

**BOARD OF DIRECTORS**

**Managing Director**

Sri N. Hari Hara Prasad

**Directors**

Sri T.H. Sastry

Sri T.V. Chowdary

Sri N.S.R.C. Sekhar Rao (upto 10.02.2018)

Sri T. Ramesh Chandra Bose

Sri S. Srinivas

Smt. Anuradha Anne

**AUDITORS:**

M/s. Suryanarayana & Suresh

Chartered Accountants

#8-2-601/B, Flat No.C2

Road No.10, Millenium House

Banjara Hills, Hyderabad - 500 034

**CHIEF FINANCIAL OFFICER**

Smt Anuradha Anne

**COMPANY SECRETARY**

Ms. Priyanka Baldewa

**BANKERS:**

State Bank of India

HDFC Bank

Andhra Bank

**REGISTERED OFFICE**

Flat No.301 to 304, Divyashakti Complex,

7-1-58, Ameerpet, Hyderabad - 500016,

Telangana

**FACTORY**

Survey No. 432/1& 447,

Narsapur Village,

Medak District.

**WEBSITE**

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

**NOTICE**

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

NOTICE IS HEREBY GIVEN THAT THE 27TH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF DIVYASHAKTI GRANITES LIMITED (CIN : L99999TG1991PLC012764) WILL BE HELD ON SATURDAY THE 29TH SEPTEMBER, 2018 AT 11.00 A.M AT THE INSTITUTION OF ENGINEERS, KHAIRATABAD, HYDERABAD - 500 004 TO TRANSACT THE FOLLOWING BUSINESS:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2018 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2018.
3. To appoint a Director in place of Smt. Anuradha Anne (DIN No.02802437), who retires by rotation and being eligible, seeks reappointment.
4. To continue the appointment of the Statutory Auditor without ratification at every Annual General Meeting in this regard pass the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** in partial modification of the ordinary resolution passed at the Annual General Meeting held on 25th September, 2017 and in accordance with the amended Section

139 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 including any Statutory enactments or modifications thereof, the approval of the members be and is hereby accorded to continue the appointment of M/s Suryanarayana & Suresh, Chartered Accountants, Hyderabad (Firm Registration No.006631S) as Statutory Auditors of the Company at such remuneration as may be decided by the Board of Directors as per the recommendation of the Audit Committee, to hold office till the conclusion of the Annual General Meeting to be held in the year 2022 without subjecting the said appointment to ratification at every subsequent Annual General meeting."

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and subject to the approval of the Central Government, if so required and such other consents and permission as may

be necessary and subject to such modifications, variations as may be approved and acceptable to the appointee, the consent of members be and is hereby accorded for the re-appointment of Shri Hari Hara Prasad Nallapati (DIN: 00354715) as Managing Director of the Company for a period of 5 years with effect from 4th March, 2018 at the remuneration, terms and conditions as detailed below:

1. The Managing Director shall carry out such duties as may be entrusted to him subject to the supervision and control of the Board and he shall also perform such other duties and services as shall be entrusted to him by the Board from time to time.
2. The appointment is for a period of Five (5) years with effect from 4th March, 2018 to 3rd March, 2023.
3. The Managing Director shall be entitled to the following remuneration and perquisites:
  - a. Salary of Rs. 4,00,000/- per month with effect from 4th March, 2018.
  - b. Perquisites: Restricted to an amount equal to 50% of Annual Salary.

Perquisites are classified into three categories i.e., A, B and C and are as follows:

#### **CATEGORY-'A'**

##### **1. Housing:**

- a. The expenditure incurred on hiring furnished accommodation subject to the ceiling of 60% of the salary over and above the liability of 10%

payable by Shri N Hari Hara Prasad

- b. In case the accommodation is owned by the Company, 10% of the salary of Shri N Hari Hara Prasad shall be deducted by the Company.
  - c. In case no accommodation is provided by the Company, Shri N. Hari Hara Prasad shall be entitled to a House Rent Allowance subject to the ceilings laid down in (a) above. The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per Income tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary.
2. Medical Reimbursement: - One month's salary in a year or three month's salary over a period of three years for self and family.
  3. Leave Travel Allowance:- Once in a year for self and family in accordance with the rules of the Company.
  4. Club Fees: - Maximum of two clubs, admission fee and life membership not reimbursable.
  5. Personal Accident Insurance/Medicaid insurance as per the rules of the Company.
  6. Reimbursement of school fees for two children.

#### **CATEGORY-'B'**

Contribution to P.F., Superannuation fund or Annuity fund will not be included in the computation of the ceiling on perquisites to the extent either singly or put together are not taxable under the Income-tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

**CATEGORY-'C'**

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed to Shri N. Hari Hara Prasad by the Company.

**REMUNERATION IN THE EVENT OF LOSS OR INADEQUACY OF PROFITS**

Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid, subject to incentive/ commission as per applicable provisions of Schedule V of the Companies Act, 2013.

**"RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxation by the Central Government to the provisions of Schedule V to the new Act, the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include any committee which the Board may constitute to exercise its powers, including powers conferred by this resolution) be and is hereby authorised to alter and vary the terms and conditions of appointment including remuneration, if necessary, in such manner as may be agreed to by and between the Board and Shri Hari Hara Prasad Nallapati, within such prescribed limit(s) or ceiling and the agreement between the Company and the Managing Director be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting."

**6. To consider and if thought fit, to pass the following resolution as a Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder including any modification or amendments or clarifications thereon, if any, and pursuant to the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, and pursuant to the Policy of the Company on Related Party Transactions, consent of the members be and is hereby accorded for entering into transactions, including Material Related Party Transactions, in the ordinary course of business at arms' length price, whether by means of contracts/ arrangements or otherwise, from time to time, with the related parties, provided such transactions, in the opinion of the Board of Directors of the Company, with those related parties are in the ordinary course of business and at arm's length price with effect from 01 October 2018 up to the maximum amounts as stated herein below:

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

Sl. No.	Nature of Transactions as per section 188 of the Companies Act, 2013	Name of the Director /KMP who is related and nature of their relationship	Name of the Related Party Companies	Amount (Rupees in Crores)
01	Export/Supplying Goods /Availing or rendering of any services	Sri N.Hari Hara Prasad Sri N.Hari Hara Prasad and his relatives are Partners in Firm	Cosmos Granites (West) Cosmos Granites (South East)	Rs.70 crores.  Rs.50 crores.

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all such acts, deeds, things as may be necessary in its absolute discretion, deemed necessary, proper, desirable and to finalize any documents and writings related thereto."

**7. To consider and if thought fit, to pass the following resolution as a Ordinary Resolution:**

**RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder including any modification or amendments or clarifications thereon, if any, and pursuant to the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, and pursuant to the Policy of the Company on Related Party Transactions, consent of the members be and is hereby accorded for ratification of transactions including Material Related Party Transactions entered into in the ordinary course of business at arms' length price by means of contracts/ arrangements with the related parties in the ordinary course of business and at arm's length up to 01 October 2018 at the amounts as stated herein below:

Sl. No.	Nature of Transactions as per section 188 of the Companies Act, 2013	Name of the Director /KMP who is related and nature of their relationship	Name of the Related Party Companies	Amount (Rupees in Crores)
01	Export/Supplying Goods /Availing or rendering of any services	Sri N.Hari Hara Prasad Sri N.Hari Hara Prasad and his relatives are Partners in Firm	Cosmos Granites (West) Cosmos Granites (South East)	Not exceeding Rs. 100 crores. per year for the past years.

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all such acts, deeds, things as may be necessary in its absolute discretion, deemed necessary, proper, desirable and to finalize any documents and writings related thereto."

For and on behalf of the Board

**N. HARI HARA PRASAD**

Place: Hyderabad  
Date: 30th May, 2018

Managing Director  
DIN : 00354715

## **NOTES**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and a proxy need not be a member of the company. The instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company not later than fortyeight hours before the commencement of the Meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholders.  
The Register of Members and Share Transfer Books of the Company will remain closed from 22-09-2018 to 29-09-2018 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
3. Dividend of Rs.1.50 per Equity Share of Rs.10/(15%) each for the year as recommended by the Board of Directors and, if declared at the Annual General Meeting, will be payable to those Members whose names appear on the Register of Members as on 22.09.2018.
4. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc from the Company electronically. Further all the members are requested to dematerialize their shares.
5. In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, the Company is pleased to provide members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).
6. The Annual Report 2017-18, the Notice of the 27th AGM and instructions for e-voting, along with the attendance slip and proxy form, are being sent by electronic mode to members whose email addresses are registered with the Company/depository participant(s), unless a member has requested for a physical copy of the documents. For members who have not registered their email addresses, physical copies are being sent by the permitted mode. The same is also available on the Company's website.
7. The relevant Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 is annexed hereto.
8. Additional information, pursuant to Regulation 36 of the SEBI (LODR) Regulations, 2015, in respect of the Directors seeking appointment/reappointment at the AGM, forms part of the Notice.
9. **Process and Manner for Shareholders opting for e-voting is as under:-**
  - i. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
  - ii. Click on Shareholder-Login

- iii. If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
- iv. If you are logging in for the first time, please enter the User ID and Password provided in enclosed form.
- v. The Password Change Menu will appear on your screen. Change to a new Password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your Password confidential.
- vi. Once the e-Voting home page opens, click on e-Voting> Active Voting Cycles.
- vii. Select the EVEN (E-Voting Event Number) of Divyashakti Granites Limited (the number is provided in enclosed form). Once you enter the number, the Cast Vote page will open. Now you are ready for e-voting.
- viii. Cast your vote by selecting appropriate option and click on Submit and Also Confirm when prompted. Please note that once your vote is cast on the selected resolution, it cannot be modified.
- ix. Institutional shareholder (i.e., other than individuals, HUF, NRIs, etc.,) are required to send a scanned copy (PDF / JPG format) of the relevant board resolution/authority letter, etc., together with the attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer via email at : [pjagan123@gmail.com](mailto:pjagan123@gmail.com), with a marked to **[evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)**.
- x. In case of any queries, please refer to the frequently asked Questions (FAQs) for members and the e-voting user manual for members available in the 'Downloads' section of **<https://www.evoting.nsdl.com>**. You can also contact NSDL via email at **[evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)**.

**General Instructions:**

- a. The e-voting period commences on September 25, 2018 (9.00 a.m.) and ends on September 28, 2018 (5.00 p.m.) During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 22, 2018, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 22, 2018 and not casting their vote electronically, may only cast their vote at the Annual General Meeting. Mr. Puttaparthi Jagannatham, Advocate, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- c. The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- d. The voting rights of shareholders shall be in proportion to their shares of the paid up equity



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**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

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share capital of the Company as on September 22, 2018. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.divyashakti.com](http://www.divyashakti.com) and on the website of NSDL within two days of the passing of the resolutions at 27th Annual General Meeting of the Company on Saturday, September, 29, 2018 and communicated to the BSE Ltd.

10. The route map to the venue of the Annual General Meeting is enclosed herewith.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO .5**

The Board of directors as per the recommendation of the Nomination & Remuneration Committee have re-appointed Sri N.Hari Hara Prasad, Managing Director of the Company for a term of 5 years from 4th March, 2018 subject to approval/ ratification by the shareholders at the ensuing Annual General Meeting.

The remuneration, terms and conditions are detailed in the resolution set in the Notice of this AGM.

Brief Resume of Sri N.Hari Hara Prasad and nature of his expertise in specific functional areas and names of companies in which he holds directorship and memberships/chairmanships of Board Committees, shareholding as stipulated under SEBI (LODR) Regulations, 2015, is forming part of the Annual Report

This Explanatory Statement may also be regarded as a disclosure under Regulation 27 of the SEBI (LODR) Regulations, 2015.

Information about the Appointee:

Name of the Director	Shri N Hari Hara Prasad
Date of Birth	15.08.1966
Date of appointment	04.06.1991
Experience	28 years of versatile experience in civil constructions, and granite processing cum marketing sectors
Qualifications	B.E., in Civil Engineering
Past Remuneration	Rs.2,00,000/- per Month
Job Profile	He is a main Promoter and Managing Director of the company and has been instrumental in building the company.

Sri N.Hari Hara Prasad may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of his appointment as Managing Director. Smt. Anuradha Anne who is his relative and the Director of the Company and their other relatives, to the extent of their shareholding interest and Directorship in the Company, may be deemed to be concerned or interested in the re-appointment of Sri N.Hari Hara Prasad.



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**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

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Save and except the above, none of other Director/Key Managerial personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise in the resolution set out at item no.5 of the Notice.

The Board recommends the Resolutions as set out in the Notice for approval of the Members.

**ITEM NO. 6 and 7**

Pursuant to Section 188 of Companies Act, 2013 read with Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014 any company having a paid-up share capital of Ten Crores Rupees or more shall not enter into a contract or arrangement with any related party other than transactions which are done in the ordinary course of business and at arm's length price unless it has obtained prior consent of shareholders by passing an Ordinary resolution. The Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also prescribed seeking shareholders' approval for material related party transactions.

Pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the following contracts / arrangements / transactions are material in nature and require the approval of the unrelated shareholders of the Company by an Ordinary resolution.

In view of the provisions of Companies Act, 2013, the Board of Directors has approved the proposed transactions along with annual limits that your company may enter into related parties. As the approval of the members was not obtained due to oversight and without prejudice to the interests of the company, in the previous years, those transactions are placed before the members for ratification of the transactions

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

- (1) **Name of the Related Parties** : **Cosmos Granite (West),  
Cosmos Granite(South East)**
- (2) **Names of the Director or Key Managerial Personnel who is related, if any** : **Sri N. Hari Hara Prasad**
- (3) **Nature of Relationship** : **DIRECTOR/Partner**

<b>Name of the Related Party</b>	<b>Name of the Director/KMP who is related and their nature of Relationship</b>
Cosmos Granite (West) Cosmos Granite (South East)	Sri N.Hari Hara Prasad and his relatives are Partners in Firm

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD****(4) Nature, material terms, monetary value and particulars of the contract or arrangement:**

The details with respect to approval of Related Party Transactions are furnished below:

<b>Name of the related party</b>	<b>Nature of Transaction</b>	<b>Particulars</b>	<b>Maximum Amount per annum (Rs. In Crores)</b>
<b>Foreign Bodies</b> Cosmos Granite (West) Cosmos Granite (South East)	Export/Sale, Purchase, Supply, availing or rendering of any services	Export/Supply of Polished Granites Slabs & Engineering stone slabs	Rs.70 crores. Rs.50 cores

The details with respect to ratification of Related Party Transactions are furnished below:

<b>Name of the related party</b>	<b>Nature of Transaction</b>	<b>Particulars</b>	<b>Maximum Amount per annum (Rs. In Crores)</b>
<b>Foreign Bodies</b> Cosmos Granite (West) Cosmos Granite (South East)	Export/Sale, Purchase, Supply, availing or rendering of any services	Export/Supply of Polished Granites Slabs & Engineering stone slabs	Not exceeding Rs. 100 crores every year

Members are hereby informed that pursuant to second proviso of Section 188 (1) of the Companies Act, 2013 no interested member of the company shall vote on such ordinary resolution to approve any contract or arrangement which may be entered into by the company as ordinary resolution.

Except for the promoter Directors and Key managerial Personnel, no other Director is interested in the resolution.

The Board recommends the Resolutions as set out in the Notice for approval of the Members.

For and on behalf of the Board

Place: Hyderabad  
Date: 30th May, 2018

**N. HARI HARA PRASAD**  
Managing Director  
DIN : 00354715

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**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

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Additional information on Director recommended for appointment/reappointment as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**1. Smt. Anuradha Anne (DIN: 02802437)**

**Brief Resume:**

1	Name of the Director	Smt Anuradha Anne
2	Father's Name	Late Sri N.V.Rattaiah
3	Date of Birth	10.07.1965
4	Qualifications	Master of Commerce (M.Com)
5	Date of Appointment	12.05.2017
6	Experience	Over 24 Years of versatile experience in Business Administration & Finance.

**Nature of Expertise in specific functional areas:** Business Administration & Finance.

**Disclosure of inter-se relationships between Directors and Key Managerial Personnel:**

Smt. Anuradha Anne is the sister of the Managing Director, Shri Hari Hara Prasad Nallapati

**Listed entities (other than Divyashakti Granites Limited) in which Smt. Anuradha Anne holds directorship and Committees membership**

- Directorship: Nil
- Chairperson/Membership of Board Committees in Divyashakti Granites Limited:  
Member of Internal Complaints Committee, and Member of Stakeholders Relationship Committee, Business Risk Evaluation Committee

**Shareholding in the Company:** 465992 Equity Shares.

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report and the Audited Accounts for the financial year ended 31st March, 2018.

**1. FINANCIAL RESULTS**

Particulars	Year ended 31.03.2018 (Rs. in lakhs)	Year ended 31.03.2017 (Rs. in lakhs)
Sales	6858	10836
Gross Operating Profit before depreciation and exchange variation	757	1637
Profit after depreciation but before exchange variation	692	1524
Profit after depreciation, exchange variation and before Exceptional Items	745	1459
Profit after Exceptional items	745	1469
Profit after Tax	482	947
<b>Appropriations:</b>		
General Reserves	297	762
Proposed Dividend	154	154
Tax on dividend	31	31
<b>Total</b>	<b>482</b>	<b>947</b>

**2. DIVIDEND**

Your Directors are pleased to recommend for your consideration a Dividend of Rs. 1.50 per share (15% of face value Rs.10/-) on the equity capital of the company for the financial year ended 31st March, 2018, aggregating an amount of Rs. 154.03 lakhs.

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

The Company proposes to transfer an amount of Rs. 297 lakhs to Reserves during the financial year under review.

**4. Finance:**

Cash and cash equivalents as at 31st March, 2018 was Rs. 1444 lakhs. The company continues to focus on judicious management of it's working capital, receivables, inventories and other working capital parameters and they were kept under strict check through continuous monitoring.

**5. COMPANY'S WORKING DURING THE CURRENT YEAR 2017-2018 AND THE FUTURE PROSPECTS ALONG WITH REASONS WHILE COMPARING WITH PREVIOUS YEAR RESULTS:**

Your Company has exported polished granite slabs and polished monuments valued at **Rs.6758 lakhs** to U.S.A. during the year under consideration. As regards the Raw Materials, out of the total purchases of Raw Blocks & Slabs valued at **Rs.5167 lakhs** made during the year, about 79% of slabs are Traded/ imported from China.

The year closed on a positive note with export orders on hand to the tune of **Rs. 210 lakhs** as compared to Rs.230 lakhs of last year.

Further, your Directors are pleased to state that your company could commission solar plant within the Factory and could thus save the power bills to the extent of Rs.58 lakhs.

Your Directors are further pleased to inform that your company has also established Quartz Slabs (Engineering Stone Slabs) manufacturing unit in its existing premises. The Quartz unit is expected to go into production soon in the current year itself.

**6. CHANGE IN NATURE OF BUSINESS:**

During the year the company has not changed its business.

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

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

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

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

**9. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :**

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

**10. DETAILS OF SUBSIDIARY/JOINT VENTURES / ASSOCIATE COMPANIES:**

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

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

Since the Company does not have any subsidiaries or Joint Venture or associate companies, consolidation of financial statements of the Company is not applicable.

**12. DEPOSITS**

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

**13. AUDITORS AND OBSERVATIONS**

M/s Suryanarayana & Suresh, Chartered Accountants, Independent Auditors of the Company were appointed in the Annual General Meeting held on 25th September, 2017 for a period of Five year till conclusion of Thirty First (31st) Annual General Meeting.

**14. SECRETARIAL AUDIT REPORT**

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

**15. EXTRACT OF ANNUAL RETURN:**

The extract of the Annual Return is placed on the website of the Company. The link to access the same is <http://www.divyashakti.com/html/annual-return-extracts.html>

**16. SHARE CAPITAL**

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

A) Issue of shares with differential rights

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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

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

#### (A) Conservation of energy

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

		2017-18	2016-17
1.	Electricity		
a)	Purchased Units	781390	2063501
	Total Amount (Rs. in lakhs)	67.51	168.55
	Average Cost/ Unit (Rs./KWH)	8.64	8.17
b)	Own Generation		
	i) Through Solar Plant-(w.e.f. Feb.2017) Produced Energy (in Units)	884718	135300
	Total Value estimated (Rs. in lakhs)	58.86	8.92

	Average Cost/Unit (Rs./KWH)	6.65	6.59
ii)	Through Diesel Generator (Total Units)	55456	82167
	Total Amount (Rs. in lakhs)	11.06	14.50
	Units per liter of Diesel Oil	3.26	3.28
	Average Cost/ Unit (Rs./KWH)	19.94	17.65

#### (B) Technology Absorption:

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

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

- a) Foreign Exchange Earnings : Rs. 6758 Lakhs
- b) Foreign Exchange Outgo : Rs. 4895 Lakhs

### 18. CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has constituted the CSR committee consisting of the following Directors with the roles and responsibilities duly defined in accordance with the CSR Policy Rules. The committee met once on 10.02.2018 during the financial year ended 31st March, 2018.

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

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

The Company allocated an amount of Rs.29.70 lakhs to be spent during the year 2017-18 for Corporate Social Responsibility. However, the Company couldn't spend the amount earmarked for Corporate Social Responsibility in full due to problems in identifying the better areas and beneficiaries as per its approved CSR Policy. However, an amount of Rs.3.20 lakhs was spent by the company towards the CSR activities in the field of Education and Environment during the year 2017-18.

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

## **19. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

### **A) Changes in Directors and Key managerial personnel:**

- i) Sri N.S.R.C. Sekhara Rao tendered resignation from the position of Director with effect from 10.02.2018 on the ground that his advanced age is no longer permitting him to discharge his functions as Director. The same was accepted in the Board meeting held on 10th February, 2018.
- ii) Pursuant to the requirements of the Companies Act, 2013 and Articles of Association of the Company, Smt. Anuradha Anne, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

- iii) Pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 Sri Hari Hara Prasad Nallapati has been re-appointed as Managing Director of the Company for Five (5) Years with effect from 04th March, 2018. The resolution relating to ratification of remuneration is put up for approval of members at the ensuing Annual General Meeting.

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

All the independent Directors have given declarations under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(2) and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that there is no change in their status of Independence.

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

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

### **D) Number of meetings of the Board of Directors:**



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

**E) Meeting of Independent Directors:**

A separate meeting of Independent Directors of the Company was held on 10.02.2018 as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. At the Meeting, the Independent Directors reviewed the performance of Non Independent Directors and the Board as a whole.

**F) Familiarization Programme for Independent Directors**

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

**20. AUDIT COMMITTEE:**

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

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

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

Due to the resignation of Sri N.S.R.C. Sekhar Rao, member of Audit Committee, the Audit Committee was reconstituted on 10.02.2018 as follows:

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

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

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

The Company has also formulated Whistle Blower Policy through which it's Directors, Employees and Stake Holders can report their genuine concern about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct or ethics Policy.

The Company hereby affirms that no Director/ employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

**22. CODE OF CONDUCT:**

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

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

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

**23. PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015 for prevention of insider trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The code requires pre clearance for dealing in the Company's shares and prohibits the purchase or sale of Company's shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the company and during the period when the

trading window is closed. The Board is responsible for implementation of the code.

During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

**24. NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee consist of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

Name of Members	Designation
1. Shri T.V.Chowdary	Chairman
2. Shri S. Srinivas	Member
3. Shri N.S.R.C.Sekhara Rao	Member

The Board has formulated a policy in consultation with the Nomination and Remuneration Committee for selection and appointment of Directors, Senior management and fixation of their remuneration keeping in view the requirements given in section 178 of the companies Act, 2013 and it also involves in the evaluation of the Board and its remuneration policies. During the Financial Year under review, the Committee has met twice on 27th May, 2017 and 10th February, 2018.

With the resignation of Sri N. S. R. C. Sekhar Rao, member of Nomination and Remuneration Committee, the Nomination and Remuneration Committee was reconstituted on 10th February, 2018 as follows:

Name of Members	Designation
1. Shri T.V.Chowdary	Chairman
2. Shri S. Srinivas	Member
3. Shri T.R.C. Bose	Member

**25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All transactions entered with Related Parties for the year under review were on arm's length basis. The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto are disclosed in Form No.AOC-2 as Annexure-III to this Report.

Policy on Related Party Transactions as approved by Board has been uploaded on Company's. Website <http://www.divyashakti.com/images/8.%images/8.%20policy%20Related%20Party%20Transaction.pdf>

There were no materially significant transactions with Related Parties during the financial year 2017-18 which were in conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in Note 3.07 of the Notes to the financial statements.

**26. MANAGERIAL REMUNERATION:**

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

Remuneration to Directors :	2017-18 Rs.	% on total salaries.
(a) N. Hari Hara Prasad Managing Director		
- Salary	26,00,000	15%
- Perquisites	15,90,187	
Anuradha Anne (Chief Financial Officer) - Salary	5,50,000	2%

- b) There is no information required pursuant to Section 197 read with 5(2) of the

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as no employee of the Company is covered by these rules.

- c) No Director is in receipt of any commission from the company and the Managing Director and Whole-time Director of the Company have not received any remuneration or commission from any other Company subject to its disclosure by the Company in the Board's Report.

**27. CORPORATE GOVERNANCE**

The Directors reaffirm their commitment to good corporate governance practices. During the year under review, the Company was in compliance with the provisions relating to corporate governance as provided under Regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The compliance report, together with the Auditors' Certificate on compliance with the conditions of Corporate Governance of the Listing Regulations is enclosed as Annexure - IV to this Report.

The Managing Director and Chief Financial Officer of the Company have issued necessary certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations and the same forms part of this Report.

**28. RISK MANAGEMENT AND INSURANCE**

Your Company continuously monitors business and operational risk through business process, re-engineering and reviewing areas such as production, finance, legal and other issues. An exhaustive exercise is underway to bring a model regulating risk management

mechanism. Your Company's assets are adequately insured against the risk from fire and earthquake.

There is no identification of risks which in the opinion of the Board may threaten the existence of the Company

**29. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that-

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed and that there are no material departures;
- (b) We have selected such accounting policies in consultation with the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis;
- (e) The Company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

- (f) We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**30. PAYMENT OF LISTING FEE**

At present the equity shares of the Company are listed on the Bombay Stock exchange at Mumbai. The Company confirms that it has paid Annual Listing Fees due to the Bombay Stock Exchange for the year 2018-2019.

**31. DEPOSITORY SYSTEM**

As the Members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the depository system, the Members are requested to avail the facility of Dematerialization of the Company's shares on NSDL & CDSL. The ISIN allotted to the Company's Equity shares is INE410G01010.

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

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

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

**33. MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management Discussion and Analysis Report as required Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 with stock exchange forms part of this report as Annexure V

**34. INTERNAL COMPLAINTS COMMITTEE:**

The "Internal Complaints Committee" reconstituted as per section 4 (1) of Sexual harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013 has the following members.

1. Sri T.R.C.Bose\* - Chairperson
2. Sri S. Srinivas - Member
3. Smt Anuradha Anne - Member

\* Consequent on resignation of Sri N.S.R.C.Sekhara Rao, Member , the Committee has been reconstituted in the Board Meeting held on 10th February, 2018 with induction of Sri T.R.C.Bose as Member

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

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the financial assistance and support extended by HDFC and State Bank of India. The Directors thank the shareholders for their continued confidence and trust placed by them with the Company. The Board also thanks all categories of employees of the Company for their dedicated and sincere services.

For and on behalf of the Board

**(N.HARI HARA PRASAD)**

Managing Director

DIN : 00354715

**(T.H.SASTRY)**

Director

DIN : 01786600

Place : Hyderabad,

Date : 30th May, 2018.

**ANNEXURE INDEX**

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

**ANNEXURE - I**

**Form No. MR-3**

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

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2018**

To

The Members,  
Divyashakti Granites Limited

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

Based on our verification of the Divyashakti Granites Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Divyashakti Granites Limited ("the Company") for the financial year ended on 31st March 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

## **DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

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- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014;
  - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - i. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015
- VI. Other specific laws as applicable to the company are:
  - a) Mines Act, 1952
  - b) Mines and Minerals (Development and Regulation) Act, 1957.

We have also examined compliance with the applicable Clauses of:

- (i) The Listing Agreement(s) entered into by the Company with Stock Exchange(s);
- (ii) Secretariat Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the Companies Act 2013.

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

- (i) There was delay in filing of Three (3) Forms with the Ministry of Corporate Affairs.
- (ii) The Prescribed CSR expenditure of 2% of average net profit of the last three years allocated for 2017-18 amounting to Rs. 29.70 Lakhs was not fully spent due to the problems in identifying the areas and beneficiaries. However, an amount of Rs.3.20 lakhs has been spent during the year.



**We report that:**

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

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

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

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

Place : Hyderabad

Date : 30.05.2018

**For Puttaparthi Jagannatham & Co.**

**Navajyoth Puttaparthi**

**Partner**

**ACS No: 28843, C P No.: 16041**

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

**Appendix A:**

To  
The Members,  
Divyashakti Granites Limited

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

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

Place : Hyderabad  
Date : 30.05.2018

**For Puttaparthi Jagannatham & Co.**  
**Navajyoth Puttaparthi**  
**Partner**  
**ACS No: 28843, C P No.: 16041**

## **ANNEXURE - II**

### **Report on CSR Activities undertaken by the Company pursuant to Section 135 of the Companies Act, 2013 for the year 2017-18**

**1. A brief outline of the company's CSR policy**

Divyashakti Granites Limited ( 'the Company') has been an adopter of Corporate Social Responsibility ('CSR'), the Company's CSR initiatives have played a pivotal role in contributing to the society & driving sustainable economic growth in a holistic manner. Presently, the broad focus areas of the Company are:

- a. Education
- b. Health
- c. Environment
- d. Rural Development

Education, Environment and Health are primary focus areas of CSR policy of the Divyashakti. The activities under the Education include primary, secondary and higher education, skill development of rural youth, providing scholarships to meritorious students of underprivileged and promoting preventive healthcare activities such as providing safe and healthy drinking water, aiding hospitals etc. Further thematic areas will be prioritized to reach the underserved segments of the population like women, economically and geographically disadvantaged vulnerable and marginalized population. The company also lays emphasis on employee volunteering in all its CSR efforts.

Companies Act 2013 mandates qualifying companies to constitute Corporate Social Responsibility Committee to effectively monitor CSR activities. Further the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereinafter referred to as "CSR Rules") lay down the framework and modalities of carrying out CSR activities which are specified in Schedule VII of the Act.

**2. Composition**

The CSR Committee consists of the following directors:

- Shri T. R. C. Bose
- Shri T. H. Sastry
- Shri S. Srinivas

<b>3. Details of the CSR expenditure</b>	
Average net profit of the company for last three financial years	Rs.1485.37 Lakhs
Prescribed CSR expenditure (two percent of the amount stated above)	Rs. 29.70 Lakhs
Details of the CSR spent during the financial year	
(i) Total amount to be spent for the financial year	Rs. 29.70 Lakhs
(ii) Total amount spent during the financial year	Rs. 3.20 Lakhs
Amount unspent, if any	Rs. 26.50 Lakhs
In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.	Due to problems in identifying the better areas and beneficiaries as per its approved CSR Policy

4. Manner, in which the amount has been spent during the financial year, is detailed below :

INFORMATION SHEET FOR CORPORATE ON CSR DATA

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
NAME OF THE COMPANY OR		COMPANY CLASS / TYPE (PUBLIC / LIMITED / PRIVATE / UNLISTED)	COMPANY TYPE (GOVERNMENT / NON-GOVERNMENT)	DATE OF INCORPORATION / REGISTRATION	ROC	ADDRESS OF REGISTERED OFFICE	MAIN BUSINESS ACTIVITY OF THE COMPANY	PRESCRIBED CSR BUDGET (AS PER PROFIT P.L. 2014-15, 2015-16 AND 2016-17)	ALLOCATED CSR BUDGET	ACTUAL CSR SPEND IN P.L. 2016-17	ADMINISTRATIVE OVERHEAD EXPENSES	REASON FOR UNDERSpending / NOT SPENDING (IF ANY)	DETAILS OF CSR PROGRAMS / PROJECTS / ACTIVITIES	PROJECT DESCRIPTION	SECTORS COVERED WITHIN SCHEDULE VI	GEOGRAPHICAL AREAS WHERE PROJECTS WERE IMPLEMENTED	STATES WHERE PROJECTS WERE IMPLEMENTED	SECTOR WHERE PROJECTS WERE IMPLEMENTED	OUTPUT (PROGRAMS/ PROJECT WORK)	EXPENDITURE ON PROGRAMS OR PROJECT	MODE OF IMPLEMENTATION (DIRECT OR THROUGH INTERMEDIARY AGENCIES)	DETAILS OF INTERMEDIARY AGENCIES
DIVYASHAKTI GRANITES LIMITED	1	PUBLIC LIMITED	NON-GOVERNMENT	04.06.1994	B	SAT NO. 1, 301 TO 304, TRANSACTIONS COMPLEX, 7-1-50, A-1, MARKET HYDERABAD 500016 TELANGANA	PROCESSING & EXPORT OF PRASAD GEMSTONE SLABS, JEWELLERY, HANDICRAFTS	Rs. 29.70 lacs declared for the year 2017-18 towards CSR Activities	Rs. 29.70 lacs declared for the year 2017-18	RS. 230 lacs	NIL	The fund of directors could not meet the amount being required for CSR activities due to problems in identifying the causes and consequences, it couldn't spend the remaining amount of Rs.24.50 lacs.	1. Rural Education 2. Providing Clean and Hygienic Water in Rural Areas	1. Jewellery (Rural) 2. Rural School 3. Providing water purifying system in Rural Areas	Yes 1. Education 2. Rural development projects	Banswara Village, Banswara Village, Banswara Village, Banswara Mandal.	Telangana District	Andhra Pradesh	1. Rural Education Rs.13.04 lacs. 2. Rural development projects. Rs.3.51 lacs.	Rs.3.20 lacs	DIRECT	NA

5. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report - The Company couldn't spend the amount earmarked for Corporate Social Responsibility in full due to problems in identifying the better areas and beneficiaries as per its approved CSR Policy.

6. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

The responsibilities of the CSR Committee include:

- Formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken,
- Reviewing periodically the amount of expenditure for the CSR activities, and
- Monitoring CSR activities from time to time

**ANNEXURE - III**

**Form No. AOC-2**

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

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

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

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

S.No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangement / transactions	Duration of the contacts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Balance outstanding as on Balance Sheet date	Date(s) approval by the Board	Amount paid as advances, if any
1.	M/s. Universal Extrusions Pvt. Ltd., A company in which Managing Director and Director are Directors	Packing wood material (purchase)	on going	Transaction value : 13.80 lakhs	12.58 lakhs (Creditor)	—	NIL
2.	M/s. Universal Marketing Pvt. Ltd., A company in which Managing Director and Director are Directors	Polished Granite Slabs (third party exports)	on going	Transaction value : 28.00 lakhs	Nil	—	NIL
3.	M/s. N.V. Rattaiah & Co., A company in which Managing Director and Director are Directors	Sale of granite slabs	on going	Transaction value : 876.80 lakhs	491.40 lakhs (Creditor)	—	NIL
4.	M/s. Cosmos Granite (West & South East) A enterprise in which Managing Director is interested	Sale of polished Granites slabs & Engineering Stone Slabs	on going	Transaction value : 6695.43 lakhs	4606.17 lakhs (Debtor)	—	NIL

**ANNEXURE - IV****REPORT ON CORPORATE GOVERNANCE:****COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company attaches immense importance to good Corporate Governance as formulated by the Stock Exchanges/SEBI and other authorities in right earnest. It will be the endeavor of the Board of Directors that the Company is so governed as to maximize the benefits of all stakeholders i.e., shareholders, employees, customers, society and others.

**BOARD OF DIRECTORS**

The Board of Directors of the Company comprised of Six (6) Directors as on 31st March, 2018, out of whom One (1) is Managing Director, and Five (5) are Non-Executive Directors. During the year under review, there were in all Four (4) meetings of the Board of Directors and the maximum time gap between any two board meetings was not more than four months and the following is the attendance of the Directors:

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

\* Resigned from the Board on 10.02 .2018

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

- i) 27th May, 2017
- ii) 02nd August, 2017
- iii) 08th November, 2017
- iv) 10th February, 2018

**AUDIT COMMITTEE**

As per Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company constituted Audit Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements. During the year, Four (4) meetings of the Committee took place and attendance thereat is as under:

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

Name of the Member	Designation	No. of Meetings Attended	Remarks
Shri T.R.C. Bose	Chairman	4	—
Shri T.H. Sastry	Member	4	—
Shri N.S.R.C.Sekhara Rao *	Member	Nil	—

\* Resigned from the Board on 10.02.2018

Shri N.S.R.C.Sekhara Rao resigned as Director w.e.f 10.02.2018. The Committee has been re-constituted with Shri S.Srinivas as member in his place at the board meeting held on 10.02.2018

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

- i) 11th May, 2017
- ii) 22nd July, 2017
- iii) 28th October, 2017
- iv) 02nd February, 2018

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

As per Regulation 20 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Section 178 of the Companies Act, 2013, the Board of Directors of the Company constituted Stakeholders Relationship Committee with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

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

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

The dates of meetings held during the year under review are:

- i) 27th May, 2017
- ii) 02nd August, 2017
- iii) 08th November, 2017
- iv) 10th February, 2018

**NOMINATION & REMUNERATION COMMITTEE**

The Board of Directors of the Company constituted a Remuneration Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.



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**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

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

\* Resigned from the Board on 10.02.2018

Shri N.S.R.C.Sekhara Rao resigned as Director w.e.f 10.02.2018. The Committee has been re-constituted with Shri T.R.C.Bose as member in his place in its board meeting held on 10.02.2018

During the Financial Year under review, the Committee met twice on 27.05.2017 and 10.02.2018.

**SHARE TRANSFER COMMITTEE**

The Board of Directors of the Company constituted a Share Transfer Committee consisting of the following Directors, with the role and responsibilities, duly defined and in accordance with the applicable statutory and other requirements.

S.No.	Name of Members	Designation
1.	Shri N.S.R.C. Sekhara Rao *	Chairman
2.	Shri N. Hari Hara Prasad	Member
3.	Shri S. Srinivas	Member

\* Resigned from the Board on 10.02.2018

Shri N.S.R.C.Sekhara Rao resigned as Director w.e.f 10.02.2018. The Committee has been re-constituted with Shri T.R.C.Bose as member in his place in its board meeting held on 10.02.2018.

During the Financial Year under review, the Committee met 9 times on 12.04.2017, 07.06.2017, 20.06.2017, 16.08.2017, 23.08.2017, 18.09.2017, 20.12.2017, 14.03.2018 and 27.03.2018

**REMUNERATION OF DIRECTORS**

Other than whole-time Directors, no other Director receives any remuneration from the Company excepting Sitting Fees for attending the Board Meetings. The details of remuneration paid to the Managing and whole-time Directors is mentioned in Item No.21 of Notes forming part of the financial statements of the Company.

**POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

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

**Criteria of selection of Non Executive Directors**

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

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

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

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

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

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

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

- a) Mr. N. Hari Hara Prasad as Managing Director of the company has been playing pivotal role in the operations and the marketing of the company's product and his contribution has been rated as very good.
- b) The Non Executive Directors have given valuable suggestions and their constructive appreciation of the performance has yielded positive results and their contribution has been rated as good.
- c) Mrs. Anuradha Anne, Woman Director is overseeing the Finance and General welfare of the employees including Women employees and her contribution has been rated very well.
- d) Other independent Directors by their contribution and presence contributed to the corporate governance and discharge of CSR initiatives and their performance has been rated good.

### **Remuneration**

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

### ***CEO & Managing Director - Criteria for selection / appointment***

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

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

### ***Remuneration for the CEO & Managing Director***

At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such

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**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

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remuneration as may be mutually agreed between the Company (Remuneration Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013.

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

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

***Remuneration Policy for the Senior Management Employees***

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

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

**PERFORMANCE EVALUATION COMMITTEE**

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

<b>Name of the Member</b>	<b>Designation</b>
Shri T.R.C.Bose	Chairman
Shri N.S.R.C.Sekhara Rao*	Member
Shri S.Srinivas	Member

\* Resigned from the Board on 10.02.2018

Shri N.S.R.C.Sekhara Rao resigned as Director w.e.f 10.02.2018. The Committee has been re-constituted with Shri T. V. Chowdhary as member in his place in its board meeting held on 10.02.2018

The committee met 2 times during the financial year ended March 31, 2018. The attendance of the members at the meeting is as follows:

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>
Shri T.R.C.Bose	Chairman	2
Shri N.S.R.C.Sekhara Rao*	Member	NIL
Shri S.Srinivas	Member	2

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

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

**BUSINESS RISK EVALUATION / MANAGEMENT COMMITTEE**

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

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>
Sri T.H.Sastry Independent Director	Chairman	2
Sri T.V Chowdhary Independent Director	Member	2
S. Srinivas Independent Director	Member	2
Anuradha Anne Whole Time Director, C.F.O.	Member	2

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

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

1. Oversight of risk management performed by the executive management;
2. Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
3. Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
4. Defining framework for identification, assessment, monitoring, mitigation and reporting of risks;

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure and potential impact analysis and mitigation plan.

**INDEPENDENT DIRECTORS' MEETING:**

During the year under review, the Independent Directors met on 10.02.2018, inter alia, to discuss:

1. Evaluation of the performance of the Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors;

3. Evaluation of the quality, contents and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

### **SHAREHOLDERS/INVESTORS GRIEVANCES**

The Company attaches utmost attention for resolving shareholders/ investors grievances/ complaints. Complaints received from shareholders/investors directly or through Stock Exchanges or SEBI are replied to immediately. There are no outstanding or unresolved complaints.

### **NOTES ON DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT**

- i) In accordance with the Companies Act, 2013 and the rules made thereunder and the Articles of Association of the Company, Smt. Anuradha Anne, who retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered herself for reappointment as Director of the Company.
- ii) Pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 Sri Hari Hara Prasad Nallapati has been Re-appointed as Managing Director of the Company for Five (5) Years with effect from 04th March, 2018. The resolution relating to ratification of remuneration is put for approval of members at the ensuing Annual General Meeting.

### **DISCLOSURES**

#### ***Pecuniary disclosure with regard to interested Directors:-***

- a) Disclosures on materially significant related party transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, that may have potential conflict with the interests of the Company at large:-  
None of the transactions with any of related parties was in conflict with interest of the Company.
- b) Details of non-compliance by the Company and the penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital Markets during the last three years:-  
There were no instances of non-compliance of any matter related to Capital Market during the last three years.
- c) Compliance Certificate on corporate governance by the Secretarial Auditors:  
Certificate of the Secretarial Auditor's has been obtained on the compliance of the conditions of Corporate Governance in terms of Regulation 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is annexed to this report as Annexure IX.
- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.  
The Company has fully complied with the mandatory requirements of Regulation 34(3)

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

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

### **MEANS OF COMMUNICATION**

Quarterly/Half Yearly Financial Results of the Company are forwarded to the Bombay Stock Exchange, uploaded on the BSE Listing Center and published most of the times in Financial Express and Andhra Prabha. Half Yearly report is not sent to each household of shareholders as the results of the Company are published in the Newspapers.

- i) The results or official news were not displayed in any Website.
- ii) Company has not made any presentations to any Institutional investors/ analysts during the year.
- iii) Management Discussion & Analysis :-

Your Company has identified USA, Germany and a few other countries as its market areas for its export market, which has been growing steadily in the last few years. Your Company is one of the leading exporters of Granite Products and it expects to improve its position in future also.

The Company has the mechanism to combat the risks of exposure to Business, Assets and Financial Risks in the form of competition, accidents, natural calamities, obsolescence, and fluctuations in foreign currency etc.

### **GENERAL BODY MEETINGS**

The last three Annual General Meetings were held as under:

AGM No.	Location	Date	Time	Whether any special Resolutions were passed
24 <sup>th</sup> AGM	The Institution of Engineers, Khairatabad, Hyderabad.	30.09.2015	11.00 a.m	No
25 <sup>th</sup> AGM	- DO -	30.09.2016	11.00 a.m	No
26 <sup>th</sup> AGM	- DO -	25.09.2017	11.00 a.m	Yes

### **DEMATERIALIZATION OF SHARES**

The shares of the company to the extent of 8253927 have been dematerialized and the shares to the extent of 2014943 are held in physical form and the shareholders are advised to contact the depository participants of National Securities Depository Services Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)-ISIN-INE410G01010 for dematerializing the shares held by them in the Company.

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD****GENERAL SHAREHOLDER INFORMATION**

a) <b>Annual General Meeting</b>	:	
Day, Date and Time	:	Saturday, 29th September, 2018 at 11.00 am
Venue	:	The Institution of Engineers Khairatabad, Hyderabad-500 004
b) <b>Financial Calendar</b>	:	1st April to 31st March
c) <b>Date of Book Closure</b>	:	22-09-2018 TO 29-09-2018 (both days inclusive)
d) <b>Dividend Payment Date</b>	:	ON OR BEFORE 29.10.2018
e) <b>Registered Office</b>	:	DIVYASHAKTI GRANITES LIMITED Divyashakti Complex, 3rd Floor, Flat Nos. 301-304, 7-1-58, Ameerpet, HYDERABAD-500 016. e-mail: info@divyashakti.com
f) <b>Listing on Stock Exchange</b>	:	The Stock Exchange, Mumbai Phiroze Jeejeebhoy towers, Dalal Street, MUMBAI-400 001.
g) <b>Listing Fee</b>	:	Annual listing fee for the financial year 2018-19 paid to the Stock Exchange.
h) <b>Depository Fee</b>	:	Annual custody fee for the financial year 2018-19 paid to National Securities Depository (NSDL) and Central Depository Services India Limited (CDSL).
i) International Securities Identification Number	:	INE410G01010
j) Code/Symbol	:	BSE - 526315

**k) Market Price Data :**

Month	BSE		
	High (Rs.)	Low (Rs.)	No. of Shares
April, 17	152.60	125.00	1,34,157
May, 17	140.00	109.10	40,659
June, 17	118.00	98.50	31,585
July, 17	119.00	97.50	92,386
August, 17	111.50	88.50	50,526
September, 17	105.00	92.00	40,166
October, 17	116.55	92.15	71,904
November, 17	109.00	94.60	99,665
December, 17	108.00	91.70	31,302
January, 18	127.00	99.70	1,04,218
February, 18	116.50	92.20	8,221
March, 18	100.00	84.20	15,551



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**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

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

**m) Share Transfer Systems :**

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

**n) Distribution of Shareholdings ( As on 31.03.2018)**

Share Holdings	No. of Shareholdings	% of total	No. of Shares	% of total
Up to 500	4060	89.35	552821	5.38
501 - 1000	220	4.84	184487	1.80
1001 - 2000	107	2.35	159593	1.55
2001 - 3000	49	1.08	129896	1.26
3001 - 4000	24	0.53	87025	0.85
4001 - 5000	15	0.33	68953	0.67
5001 - 10000	29	0.64	216483	2.11
10001 & above	40	0.88	8869612	86.38
Total	4544	100.00	10268870	100.00

**o) Promoters Shareholdings ( As on 31.03.2018)**

Sl. No	Name of the Promoter Mr./Ms	No. of Shares	% of Total
1	TEJASHREE NALLAPATI	510860	4.97
2	BHASKHARAMMA KARUMANCHI	164760	1.60
3	JAISHREE NALLAPATI	505983	4.93
4	NALLAPATI HARI HARA PRASAD	2332256	22.71
5	BHANU PRASAD NALLAPATI	335140	3.26
6	ANURADHA ANNE	465992	4.54
7	SAI VENKATESHWARA PRASAD NALLAPATI	690800	6.73
8	VENKATA KRISHNA GUTTA	411900	4.01
9	RAMA KRISHNA GUTTA	408100	3.97
10	UMA SHREE NALLAPATI	609500	5.94
	TOTAL	6435291	62.67

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**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

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**p) Details of shares**

Mode	No. of shares	% to paid up Capital
CDSL	7220087	70.31
NSDL	1033840	10.07
Physical	2014943	19.62
Total	10268870	100

**q) Shareholding pattern as on March 31, 2018**

S. No.	Category	No. of Holders	No. of Shares	% to paid up capital
1	Promoter - (Individuals/ HUF/NRI)	10	6435291	62.67
2.	Public-			
a.	Individuals Individual Share Holders holding nominal share capital up to 2 Lakh	4404	1430933	13.93
b.	Individual Share Holders holding nominals hare capital in excess of 2 Lakh	15	2257619	21.99
c.	Bodies Corporate	37	99263	0.97
d.	Clearing Member	16	19910	0.19
e.	Trust	0	0	0
f.	Non Resident Individuals	59	25854	0.25
g.	Foreign Institutional Investors	0	0	0
h.	Mutual Funds	0	0	0
i.	Banks	0	0	0
	<b>TOTAL</b>	<b>4541</b>	<b>10268870</b>	<b>100</b>

**r)** Outstanding GDR's/ADR's/Warrants or any convertible instruments, conversion date and likely impact on equity: The Company has not issued any of these instruments.

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

**t) Code of Conduct and Ethics:**

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

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

**u) Compliance Officer** : Shareholders can correspond at the  
Registered office of the Company at  
Hyderabad with **Ms. Priyanka Baldewa**,  
Compliance Officer.

**ANNEXURE-V**

**MANAGEMENT DISCUSSIONS & ANALYSIS REPORT**

**Granite Industry Overview**

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

**Economy**

Your company has identified USA and a few other countries as its market areas for its export market, which has been growing steadily in the last few years. Your Company is one of the leading exporters of Granite Products and it expects to improve its position in future also.

**Our Business**

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

- Polished Granite Slabs & Tiles

**Financial Performance of the Company / Operations**

The financial performance for the company during the financial year 2017-18:

- Net sales during the year Rs. 68.58 crores as against Rs.108.36 crores in last year.
- Net Profits during year Rs.4.82 crores as against Rs.9.48 crores in last year.
- Basic and diluted earnings per share stood at 4.69 in 2017-18 as against 9.23 in last year.

**Profitability**

Your Company's profitability decreased due to increase in Currency Fluctuation losses in the financial year 2017-18. Your company had made a gross profit of Rs. 7.45 crores during the year as against the gross profit of Rs. 14.69 crores of the last year 2016-17.

**Results of operations**

Your Company generated an after tax profits of Rs. 4.82 crores in 2017-18 which was lower as compared to Rs.9.48 crores generated last year.

Profit before tax and exceptional items stood at Rs. 7.45 crore as against a profit of Rs. 14.69 crore last year. After reckoning a current and deferred tax liability of Rs. 2.63 crores, Profit after tax for the current year stood at Rs. 4.82 crores. The earnings per share decreased from Rs.9.23 in 2016-17 to Rs.4.69 in the current year under review.

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

### **Opportunities and Threats to the Industry**

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

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

### **Risk Management**

The Company has the mechanism to combat the risks of exposure to Business, Assets and Financial Risks in the form of competition, accidents, natural calamities, obsolescence, and fluctuations in foreign currency etc.

### **Internal Control Systems and Adequacy**

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

### **Human Resources**

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

**ANNEXURE-VI**

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

To

**The Board of Directors' of Divyashakti Granites Limited.**

Dear Sirs,

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

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

We have reviewed the financial statements and the cash flow statement of Divyashakti Granites Limited for the year ended March 31, 2018 and that to the best of our knowledge and belief, we state that:

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

Place: Hyderabad,  
Date: 30.05.2018.

**ANURADHA ANNE**  
Chief Financial Officer  
DIN : 02802437

**N.HARI HARA PRASAD**  
Managing Director  
DIN : 00354715

**ANNEXURE-VII**

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

I hereby declare that:

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

**For and on behalf of the Board**

Place: Hyderabad,

Date: 30.05.2018.

**N.HARI HARA PRASAD**

Managing Director

**DIN : 00354715**

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**ANNEXURE - VIII**

**CERTIFICATE ON CORPORATE GOVERNANCE**

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

We have examined the compliance of conditions of Corporate Governance by M/s. Divyashakti Granites Limited for year ended 31st March, 2018 as stipulated in Regulation 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with the Bombay Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in The Listing Agreements and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

**Sd/-  
NAVAJYOTH PUTTAPARTHI  
PARTNER  
CP No. 16041**

Place: Hyderabad.

Date: 30-05-2018

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of  
DIVYASHAKTI GRANITES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying Ind AS financial statements of **DIVYASHAKTI GRANITES LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the statement of changes in equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit /loss(including other comprehensive income), and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under Section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers

internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit (including other comprehensive income), changes in equity and its Cash Flows for the year ended on that date.

### **Other Matters**

The comparative financial information of the company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 27 May 2017 and 11 May 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:



- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account
- d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31st March, 2018 on its financial position in its financial statements as referred to in Note No. 3.01 to the Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed

Place: Hyderabad  
Date: 30-05-2018

For **SURYANARAYANA & SURESH**  
Chartered Accountants  
Firm Reg.No: 006631S

**V.NAGENDRA RAO**  
Partner  
M.No.227679

**"Annexure A" to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2018:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
(b) As explained to us, the fixed assets have been physically verified by the management according to the phased program designed to cover all the fixed assets over the year.
- ii. The inventory has been physically verified by the management during the year and the discrepancies noticed on such verification between the physical stock and the book records were not material. In our opinion, the frequency of such verification is reasonable.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 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. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.  
(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix. Based upon the audit procedures performed and the information and explanations given

by the management, the company has not raised money by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 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. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- xiv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place: Hyderabad  
Date: 30-05-2018

For **SURYANARAYANA & SURESH**  
Chartered Accountants  
Firm Reg.No: 006631S

**V.NAGENDRA RAO**  
Partner  
M.No.227679

**"Annexure B" to the Independent Auditor's Report**

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

We have audited the internal financial controls over financial reporting of DIVYASHAKTI GRANITES LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion the Company has, in all material respects, an adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad  
Date: 30-05-2018

For **SURYANARAYANA & SURESH**  
Chartered Accountants  
Firm Reg.No: 006631S

**V.NAGENDRA RAO**  
Partner  
M.No.227679

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**
**BALANCE SHEET AS AT 31ST MARCH, 2018**

Sl. No.	PARTICULARS	Note No.	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 01.04.2016 Rs.
1		2	3	4	5
<b>ASSETS</b>					
<b>1</b>	<b>Non-current assets</b>				
(a)	Property, Plant and Equipment	1	<b>7,40,49,125</b>	7,95,99,001	6,32,45,194
(b)	Capital Work -in -Progress				
i)	Factory buildings	1A	<b>4,20,43,851</b>	-	-
ii)	Plant & Machinery	1B	<b>5,56,32,629</b>	-	-
(c)	Other Financial assets	2	<b>33,71,460</b>	33,71,460	33,71,460
(d)	Other non-current assets	2	<b>91,79,020</b>	94,00,298	-
<b>2</b>	<b>Current assets</b>				
(a)	Inventories	3	<b>13,06,96,879</b>	12,27,85,732	7,43,35,319
(b)	Financial assets				
(i)	Investments	4	<b>15,96,02,473</b>	-	-
(ii)	Trade receivables	5	<b>51,42,36,246</b>	44,40,48,144	28,22,42,922
(iii)	Cash and cash equivalents	6	<b>14,43,63,060</b>	38,40,28,041	51,85,92,221
(iv)	Bank balances other than(iii) above	7	<b>2,04,23,192</b>	2,72,29,621	1,71,01,916
(c)	Other current assets	8	<b>5,48,36,694</b>	1,29,06,658	57,66,745
	<b>TOTAL ASSETS</b>		<b>1,20,84,34,629</b>	<b>1,08,33,68,955</b>	<b>96,46,55,777</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>				
	<b>EQUITY</b>				
(a)	Equity Share capital	9	<b>10,26,88,700</b>	10,26,88,700	10,26,88,700
(b)	Other Equity	10	<b>88,09,26,625</b>	85,12,32,128	77,50,18,832
	<b>LIABILITIES</b>				
<b>1</b>	<b>Non-current liabilities</b>				
(a)	Deferred tax liabilities (Net)	11	<b>1,12,69,787</b>	73,81,373	58,55,343
<b>2</b>	<b>Current liabilities</b>				
(a)	Financial Liabilities				
(i)	Borrowings		-	-	-
(ii)	Trade payables	12	<b>18,80,05,834</b>	10,08,64,560	3,81,96,972
(b)	Other current liabilities	13	<b>2,24,11,103</b>	1,89,59,170	3,98,52,753
(c)	Provisions	14	<b>31,32,580</b>	22,43,024	20,15,845
(d)	Current Tax Liabilities (Net)		-	-	10,27,332
	<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,20,84,34,629</b>	<b>1,08,33,68,955</b>	<b>96,46,55,777</b>

As per our Report of even date attached

**For SURYANARAYANA & SURESH**

Chartered Accountants

Firm Reg. No. 006631S

**V. NAGENDRA RAO**

Partner

Membership No. 227679

Place : Hyderabad.

Date : 30.05.2018

For and on Behalf of the Board

**ANNE ANURADHA**

Director &amp;

Chief Financial Officer

DIN : 02802437

**T.H.SASTRY**

Director

DIN : 01786600

**N.HARI HARA PRASAD**

Managing Director

DIN : 00354715

**T.V.CHOWDARY**

Director

DIN : 00010435

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018**

(Rupees)

PARTICULARS	Note No.	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>I REVENUE FROM OPERATIONS</b>	15		
Sale of Products ( Exports)		17,64,89,312	35,28,79,612
Sale of Products ( DTA sales)		1,00,35,799	25,91,299
Sale of Traded goods (Exports)		49,93,19,217	72,81,79,503
		<b>68,58,44,328</b>	<b>1,08,36,50,414</b>
<b>II OTHER INCOME</b>	16	<b>1,60,19,485</b>	<b>91,22,467</b>
<b>III TOTAL REVENUE (I+II)</b>		<b>70,18,63,813</b>	<b>1,09,27,72,881</b>
<b>IV EXPENSES</b>			
a) Cost of Materials Consumed	17	<b>6,41,71,681</b>	13,03,01,450
b) Purchases of Stock in Trade	19	<b>47,03,49,312</b>	67,03,46,254
c) Change of Inventories of finished goods work-in-progress - (acretion) / decretion	20	<b>2,57,216</b>	(42,09,694)
d) Employees benefit expenses	21	<b>2,76,99,578</b>	2,52,15,682
e) Finance Cost	22	<b>12,33,238</b>	16,82,999
f) GST /Excise duty	23	<b>—</b>	2,87,922
g) Depreciation and amortization expenses	1	<b>65,09,876</b>	1,12,65,425
h) Other Expenses	24	<b>5,71,77,966</b>	11,20,09,816
<b>Total Expenses</b>		<b>62,73,98,867</b>	<b>94,68,99,854</b>
<b>V Profit before exceptional items and Tax (III - IV)</b>		<b>7,44,64,946</b>	<b>14,58,73,027</b>
<b>VI Exceptional Items</b>		<b>—</b>	<b>10,11,023</b>
<b>VII Profit/(Loss) before Tax (V-VI)</b>		<b>7,44,64,946</b>	<b>14,68,84,050</b>
<b>VIII Tax Expenses</b>			
(1) Current Tax		<b>2,15,81,000</b>	5,06,00,000
(2) Tax expenses relating to earlier years		<b>8,39,262</b>	—
(3) Deferred Tax (Asset)	11	<b>38,88,414</b>	15,26,030
<b>IX Profit /(Loss) for the period</b>		<b>4,81,56,270</b>	<b>9,47,58,020</b>
<b>X Other Comprehensive Income</b>			
A . (i) Items that will not be reclassified to profit or loss		<b>1,19,967</b>	(8,709)
(ii) Income tax relating to items that will not be reclassified to profit or loss		<b>(42,630)</b>	3,095
B (i) Items that will be reclassified to profit or loss		<b>—</b>	—
(ii) Income tax relating to items that will be reclassified to profit or loss		<b>—</b>	—
<b>XI Total Comprehensive Income (IX+X)</b>		<b>4,82,33,607</b>	<b>9,47,52,406</b>
<b>XII Earning per equity share (Par value per share Rs.10/-each)</b>			
i) Basic		<b>4.69</b>	9.23
ii) Diluted		<b>4.69</b>	9.23

As per our Report of even date attached

**For SURYANARAYANA & SURESH**

Chartered Accountants

Firm Reg. No. 006631S

**V. NAGENDRA RAO**

Partner

Membership No. 227679

Place : Hyderabad.

Date : 30.05.2018

For and on Behalf of the Board

**ANNE ANURADHA**

Director &

Chief Financial Officer

DIN : 02802437

**T.H.SASTRY**

Director

DIN : 01786600

**N.HARI HARA PRASAD**

Managing Director

DIN : 00354715

**T.V.CHOWDARY**

Director

DIN : 00010435

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018**

<b>PARTICULARS</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
			<b>Rs.</b>	<b>Rs.</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net profit before tax and extraordinary items</b>			<b>7,44,64,946</b>	14,68,75,340
Adjustments for :-				
Depreciation	<b>65,09,876</b>	1,12,65,425		
Exceptional Items	—	—		
Interest Income	<b>(54,73,663)</b>	(31,68,644)		
Miscellaneous expenses written off	—	—		
			<b>10,36,213</b>	80,96,781
<b>Operating profit before working capital changes</b>			<b>7,55,01,159</b>	15,49,72,121
Working capital Adjustments for :-				
Trade and other Receivables	<b>(11,21,18,139)</b>	(16,89,45,134)		
Inventories	<b>(79,11,147)</b>	(4,84,50,413)		
Trade Payable	<b>9,18,71,730</b>	4,13,45,774		
			<b>(2,81,57,556)</b>	(17,60,49,773)
Cash generated from operations			<b>4,73,43,603</b>	(2,10,77,652)
Income Tax Paid	<b>(2,22,41,612)</b>	(6,10,24,535)		
Income Tax of earlier period	—	—		
(other than tax on Dividend)			<b>(2,22,41,612)</b>	(6,10,24,535)
<b>Net cash inflow from operating activities</b>			<b>2,51,01,991</b>	(8,21,02,187)
<b>B. CASH FROM INVESTING ACTIVITIES:-</b>				
Mutual Funds	<b>(15,96,02,473)</b>			
F. E. Fluctuations - Capital items.	—	—		
Interest received	<b>54,73,663</b>	31,68,644		
Purchase/Sale of fixed assets	<b>(9,60,000)</b>	(2,76,19,232)		
Deposit of Margin Money	—	—		
Realisation of Margin Money	<b>66,71,928</b>	(98,00,000)		
Capital Work-in-progress	<b>(9,76,76,480)</b>	—		
Net cash flow from investing activities			<b>(24,60,93,362)</b>	(3,42,50,588)



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018**

(Rupees)

<b>PARTICULARS</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>Year ended 31.03.2018</b>	<b>Year ended 31.03.2017</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Issue of Share capital	—	—		
Calls in arrears received	—	—		
Subsidy	—	—		
Interest paid	—	—		
Dividend paid	(1,55,37,805)	(1,50,75,600)		
Tax on Dividend paid	(31,35,805)	(31,35,805)		
Proceeds from long term borrowings	—	—		
<b>Net Cash flow from financing activities</b>			<b>(1,86,73,610)</b>	<b>(1,82,11,405)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)</b>			<b>(23,96,64,981)</b>	<b>(13,45,64,180)</b>
Cash and cash equivalents as at 01.04.2017			<b>38,40,28,041</b>	<b>51,85,92,221</b>
<b>Cash and cash equivalents as at 31.03.2018</b>			<b>14,43,63,060</b>	<b>38,40,28,041</b>
<b>Significant Accounting Policies &amp; Notes forming part of the Financial Statements.</b>				

As per our Report of even date attached

**For SURYANARAYANA & SURESH**

Chartered Accountants

Firm Reg. No. 006631S

**V. NAGENDRA RAO**

Partner

Membership No. 227679

Place : Hyderabad.

Date : 30.05.2018

For and on Behalf of the Board

**ANNE ANURADHA**

Director &amp;

Chief Financial Officer

DIN : 02802437

**T.H.SASTRY**

Director

DIN : 01786600

**N.HARI HARA PRASAD**

Managing Director

DIN : 00354715

**T.V.CHOWDARY**

Director

DIN : 00010435

**STATEMENT OF CHANGES IN EQUITY**

(All amounts in Indian Rupees, except for share data or as otherwise stated)

Particulars	Other Equity				Total Equity	
	Equity Share Capital	Capital Reserve	Reserves and Surplus General Reserve	Retained earnings	Other Comprehensive Income	Income attributable to equity holders of the Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance at 1st April, 2016</b>	10,26,88,700	19,05,000	75,45,73,722	1,85,39,110	-	87,77,07,532
Less : Dividend paid for the year 2015-16	(1,85,39,110)	-	(1,85,39,110)			
Add : Net Profit / movements during the year		9,47,58,020	(5,614)	9,47,52,406		
Profit transferred to General reserves		7,62,18,910	(7,62,18,910)	-	-	
<b>Balance as at 31st March, 2017</b>	<b>10,26,88,700</b>	<b>19,06,000</b>	<b>83,07,92,632</b>	<b>1,85,39,110</b>	<b>(5,614)</b>	<b>95,39,20,828</b>
<b>Balance at 1st April, 2017</b>	10,26,88,700	19,06,000	83,07,92,632	1,85,39,110	(5,614)	95,39,20,828
Less : Dividend paid for the year 2016-17				(1,85,39,110)		(1,85,39,110)
Add : Net Profit / Movements during the year				4,81,56,270	77,337	4,82,33,607
Profit transferred to General reserve			2,96,17,160	(2,96,17,160)	-	-
<b>Balance as at 31st March, 2018</b>	<b>10,26,88,700</b>	<b>19,06,000</b>	<b>86,04,09,792</b>	<b>1,85,39,110</b>	<b>71,723</b>	<b>98,36,15,325</b>

As per our Report of even date attached

**For SURYANARAYANA & SURESH**

Chartered Accountants

Firm Reg. No. 006631S

**V. NAGENDRA RAO**

Partner

Membership No. 227679

Place : Hyderabad.

Date : 30th May, 2018

For and on Behalf of the Board

**ANNE ANURADHA**

Director &amp;

Chief Financial Officer

DIN : 02802437

**N.HARI HARA PRASAD**

Managing Director

DIN : 00354715

**T.H.SASTRY**

Director

DIN : 01786600

**T.V.CHOWDARY**

Director

DIN : 00010435

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**I. Corporate information:**

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

**II. Significant Accounting Policies**

**1. Basis of preparation**

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Certain financial assets and liabilities
- ii) Defined benefit plans - plan assets

The financial statements of the Company have been prepared to comply with the Indian Accounting Standards ("Ind AS"), including the rules notified under the relevant provisions of the Companies Act, 2013.

Upto the year ended March 31, 2017 the Company has prepared its financial statements in accordance with the requirements of Indian Generally Accepted Accounting Principles (GAAP), which include standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

These financial statements are the Company's first Ind AS standalone financial statements.

Company's financial statements are presented in Indian Rupees, which is also its functional currency.

**2. Use of estimates**

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**3. Property, plant and equipment**

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebate less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**4. Impairment of non- financial assets - property, plant and equipment**

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

**5. Borrowing costs**

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**6. Revenue recognition**

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

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

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

**(ii) Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest on Fixed Deposits with banks is accounted on accrual basis. The amounts due are however credited by the Banks as and when the deposits matured. Interest income is included under the head "other income" in the statement of profit and loss.

**(iii) Dividends**

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

**Financial Instruments**

**A. Financial Assets**

**i. Initial recognition and measurement**

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**ii. Subsequent measurement**

**a) Financial assets carried at amortized cost (AC)**

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to the cash flows that are solely payments of principal and interest on the principal amount outstanding.

**b) Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling of financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories is measured at FVTPL.

**iii. Financial liabilities**

**i. Initial recognition and measurement**

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognized in the Statement of Profit and Loss as finance cost.

**ii. Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short term maturity of these instruments.

**8. Inventory Valuation**

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

**9. Foreign currency translation**

**(i) Initial recognition**

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

**(ii) Conversion**

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

**(iii) Exchange differences**

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

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**10. Retirement and other employee benefits**

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

**11. Tax Expense**

Tax expense for the period comprises current tax and deferred tax. Tax is recognised in Statement of Profit and Loss except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

- **Current tax**

Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities, based on the tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

- **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

**12. Earnings per Share**

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

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

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**13. Provisions**

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

**FIRST TIME ADOPTION OF IND AS:**

- The Company has adopted Ind AS with effect from 1st April 2017 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April 2016. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and schedule III.
- **(i) Property, Plant and Equipment:** The Company has elected to measure items of property, plant and equipment at its carrying value at the transition date.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE: 1 FIXED ASSETS**

S.No.	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.2017	Additions Rs.	Disposals Rs.	As At 31.03.2018 Rs.	Balance As At 31.03.2017 Rs.	Elimination on disposal of Asset Rs.	Depreciation / amortisation for the Year Rs.	Balance As At 31.03.2018 Rs.	As At 31.03.2018 Rs.	As At 31.03.2017 Rs.
I	Tangible Assets										
1	Land and Site Development	73,23,671	9,60,000	—	82,83,671	—	—	—	—	82,83,671	73,23,671
2	Factory Buildings	4,11,73,513	—	—	4,11,73,513	2,57,63,289	—	13,75,195	2,71,38,484	1,40,35,029	1,54,10,224
3	Office Premises	28,42,278	—	—	28,42,278	10,56,047	—	46,329	11,02,376	17,39,902	17,86,231
4	Plant and Machinery	20,56,24,348	—	—	20,56,24,348	18,66,42,628	—	*** 23,20,853	18,89,63,481	1,66,60,867	1,89,81,720
5	Furniture and Fixtures	2,73,875	—	—	2,73,875	2,60,181	—	* —	2,60,181	13,694	13,694
6	Office Equipment	7,65,225	—	—	7,65,225	7,26,964	—	* —	7,26,964	38,261	38,261
7	Electrical Equipment	25,86,402	—	—	25,86,402	24,57,082	—	* —	24,57,082	1,29,320	1,29,320
8	Solar Power Plant	2,69,48,939	—	—	2,69,48,939	2,75,743	—	17,05,868	19,81,611	2,49,67,328	2,66,73,196
9	Air Conditioners	2,06,240	—	—	2,06,240	1,95,928	—	* —	1,95,928	10,312	10,312
10	Generator Set	76,90,400	—	—	76,90,400	15,52,500	—	3,65,294	19,17,794	57,72,606	61,37,900
11	Motor Car	75,53,908	—	—	75,53,908	49,48,795	—	** 6,73,992	56,22,787	19,31,121	26,05,113
12	Motor Cycle/Mopeds	5,06,377	—	—	5,06,377	2,95,522	—	** 22,345	3,17,867	1,88,510	2,10,855
13	Motor Vehicle - Van	4,96,000	—	—	4,96,000	4,71,200	—	* —	4,71,200	24,800	24,800
14	Transformers	49,21,236	—	—	49,21,236	46,67,532	—	* —	46,67,532	2,53,704	2,53,704
	Total	30,89,12,412	9,60,000	—	30,89,72,412	22,93,13,411	—	65,09,876	23,58,23,287	7,40,49,125	7,95,99,001
	Previous year	28,12,93,180	2,76,19,232	—	30,89,12,412	21,80,47,986	—	1,12,65,425	22,93,13,411	7,95,99,001	—
II	Intangible Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total	—	—	—	—	—	—	—	—	—	—

\* Depreciation restricted to 95% of Asset Value.

\*\* Depreciation already restricted to 95% in respect of Assets Value of (item no.10) Rs.4,59,254/- & (item no.11) Rs.2,71,172/-.

Hence now provided in respect of balance value only.

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE: 1 FIXED ASSETS

S.No.	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.2016	Additions Rs.	Disposals Rs.	As At 31.03.2017 Rs.	Balance As At 31.03.2016 Rs.	Elimination on disposal of Asset Rs.	Depreciation / amortisation for the Year Rs.	Balance As At 31.03.2017 Rs.	As At 31.03.2017 Rs.	As At 31.03.2016 Rs.
1	Tangible Assets										
1	Land and Site Development	67,41,671	5,82,000	—	73,23,671	—	—	—	—	73,23,671	67,41,671
2	Factory Buildings	4,11,73,513	—	—	4,11,73,513	2,43,88,094	—	13,75,195	2,57,63,289	1,54,10,224	1,67,85,419
3	Office Premises	28,42,278	—	—	28,42,278	10,09,718	—	46,329	10,56,047	17,86,231	18,32,560
4	Plant and Machinery	20,56,24,348	—	—	20,56,24,348	17,81,31,208	—	** 85,11,420	18,66,42,628	1,89,81,720	2,74,93,140
5	Furniture and Fixtures	2,73,875	—	—	2,73,875	2,60,181	—	*	2,60,181	13,694	13,694
6	Office Equipment	7,65,225	—	—	7,65,225	7,26,964	—	*	7,26,964	38,261	38,261
7	Electrical Equipment	25,86,402	—	—	25,86,402	24,57,082	—	*	24,57,082	1,29,320	1,29,320
8	Solar Power Plant	—	2,69,48,939	—	2,69,48,939	—	—	2,75,743	2,75,743	2,66,73,196	—
9	Air Conditioners	2,06,240	—	—	2,06,240	1,95,928	—	*	1,95,928	10,312	10,312
10	Generator Set	76,90,400	—	—	76,90,400	11,87,206	—	3,65,294	15,52,500	61,37,900	65,03,194
11	Motor Car	75,53,908	—	—	75,53,908	42,74,803	—	** 6,73,992	49,48,795	26,05,113	32,79,105
12	Motor Cycle/Mopeds	4,18,084	88,293	—	5,06,377	2,78,070	—	** 17,452	2,95,522	2,10,855	1,40,014
13	Motor Vehicle - Van	4,96,000	—	—	4,96,000	4,71,200	—	*	4,71,200	24,800	24,800
14	Transformers	49,21,236	—	—	49,21,236	46,67,532	—	*	46,67,532	2,53,704	2,53,704
	Total	28,12,93,180	2,76,19,232	—	30,89,12,412	21,80,47,986	—	1,12,65,425	22,93,13,411	7,95,99,001	6,32,45,194

# DIVYASHAKTI GRANITES LIMITED - HYDERABAD

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
<b>1.A CAPITAL WORK IN PROGRESS (Factory Expansion)</b>			
<b>Factory Buildings: (Quartz Plant)</b>			
Cement	5,17,633		
Concrete Ready Mix	53,27,228	-	-
Metal	8,89,182	-	-
Sand	3,51,233	-	-
Steel	3,07,64,631	-	-
Hardware materials	1,65,753	-	-
Construction works	1,58,500	-	-
Purchase of Materials	27,49,993	-	-
Electrical materials	6,69,698		
Fabrication work	4,50,000		
<b>TOTAL</b>	<b>4,20,43,851</b>	<b>-</b>	<b>-</b>
<b>1.B CAPITAL WORK IN PROGRESS (Plant &amp; Machinery)</b>			
Plant & Machinery (Quartz plant)	4,90,42,629	-	-
Tanks	30,40,000	-	-
Cranes	35,50,000		
<b>TOTAL</b>	<b>5,56,32,629</b>	<b>-</b>	<b>-</b>
<b>2 OTHER NON CURRENT ASSETS</b>			
(a) Security Deposits ( unsecured, considered good)	33,71,460	33,71,460	33,71,460
(b) Advance Tax (Net off Tax provision)	91,79,020	94,00,298	-
<b>TOTAL</b>	<b>1,25,50,480</b>	<b>1,27,71,758</b>	<b>33,71,460</b>
<b>3 INVENTORIES (as valued &amp; certified by Management)</b>			
(a) Raw Materials	7,27,76,612	6,74,21,870	3,90,10,580
(b) Proportionate freight on closing stock of raw materials	2,74,23,071	2,44,47,590	1,24,83,386
(c) Work-in-Process	88,53,023	53,76,718	57,11,581
(d) Finished Goods	41,08,666	78,42,187	32,97,630
(e) Stores and Consumables	1,38,46,969	1,76,97,367	1,38,32,142
(f) Quartz Minerals	36,88,538	-	-
<b>TOTAL</b>	<b>13,06,96,879</b>	<b>12,27,85,732</b>	<b>7,43,35,319</b>
<b>4 INVESTMENTS</b>			
HDFC Prudence Mutual Fund	3,04,11,922	-	-
HDFC Equity Saving Fund	10,41,19,979	-	-
INVESCO India Liquid Fund	1,50,20,774	-	-
KOTAK Mutual Fund	1,00,49,798	-	-
<b>TOTAL</b>	<b>15,96,02,473</b>	<b>-</b>	<b>-</b>
<b>5 TRADE RECEIVABLES</b>			
(Unsecured, considered good)			
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for repayment	18,64,14,371	7,40,16,286	1,45,06,782
(b) Trade receivables outstanding for a period not exceeding six months from the date they were due for repayment	32,78,21,875	37,00,31,858	26,77,36,140
<b>TOTAL</b>	<b>51,42,36,246</b>	<b>44,40,48,144</b>	<b>28,22,42,922</b>

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Rupees)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
<b>6 CASH AND CASH EQUIVALENTS</b>			
<b>a) Cash and Cash equivalents:</b>			
- Cash on Hand	2,98,468	2,99,704	4,19,004
<b>b) Balance with scheduled Banks:</b>			
- in current accounts	8,56,522	5,94,144	32,87,176
- E.E.F.C. Account with SBI	1,28,920	11,26,54,838	46,13,86,041
- E.E.F.C. Account with HDFC	14,30,79,150	27,04,79,355	-
<b>TOTAL (a)</b>	<b>14,43,63,060</b>	<b>38,40,28,041</b>	<b>51,85,92,221</b>
<b>7 Other Bank Balances:</b>			
- Unclaimed Dividend accounts	12,95,121	14,29,621	11,01,916
- Margin Money Deposit for L.C.	1,91,28,071	2,58,00,000	1,60,00,000
<b>TOTAL (b)</b>	<b>2,04,23,192</b>	<b>2,72,29,621</b>	<b>1,71,01,916</b>
<b>TOTAL( a+b)</b>	<b>16,47,86,252</b>	<b>41,12,57,662</b>	<b>53,56,94,137</b>

Out the above, cash and cash equivalents which meet the definition of cash flow statement is Rs.14,43,63,060/- (Previous year Rs.38,40,28,041)

**8 OTHER CURRENT ASSETS**

(Advance Recoverable in cash or in kind or for value to be considered)

Advances (unsecured, considered good)

(a) Machinery suppliers	3,05,71,657	-	-
(b) Material suppliers	40,99,082	79,66,332	41,04,611
(c) Staff	3,71,500	2,97,200	3,59,500
(d) GST Input Credit/Cenvat Credit	1,92,49,062	19,80,964	5,45,919
(e) Prepaid Expenses	2,23,108	1,99,689	1,99,955
(f) Accrued Interest on Margin Money	3,22,285	24,62,473	5,56,760
<b>TOTAL</b>	<b>5,48,36,694</b>	<b>1,29,06,658</b>	<b>57,66,745</b>

**II. EQUITY AND LIABILITIES**

**9 EQUITY SHARE CAPITAL**

Particulars	No. of Shares	AS AT 31.03.2018 Rs.	No. of Shares	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
At the beginning of the year	1,02,68,870	10,26,88,700	1,02,68,870	102,68,87,000	10,26,88,700
Add: Movement during the year	-	-	-	-	-
At the end of the year	1,02,68,870	10,26,88,700	1,02,68,870	102,68,87,000	10,26,88,700

# DIVYASHAKTI GRANITES LIMITED - HYDERABAD

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

### 10 OTHER EQUITY

#### Reserves and Surplus as at 31.03.2018

Particulars	Capital reserve	General reserve	Retained earnings	Other Comprehensive Income	Total Equity
Balance at the beginning of the year (01.04.2017)	19,06,000	83,07,92,632	1,85,39,110	(5,614)	85,12,32,128
Less: Dividend paid for the year 2016-17			(1,85,39,110)		(1,85,39,110)
Add: Net Profit / Movements during the year			4,81,56,270	77,337	4,82,33,607
Profit transferred to General reserve		2,96,17,160	(2,96,17,160)	-	-
Balance at the end of the year (31.03.2018)	19,06,000	86,04,09,792	1,85,39,110	71,723	88,09,26,625

#### Reserves and Surplus as at 31.03.2017

Particulars	Capital reserve	General reserve	Retained earnings	Other Comprehensive Income	Total Equity
Balance at the beginning of the year (1.04.2016)	19,06,000	75,45,73,722	1,85,39,110	-	77,50,18,832
Less: Dividend paid for the year 2015-16			(1,85,39,110)	-	(1,85,39,110)
Add: Net profit / movements during the year			9,47,58,020	(5,614)	9,47,52,406
Profit transferred to General reserve		7,62,18,910	(7,62,18,910)	-	-
Balance at the end of the year(31.03.2017)	19,06,000	83,07,92,632	1,85,39,110	(5,614)	85,12,32,128

#### Reserves and Surplus as at 01.04.2016

Particulars	Capital reserve	General reserve	Retained earnings	Other Comprehensive Income	Total Equity
Opening Balance	19,06,000	75,28,51,293	1,85,39,110		77,32,96,403
Add: Deferred Tax Adjustments			17,22,429		17,22,429
Amount transferred to General reserve		17,22,429	(17,22,429)		-
Closing Balance	19,06,000	75,45,73,722	1,85,39,110	-	77,50,18,832

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 01.04.2016
<b>11 Deferred tax liability(net)</b>			
Opening Balance	<b>73,81,373</b>	58,55,343	92,54,219
Add/(Less) for the year	<b>38,88,414</b>	15,26,030	(16,76,447)
Less: Adjustments as per Ind As as on 01.04.2016	<b>(17,22,429)</b>		
<b>Total</b>	<b>1,12,69,787</b>	<b>73,81,373</b>	<b>58,55,343</b>
<b>12 Trade Payables:</b>			
i) Sundry Creditors for Materiel Supplies	<b>9,44,84,765</b>	8,59,36,270	2,27,30,107
ii) Sundry Creditors for Services	<b>5,90,31,010</b>	74,08,889	88,51,021
iii) Sundry Creditors for Capital goods	<b>2,43,38,648</b>	-	-
iv) Sundry Creditors for Consumables	<b>1,01,51,411</b>	75,19,401	66,15,844
<b>Total</b>	<b>18,80,05,834</b>	<b>10,08,64,560</b>	<b>3,81,96,972</b>

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Rupees)

PARTICULARS	AS AT 31.03.2018	AS AT 31.03.2017	AS AT 31.03.2016
<b>13 Other Current Liabilities</b>			
(a) Outstanding Liabilities - Volume rebate on sales	1,18,73,446	1,10,13,169	2,50,02,089
(b) Advances received from Customers	74,55,783	35,03,329	105,20,805
(c) Unclaimed Dividend	12,95,121	14,29,621	11,01,916
(d) Other Outstanding Liabilities	17,86,753	30,13,051	32,27,943
<b>Total</b>	<b>2,24,11,103</b>	<b>1,89,59,170</b>	<b>3,98,52,753</b>
<b>14 Provisions</b>			
(a) Provision for Employee benefits			
(i) Provision for Gratuity	31,32,580	22,43,024	20,15,845
(b) Provision for others			
(i) Provision for Tax (Net off prepaid taxes)	-	-	10,27,332
<b>Total</b>	<b>31,32,580</b>	<b>22,43,024</b>	<b>30,43,177</b>
Note No.	For the Year ended 31.03.2018	For the Year ended 31.03.2017	
<b>15 REVENUE FROM OPERATIONS</b>			
Sale of Products (Exports)	17,64,89,312	35,28,79,612	
Sale of Products (DTA sales)	1,00,35,799	25,91,299	
Sale of Traded Goods ( Exports)	49,93,19,217	72,81,79,503	
<b>TOTAL</b>	<b>68,58,44,328</b>	<b>1,08,36,50,414</b>	
<b>16 OTHER INCOME</b>			
<b>(a) Other Operational Income</b>			
Interest on Margin Money - Received	-	2,69,258	
- Accrued and due	3,35,846	15,77,513	
Interest on Electricity Deposit -Accrued&due	2,29,600	2,97,726	
VAT /Cenvat credits (ITC credit as at 30.06.17)	30,74,892	-	
Service Tax refund	15,68,440	38,09,326	
<b>TOTAL (a)</b>	<b>52,08,778</b>	<b>59,53,823</b>	
<b>(b) Non Operative Income</b>			
Miscellaneous Income	5,73,504	91,281	
Short term Capital gains on mutual funds	7,62,113	-	
Dividend on HDFC Prudence funds	38,55,684	-	
Gain on Mutual Funds (Marked to Market value)	2,82,362	-	
Interest on Term Deposits - Received	-	30,77,363	
<b>TOTAL (b)</b>	<b>54,73,663</b>	<b>31,68,644</b>	
<b>(c) Net gains/(loss) on foreign currency transactions&amp;translation</b>			
Exchange Variation- on export realisations	(34,22,396)	-	
Exchange Variation- on import	(8,98,674)	-	
Exchange Variation- on currency	6,78,693	-	
Exchange Variation- on Trade receivables	1,25,90,860	-	
Exchange Variation- on current liabilities	(36,11,439)	-	
<b>TOTAL (c)</b>	<b>53,37,044</b>	<b>-</b>	
<b>TOTAL (a+b+c)</b>	<b>1,60,19,485</b>	<b>91,22,467</b>	

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

(Rupees)

Note No.	PARTICULARS	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>17</b>	<b>COST OF MATERIAL CONSUMED</b>		
	<b>(a) CONSUMPTION OF RAW MATERIAL</b>		
	Opening Stock of Raw Blocks	6,74,21,870	3,90,10,580
	Add: Purchases during the year	4,63,33,803	11,00,73,723
		<b>11,37,55,673</b>	<b>14,90,84,303</b>
	Less: Closing Stock	7,27,76,612	6,74,21,870
	<b>Sub Total (a)</b>	<b>4,09,79,061</b>	<b>8,16,62,433</b>
	<b>(b) CONSUMPTION OF STORES, SPARES &amp; CONSUMABLES</b>		
	Opening Stock	1,76,97,367	1,38,32,142
	Add: Purchases during the year	1,93,42,222	5,25,04,242
		<b>3,70,39,589</b>	<b>6,63,36,384</b>
	Less: Closing Stock	1,38,46,969	1,76,97,367
	<b>Stores, Spares &amp; Consumables consumed Sub Total (b)</b>	<b>2,31,92,620</b>	<b>4,86,39,017</b>
	<b>TOTAL (a + b)</b>	<b>6,41,71,681</b>	<b>13,03,01,450</b>
<b>18</b>	<b>CONSUMPTION OF QUARTZ MATERIALS</b>		
	Opening Stock of Quartz Material	-	-
	Add: Purchases during the year	36,88,538	-
		<b>36,88,538</b>	<b>-</b>
	Less: Closing Stock	36,88,538	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>19</b>	<b>PURCHASE OF TRADED GOODS</b>		
	Opening Stock	-	-
	Add: Purchases during the year (including packing charges)	47,03,49,312	67,03,46,254
		<b>47,03,49,312</b>	<b>67,03,46,254</b>
	Less: Closing Stock	-	-
	<b>TOTAL</b>	<b>47,03,49,312</b>	<b>67,03,46,254</b>
<b>20</b>	<b>CHANGE IN STOCK</b>		
	Closing Stock		
	Finished Goods	41,08,666	78,42,187
	Work-in-process	88,53,023	53,76,718
	<b>Sub Total</b>	<b>1,29,61,689</b>	<b>1,32,18,905</b>
	Opening Stock		
	Finished Goods	78,42,187	32,97,630
	Work-in-process	53,76,718	57,11,581
	<b>Sub Total</b>	<b>1,32,18,905</b>	<b>90,09,211</b>
	<b>Net change in Stock- Accretion/(Decretion)</b>	<b>(2,57,216)</b>	<b>42,09,694</b>

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Rupees)

Note No.	PARTICULARS	For the Year ended 31.03.2018	For the Year ended 31.03.2017
<b>21</b>	<b>EMPLOYEES' BENEFIT EXPENSES</b>		
	(a) Salaries & Wages	1,87,77,663	1,83,85,953
	(b) Contribution to Provident Fund	6,31,984	4,15,796
	(c) ESI Contribution	3,92,443	3,36,062
	(d) Provision for Gratuity	10,09,523	2,18,470
	(e) Workmen and Staff Welfare	21,47,778	15,32,125
	(f) Directors Remuneration	47,40,187	43,27,276
	<b>TOTAL</b>	<b>2,76,99,578</b>	<b>2,52,15,682</b>
<b>22</b>	<b>FINANCE COST</b>		
	(a) Bank Charges	12,33,238	16,82,999
	<b>TOTAL</b>	<b>12,33,238</b>	<b>16,82,999</b>
<b>23</b>	<b>EXCISE DUTY</b>		
	GST/Excise duty	-	2,87,922
<b>24</b>	<b>OTHER EXPENSES</b>		
	<b>i) Manufacturing Expenses:</b>		
	Power & Fuel	84,31,555	196,94,724
	Transport and Freight - Inward (On raw blocks consumed)	1,37,69,427	2,94,72,024
	Maintenance:		
	Factory Buildings	38,90,722	25,87,161
	Plant & Machinery	27,72,982	55,35,544
	Generators	4,510	39,888
	Packing Material	29,11,769	61,05,583
	<b>Sub Total</b>	<b>3,17,80,965</b>	<b>6,34,34,924</b>
ii	Rates and Taxes	14,57,031	2,17,570
iii	Service Tax	2,92,475	26,79,783
iv	Travelling Expenses :		
	Inland	8,54,933	12,16,824
	Foreign	15,86,513	20,84,067
v	Insurance	4,56,735	5,72,324
vi	Printing and Stationery	1,51,199	3,05,772
vii	Postage, Telephones, Fax & Telex	3,96,980	4,89,757
viii	Advertisement Charges	1,00,245	1,07,632
ix	Professional charges	25,000	25,000
x	Business Promotion Expenses	37,300	53,820
xi	Transport & Freight - Outward	1,45,39,752	2,73,18,487
xii	Maintenance:		
	Office	6,06,016	6,01,929
	Vehicles	5,36,543	4,83,638
xiii	C.S.R.Expenses	3,20,000	16,54,936

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

(Rupees)

Note No.	PARTICULARS	For the Year ended 31.03.2018	For the Year ended 31.03.2017
xiv	Audit Fees		
	Statutory Audit	3,25,000	3,25,000
	Tax Audit	75,000	75,000
	Secretarial Audit Fees	1,25,000	1,25,000
xv	Other Misc. expenses	35,11,279	37,50,173
xvi	Net loss on foreign currency transactions	-	64,88,181
	<b>TOTAL</b>	<b>5,71,77,966</b>	<b>11,20,09,816</b>

NOTE	Particulars		
<b>25</b>	<b>Employee benefit plans</b>		
<b>A</b>	<b>Defined contribution plans</b>		
	The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.6.32 lakhs (Year ended 31 March, 2017 Rs. 4.16 lakhs ) for Provident Fund contributions and Rs.3.92 lakhs (Year ended 31 March, 2017 Rs. 3.36 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.		
<b>B</b>	The Company offers the Gratuity scheme to its employees . The following table sets out the unfunded status of the Grantuity scheme and the amount recognised in the financial statements:		
	<b>Particulars</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
		<b>Rs.</b>	<b>Rs.</b>
	<b>Components of employer expense</b>		
	Current service cost	83,943	68,088
	Interest cost	1,50,058	1,50,382
	Expected return on plan assets	-	-
	Curtailment cost / (credit)	-	-
	Settlement cost / (credit)	-	-
	Past service cost	7,75,522	-
	Actuarial losses/(gains)	-	-
	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>10,09,523</b>	<b>2,18,470</b>
	<b>Actual contribution and benefit payments for year</b>		
	Actual benefit payments	-	-
	Actual contributions	-	-
	<b>Net asset / (liability) recognised in the Balance Sheet</b>		
	Opening Net Liability	22,43,024	20,15,845
	Fair value of plan assets	-	-
	Expenses as above	10,09,523	2,18,470
	Settlements made	-	-
	<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>32,52,547</b>	<b>22,34,315</b>



**DIVYASHAKTI GRANITES LIMITED - HYDERABAD**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Rupees)

<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	22,43,024	20,15,845
Current service cost	83,943	68,088
Interest cost	1,50,058	1,50,382
Curtailement cost / (credit)	-	-
Settlement cost / (credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains) / losses	(1,19,967)	8,709
Past service cost	7,75,522	-
Benefits paid	-	-
	31,32,580	22,43,024
Change in fair value of assets during the year *		
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actual company contributions	-	-
Actuarial gain / (loss)	-	-
Benefits paid	-	-
Actuarial assumptions		
Discount rate	6.60%	6.69%
Expected return on plan assets *		
Salary escalation	5.00%	5.00%
Attrition	12.00%	12.00%
Mortality tables	IALM(2006-08)	IALM(2006-08)
Expected average remaining service	5.11%	5.36%
Estimate of amount of contribution in the immediate next year	-	-
Asset Information		
* As the scheme is unfunded, other disclosures under Accounting Standard 15 are stated as Nil		
<b>Experience adjustments</b>		
Present value at the end period	31,32,580	22,43,024
Funded status	(31,32,580)	(22,43,024)
Experience gain / (loss) adjustments on plan liabilities	-	-
Experience gain / (loss) adjustments on plan assets	-	-

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 3.01 Contingent Liabilities.

Rs. in lakhs.			
Sl. No.	Particulars	2017-18	2016-17
i	Foreign Letters of Credit opened in favour of Suppliers for which goods are yet to be received.	1349.65	63.87
ii	Guarantees given by Bank (BG)	—	—

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

3.03 Confirmation letters have been sent in respect of sundry debtors/creditors and loans and advances. In view of all confirmations not having been received, the balances are subject to reconciliation and adjustments if any.

3.04 The Company has not received any Memorandum as required to be filed by the suppliers with the notified authority under the Micro, Small & Medium Enterprises Development Act, 2006) to claim their status as micro, small & medium enterprises. Consequently the amount paid/payable to such parties during the year is NIL.

3.05 The company's business during the reporting period consists of single reportable segment i.e. manufacturing and sale of Polished Granite only. Hence no separate disclosure pertaining to segment reporting as per AS 108 as issued by ICAI is made.

3.06 Deferred Tax provision has been made as per Accounting Standard No.22 of Institute of Chartered Accountants of India.

#### 3.07 Related party disclosure :

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

i)	Key Management Personal (KMP)	:	N.HARI HARA PRASAD Managing Director.
ii)	Associated Companies and transactions:		
a)	Name of the party	:	M/s Universal Extrusions Pvt. Ltd.,
	Relationship	:	A company in which Managing Director and Director Are Directors
	Nature of Transaction	:	Packing wood material (purchase)
			2017-18                      2016-17
	Transaction Value	:	Rs.13,80,475/-              Rs.39,16,299/-
	Balance outstanding as on Balance Sheet date	:	Rs.12,57,962/-              Rs. 15,50,868 /- (Creditor)                      (Creditor)
	Amount Written off/Back	:	NIL                                      NIL

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

b)	Name of the party	:	M/s Universal Marketing Agencies Pvt. Ltd.,	
	Relationship	:	A company in which Managing Director and Director are directors	
	Nature of Transaction	:	Polished Granite Slabs (third party exports)	
	Transaction Value	:	Rs.,28,00,000/-	Rs. 35,50,000/-
	Balance outstanding as on Balance Sheet date	:	NIL	NIL
	Amount Written off/Back	:	NIL	NIL
c)	Name of the party	:	M/s N.V.Rattaiah & Co.,	
	Relationship	:	A company in which Managing Director and Director are Partners	
	Nature of Transaction	:	Sale of granite slabs	
	Transaction Value	:	Rs. 8,76,80,422/-	Rs. 15,99,544/-
	Balance outstanding as on Balance Sheet date	:	Rs. 4,91,33,671/- (Creditor)	Rs. 4,13,591/- (Creditor)
	Amount Written off/Back	:	NIL	NIL
d)	Name of the party	:	M/s Divyashakti Housing Constructions Limited,	
	Relationship	:	A company in which Managing Director and Director are Directors	
	Nature of Transaction	:	NIL	
	Transaction Value	:	NIL	NIL
	Balance outstanding as on Balance Sheet date	:	NIL	NIL
	Amount Written off/Back	:	NIL	NIL
e)	Name of the party	:	M/s Cosmos Granite (West)	
	Relationship	:	M/s Cosmos Granite (South East)	
	Nature of Transaction	:	A company in which Managing Director is a Director	
	Nature of Transaction	:	Export of granite slabs	
	Transaction Value	:	Rs. 66,95,43,690/-	NIL
	Balance outstanding as on Balance Sheet date	:	Rs. 46,06,17,547/-	NIL
	Amount Written off/Back	:	NIL	NIL

**3.08 CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE**

As per section 135(1) of Companies Act, 2013 the provision of Corporate Social Responsibility are applicable to the Company. The Company constituted CSR Committee and framed CSR Policy. The Company allocated an amount of Rs.29.70 lakhs to be spent during the year 2017-18 for Corporate Social Responsibility. However, the Company couldn't spend the amount earmarked for Corporate Social Responsibility. During the year 2017-18, the amount of Rs.3.20 lakhs was spent by the company towards the CSR activities in the field of Education and Environment. The Company is identifying the better areas and beneficiaries as per its approved CSR Policy.

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 3.09 First time Ind As adoption Reconciliations :

A. Effect of Ind As adoption on the standalone balance sheet as at 1st April 2016 and 31st March 2017.

(Rupees in Lakhs)

	As at 1st April 2016			As at 31st March 2017		
	Previous GAAP	Effect of transition to Ind As	As per Ind As Balance	Previous GAAP	Effect of transition to Ind As	As per sheet Ind As Balance sheet
<b>ASSETS</b>						
Non- current assets						
Property, Plant and Equipment	632.45		632.45	795.99		795.99
Capital work in progress	-		-	-		-
Other Financial assets	33.71		33.71	33.71		33.71
Other non current assets	-		-	94.00		94.00
<b>Current Assets</b>						
Inventories	743.36		743.36	1227.86		1227.86
Financial Assets						
(i) Investments	-		-	-		-
(ii) Trade receivables	2822.43		2822.43	4440.48		4440.48
(iii) Cash and Cash equivalents	5356.94	(171.02)	5185.92	4112.58	(272.30)	3840.28
(iv) Bank Balances other than above		171.02	171.02		272.30	272.30
Other Current assets	57.67		57.67	129.06		129.07
<b>Total</b>	<b>9646.56</b>		<b>9646.56</b>	<b>10833.66</b>		<b>10833.69</b>
<b>Equity and Liabilities</b>						
<b>Equity</b>						
Equity Share Capital	1026.89		1026.89	1026.89		1026.89
Other Equity	7547.57	202.62	7750.19	8319.28	193.04	8512.32
<b>Liabilities</b>						
Non Current Liabilities						
a) Deferred Tax Liabilities	75.78	(17.23)	58.55	81.43	(7.62)	73.81
<b>Current Liabilities</b>						
(a) Financial Liabilities						
(i) Borrowings						
(ii) Trade Payables	381.97		381.97	1008.65		1008.65
(b) Other Current Liabilities	398.53		398.53	189.59		189.59
(c ) Provisions	215.82	(195.66)	20.16	207.82	(185.39)	22.43
(d) Current Tax Liabilities (Net)			10.27			
<b>Total</b>	<b>9646.56</b>		<b>9646.56</b>	<b>10833.66</b>		<b>10833.69</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**B. Reconciliation statement of Profit and loss and other comprehensive income between Ind AS and previous GAAP.**

(Rupees in Lakhs)

Particulars	Year ended 31.03.2017
<b>Net profit/ Other Equity as per Indian GAAP</b>	<b>957.09</b>
Less: Deferred tax Adjustments	9.60
Add: Actuarial Loss recognised in OCI	0.09
<b>Total comprehensive income under Ind As</b>	<b>947.58</b>

**C. Reconciliation of other Equity between Ind AS and previous GAAP.**

(Rupees in Lakhs)

Particulars	As on 01.04.2016	As on 31.03.2017
<b>Other Equity as per Indian GAAP</b>	<b>7547.57</b>	<b>8319.28</b>
Deferred Tax Adjustments	17.23	7.65
Adjustment of Proposed dividend and related distribution tax	185.39	185.39
<b>Other equity as per Ind As</b>	<b>7750.19</b>	<b>8512.32</b>

**3.10 Expenditure in Foreign Currency:**

	2017-18 Rs.	2016-17 Rs.
(i) Foreign Travelling & Commissions	15,86,513	20,84,067
(ii) CIF Values of Imports:		
Raw Material	1,49,01,300	Nil
Finished Slabs	41,05,66,724	49,01,45,124
Capital Goods	4,76,63,702	Nil
Consumables & Spares	1,47,83,835	4,97,89,519
(iii) Earnings in Foreign Currency: (FOB Values of Exports)	67,58,08,529	1,08,10,59,115

**3.11 Consumption of Materials:**

	2017-18		2016-17	
	Value Rs.	%	Value	%
a) Raw Material & Slabs				
i) Imports -Raw Blocks	1,33,76,870	2.62	Nil	Nil
- Finished slabs	41,05,66,724	80.29	49,01,45,124	65.18
ii) Indigenous-Raw Blocks	2,76,02,191	5.40	8,16,62,433	10.86
- Finished Slabs	5,97,82,588	11.69	18,02,01,130	23.96
b) Consumables & Spares				
i) Import	1,85,46,489	79.97	4,59,15,768	94.40
ii) Indigenous	46,46,131	20.03	27,23,249	5.60

## DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(b) CONSUMPTION	2017-18		2016-17	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
i) Granite Raw Blocks	882 Cu.Mt	4,09,79,433	2318 Cu.Mt.	8,16,62,433
ii) Finished Slabs & Tiles	104584 Sq.Mt	47,03,49,312	150696 Sq.mt.	67,03,46,254

### 3.12 (a) Particulars of production, sales and closing stocks

	2017-18 (Sq. Mts.)	2016-17 (Sq. Mts.)
i) Production	53451	90206
ii) Sales - From Factory	52158	88043
- Direct Dispatches	104854	150695
(Bought out)		
iii) Closing Stocks	8054	6761

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

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

3.15. Schedules 1.01 to 1.13, 2.01 to 2.13 and 3.01 to 3.15 form part of Balance Sheet and Statement of Profit and Loss and have been authenticated.

As per our Report of even date attached

**For SURYANARAYANA & SURESH**

Chartered Accountants  
Firm Reg. No. 006631S

**V. NAGENDRA RAO**

Partner

Membership No. 227679

Place : Hyderabad.

Date : 30th May, 2018

For and on Behalf of the Board

**ANNE ANURADHA**

Director &

Chief Financial Officer

DIN : 02802437

**T.H.SASTRY**

Director

DIN : 01786600

**N.HARI HARA PRASAD**

Managing Director

DIN : 00354715

**T.V.CHOWDARY**

Director

DIN : 00010435

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

Registration No.	: 01-12764	State Code : 01
Balance Sheet	: 31 - 03 - 2018	
	Date Month Year	

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

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

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

Total Liabilities	Total Assets
1208435	1208435

**Sources of Funds**

Paid-Up Capital	Reserves & Surplus
102689	880926
Non Current liabilities	Current liabilities/ Others
11270	213550

**Application of Funds**

Net Fixed Assets	Investments/Loans
74049	159602
Non Current Assets	Net Currentt Assets
110227	864557
Accumulated Losses / Misc. Expenses	
—	

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure +/-	+/- Profit/loss Before Exceptional Items	+/- Profit/Loss Before Tax	+/- Profit/Loss After Tax
701864	627399	+ 74465	+ 74465	+ 48156
Earning Per Share	Dividend rate %			
Rs.4.69	15%			

**V. Generic Names of Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC CODE) : 680223.01

Product Description : GRANITE POLISHED SLABS , TILES AND MONUMENTS

On behalf of the Board

Place: Hyderabad,  
Date : 30th May, 2018.

**N.HARI HARA PRASAD**  
Managing Director  
DIN No. : 00354715





**DIVYASHAKTI GRANITES LIMITED**

(CIN: L99999TG1991PLC012764)

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

**BALLOT FORM**

The members who are not able to attend the Annual General Meeting can send their assent or dissent in writing in respect of the resolutions as set out in the notice by sending the duly filled and signed Ballot Form to the Scrutinizer Mr. Puttaparthi Jagannatham, Advocate, at Flat No.315, Bhanu Enclave, Adj.ESI Hospital, Erragadda, Hyderabad-500038 so as to reach him on or before 5.00 PM on 28<sup>th</sup> September, 2018.

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

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

Item	Resolutions	For (Assent)	Against (Dissent)
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2.	Declaration of Dividend on Equity Shares		
3.	Re-appointment of Smt. Anuradha Anne who retires by rotation		
4.	To continue the appointment of the Statutory Auditor without ratification at every Annual General Meeting		
5.	Re-appointment of Shri Hari Hara Prasad Nallapati as Managing Director		
6.	Approval for entering into related party transactions		
7.	Ratification for related party transactions		

Place:

Date :

(Signature of the Shareholder)

**DIVYASHAKTI GRANITES LIMITED**

(CIN: L99999TG1991PLC012764)

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

**ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING**

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

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

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

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

Client ID*	
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No. of Shares	
---------------	--

\* Applicable for investors holding shares in electronic form

I hereby record my presence at the 27th Annual General Meeting of the company held on Saturday, 29th day of September, 2018 at 11.00 A.M at the Institution of Engineers, Khairatabad, Hyderabad - 500004.

Name and Address of Member

--

Signature of Shareholder / proxy / Representative

**DIVYASHAKTI GRANITES LIMITED - HYDERABAD****DIVYASHAKTI GRANITES LIMITED**

(CIN: L99999TG1991PLC012764)

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

**Form No MGT-11****Proxy Form**

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

CIN	L99999TG1991PLC012764
Name of the Company	Divyashakti Granites Limited
Registered office	7-1-58 Divyashakthi Apartments, Ameerpet, Hyderabad-16
Name of the Member(s)	
Registered Address	
Email Id	
Folio No / Client ID	DP ID:

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

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

as my / our proxy to attend and vote (on a poll) for me/ us and on my / our behalf at the 27th Annual General meeting of the Company, to be held on 29th day of September, 2018 at 11.00 A.M at the Institution of Engineers, Khairatabad, Hyderabad-500004 and at any adjournment thereof in respect of such resolution as are indicated below:

S.No.	Resolutions	For	Against
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors		
2.	Declaration of Dividend on Equity Shares		
3.	Re-appointment of Smt Anuradha Anne who retires by rotation		
4.	To continue the appointment of the Statutory Auditor without ratification at every Annual General Meeting		
5.	Re-appointment of Shri Hari Hara Prasad Nallapati as Managing Director		
6.	Approval for entering into related party transactions		
7.	Ratification for related party transactions		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Signature of Shareholder.....

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

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

Affix  
Revenue  
Stamp

*The route map to the venue of the Annual General Meeting is enclosed herewith.*

