | 25,38,14,030        | 21,18,32,567        | 25,38,14,030        | 21,18,32,567        |
| <b>Total</b>                 | <b>25,57,18,334</b> | <b>21,52,68,752</b> | <b>25,57,18,334</b> | <b>21,52,68,752</b> |
| <b>Financial liabilities</b> |                     |                     |                     |                     |
| Borrowings                   | 13,04,49,279        | 1,326,99604         | 13,04,49,279        | 1,326,99604         |
| Trade Payables               | 13,35,21,849        | 8,99,21,655         | 13,35,21,849        | 8,99,21,655         |
| Other Financial Liabilities  | 2,35,96,072         | 1,69,13,081         | 2,35,96,072         | 1,69,13,081         |
| <b>Total</b>                 | <b>28,75,67,200</b> | <b>23,95,34,339</b> | <b>28,75,67,200</b> | <b>23,95,34,339</b> |

For NSVR & Associates LLP,  
Chartered Accountants  
Firm Reg.No.008801S/S200060

For and on behalf of the Board of Directors  
Diligent Industries Limited

Sd/-  
R.Srinivasu  
Partner  
M No :224033

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN:00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

Place: Hyderabad  
Date: 30.05.2019

Sd/-  
Vankineni Kiran Kumar  
Chief Financial Officer

**DILIGENT INDUSTRIES LIMITED**

CIN: L15490AP1995PLC088116

Registered Office: DwarkaThirumala Road,Denduluru village &mandal,  
West Godavari, Andhra Peadesh-534432

- E-mail: diligentinvestors@gmail.com
- Website: [www.diligentindustries.com](http://www.diligentindustries.com)

**ADMISSION SLIP**

|                                    |
|------------------------------------|
| Serial No.                         |
| Folio No./Client ID/ DP Id         |
| Name of the sole/ first member(s)  |
| Registered Address                 |
| Name(s) of joint member(s), if any |
| No. of shares held                 |

I certify that I am/ we am/ are Member(s) / Proxy for the Member(s) of the Company.

Please (✓) in the box

Member

Proxy

I/ We hereby record my/ our presence at the 25th Annual general Meeting of the Company on 30th September, 2019 at 03:00 P.M. at Dwarka Thirumala Road, Denduluru village &mandal, West Godavari, Andhra Pradesh -534432.

Name of the Proxy in Block Letters

Signature of Member / Proxy attending

**NOTES:**

- i) Member / Proxy attending the Annual General Meeting (AGM) must bring his / her Admission Slip which should be signed and deposited before entry into the venue.
- ii) Duplicate Admission Slip will not be issued at the venue.

**ELECTRONIC VOTING**

Electronic voting (e-voting) facility is being provided in respect of the Resolutions proposed at the 25th AGM, in accordance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014. Please see Note No.: 12 to the Notice dated 14th August, 2019 convening the AGM for the procedure with respect to e-voting.



**DILIGENT INDUSTRIES LIMITED**

CIN: L15490AP1995PLC088116

Registered Office: DwarkaThirumala Road,Denduluru village &mandal,  
West Godavari, Andhra Peadesh-534432

- E-mail: diligentinvestors@gmail.com
- Website: [www.diligentindustries.com](http://www.diligentindustries.com)

**Form No.MGT-11**

**Proxy Form**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration Rules, 2014)

|                       |  |       |  |
|-----------------------|--|-------|--|
| CIN                   | L15490AP1995PLC088116  |       |  |
| Name of the Company   | DILIGENT INDUSTRIES LIMITED  |       |  |
| Registered Office     | DwarkaThirumala Road, Denduluru Village & Mandal,<br>West Godavari, Andhra Peadesh -534432 |       |  |
| Name of the member(s) |  |       |  |
| Registered Address    |  |       |  |
| E-mail Id             |  |       |  |
| Folio No./Client ID   |  | DP ID |  |

I/We, being the Member(s) of \_\_\_\_\_ shares of **Diligent Industries Limited**, hereby appoint

(1) Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him/her

(2) Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature: \_\_\_\_\_

or failing him/her

(3) Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_ Signature: \_\_\_\_\_

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting (AGM) of the Company to be held on Monday, the 30<sup>th</sup> day of September , 2019 at 03.00 p.m. at Dwarka Thirumala Road, Denduluru village &mandal, West Godavari, Andhra Pradesh -534432, and at any adjournment thereof in respect of such resolutions as are indicated below:



| Resolution Number        | Description   | Optional ( “ ) |         |
|--------------------------|---|----------------|---------|
|                          |   | For            | Against |
| <b>Ordinary Business</b> |   |                |         |
| 1                        | Adoption of Audited Standalone Financial Statements of the Directors and Auditors thereon.  |                |         |
| 2                        | Appointment of a Director in the place of Mr. Kiran Kumar Vankineni (DIN: 02696680) who retires by rotation and being, offers himself for reappointment |                |         |
| <b>Special Business</b>  |   |                |         |
| 3                        | Re- appointment of Mr. Bhanu Prakash Vankineni (DIN: 00919910) as Managing Director   |                |         |
| 4                        | Re- appointment of Mr. V.V. Vinod Kumar (DIN: 03642809) as Independent Director   |                |         |
| 5                        | Re- appointment of Mr. Srinivas BabuEdupuganti(DIN: 03637508) as Independent Director   |                |         |

Signed this            day of September, 2019.

Signature of shareholder: \_\_\_\_\_

|                           |
|---------------------------|
| Affix<br>Revenue<br>Stamp |
|---------------------------|

**NOTE:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.



**Form No.MGT-12****POLLING PAPER**

(Pursuant to Section 109(5) of the Companies Act, 2013 and Rule 21(1)(c) of the Companies (Management and Administration Rules, 2014)

|                              |  |       |  |
|------------------------------|--|-------|--|
| CIN                          | L15490AP1995PLC088116  |       |  |
| Name of the Company          | DILIGENT INDUSTRIES LIMITED  |       |  |
| Registered Office            | DwarkaThirumala Road, Denduluru Village & Mandal,<br>West Godavari, Andhra Peadesh -534432 |       |  |
| Name of the member(s)        |  |       |  |
| Registered Address           |  |       |  |
| E-mail Id                    |  |       |  |
| Folio No./Client ID          |  | DP ID |  |
| Number of Equity shares held |  |       |  |

I hereby exercise my vote in respect of Ordinary/Special Resolution enumerated below by recording my assent or dissent to the said Resolution in the following manner:

| Resolution Number        | Description   | Optional ( ✓ ) |         |
|--------------------------|---|----------------|---------|
|                          |   | For            | Against |
| <b>Ordinary Business</b> |   |                |         |
| 1                        | Adoption of Audited Standalone Financial Statements of the Directors and Auditors thereon.  |                |         |
| 2                        | Appointment of a Director in the place of Mr. Kiran Kumar Vankineni (DIN: 02696680) who retires by rotation and being, offers himself for reappointment |                |         |
| <b>Special Business</b>  |   |                |         |
|                          | Re- appointment of Mr. Bhanu Prakash Vankineni (DIN: 00919910) as Managing Director   |                |         |
|                          | Re- appointment of Mr. V.V. Vinod Kumar (DIN: 03642809) as Independent Director   |                |         |
|                          | Re- appointment of Mr. Srinivas BabuEdupuganti(DIN: 03637508) as Independent Director   |                |         |

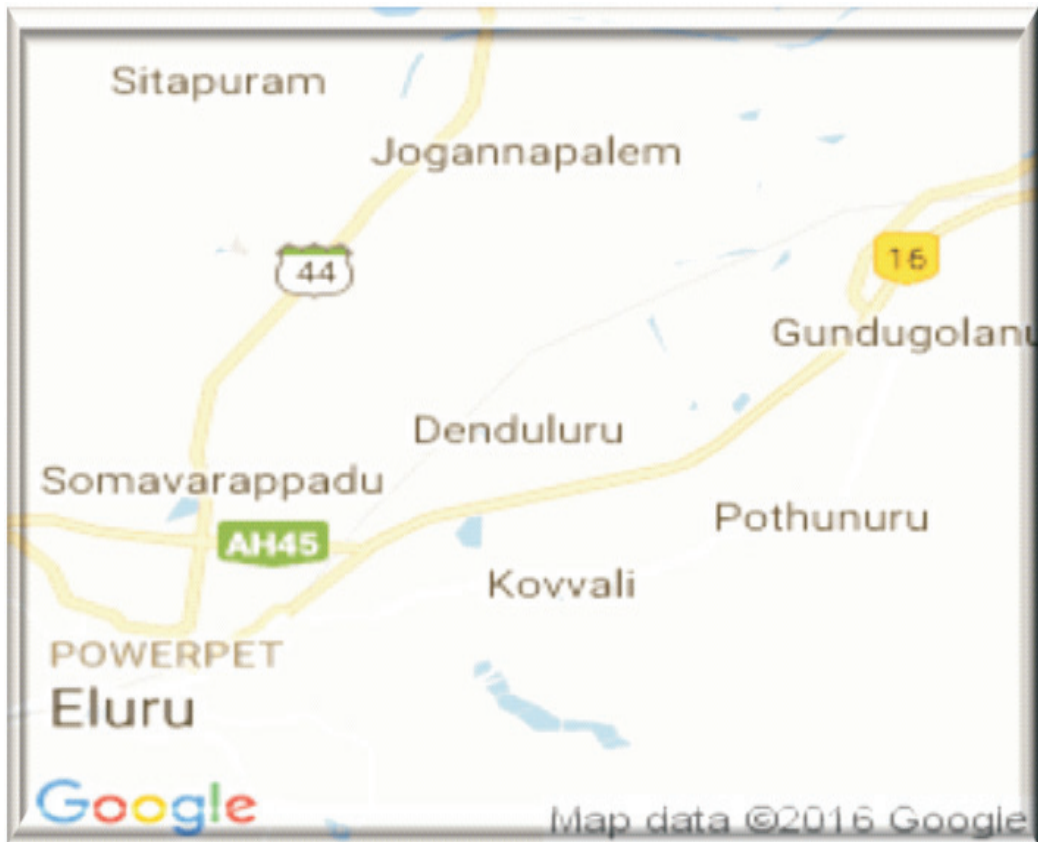
Place:

Date:

(Signature of the Shareholder)



**INTENTIONALLY LEFT BLANK**



**Route Map to AGM**

If undelivered, deliver to:  
**DILIGENT INDUSTRIES LIMITED**  
DwarkaThirumala Road,  
Denduluru Village and Mandal,  
West Godavari -534 432, A.P,