

DIVYASHAKTI GRANITES LIMITED
100% E.O.U

**AN ENDURING
LEADERSHIP**



**28th ANNUAL
REPORT
2018-2019**

BOARD OF DIRECTORS

Managing Director

Sri N. Hari Hara Prasad

Directors

Sri T.H. Sastry

Sri T.V. Chowdary

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

Mr. M. Santhosh Kumar

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

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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 28TH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF DIVYASHAKTI GRANITES LIMITED (CIN: L99999TG1991PLC012764) WILL BE HELD ON MONDAY THE 30TH SEPTEMBER, 2019 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, 2019 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, 2019.
3. To appoint a Director in place of Smt. Anuradha Anne (DIN No.02802437), who retires by rotation and being eligible, offers herself for reappointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolution as an 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 2019 up to the maximum 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 Granite (West) Cosmos Granite (South East)	Rs.70 crores. Rs.50 cores

“**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.”

5. Re-appointment of Mr. Hanumath Sastry Tadepally (DIN: 01786600) as an Independent Director for second term of five consecutive years w.e.f. April 1, 2019.

To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b), 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company upon the recommendation of the Nomination & Remuneration Committee, Mr. Hanumath Sastry Tadepally (DIN: 01786600), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of 5 (five) consecutive years with effect from April 1, 2019 and shall not be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto.”

6. Re-appointment of Mr. Thati Venkataswamy Chowdary (DIN: 00010435) as an Independent Director for second term of five consecutive years w.e.f. April 1, 2019.

To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b), 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company upon the recommendation of the Nomination & Remuneration Committee, Mr. Thati Venkataswamy Chowdary (DIN: 00010435), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of 5 (five) consecutive years with effect from April 1, 2019 and shall not be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto.”

7. Re-appointment of Mr. Ramesh Chandra Bose Tummala (DIN: 00160630) as an Independent Director for second term of five consecutive years w.e.f. April 1, 2019.

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To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b), 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company upon the recommendation of the Nomination & Remuneration Committee, Mr. Ramesh Chandra Bose Tummala (DIN: 00160630), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of 5 (five) consecutive years with effect from April 1, 2019 and shall not be liable to retire by rotation.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto.”

8. Re-appointment of Mr. Srinivas Sunkara (DIN: 00194094) as an Independent Director for second term of five consecutive years w.e.f. April 1, 2019.

To consider and, if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the approval of the Board of Directors of the Company upon the recommendation of the Nomination & Remuneration Committee, Mr. Srinivas Sunkara (DIN: 00194094), Independent Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of 5 (five) consecutive years with effect from April 1, 2019 and shall not be liable to retire by rotation.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do such acts, deeds, things and matters as the Board of Directors may in its absolute discretion consider necessary or appropriate for the aforesaid resolution and matter incidental thereto.”

For and on behalf of the Board

Place: Hyderabad,
Date: 14th May, 2019.

N. HARI HARA PRASAD
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 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 23-09-2019 to 30-09-2019 (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 22.09.2019.
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 28th 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 2018-19, the Notice of the 28th 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.

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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, with a marked to evoting@nsdl.co.in.
- x. In case of any queries, please refer to the frequently asked Questions (FAQs) for members and the [e-voting user manual](https://www.evoting.nsdl.com) for members available in the 'Downloads' section of <https://www.evoting.nsdl.com>. You can also contact NSDL via email at evoting@nsdl.co.in.

General Instructions:

- a. The e-voting period commences on September 26, 2019 (9.00 a.m.) and ends on September 29, 2019 (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, 2019, 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, 2019 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 share capital of the Company as on September 22, 2019. The results declared along with the Scrutinizer's Report shall be placed on the Company's website **www.divyashakti.com** and on the website of NSDL within two days of the passing of the resolutions at 28th Annual General Meeting of the Company on Monday, September, 30, 2019 and communicated to the BSE Ltd.
10. The route map to the venue of the Annual General Meeting is enclosed herewith.

THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO .4

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.

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 |

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(3) **Nature of Relationship** : DIRECTOR/Partner

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

(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:

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

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.

ITEM NO. 5 TO 8

Pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the said Act, 2013 and the erstwhile Clause 49 of the Listing Agreement with the Stock Exchanges, at the 23rd Annual General Meeting held on September 30, 2014, Mr. Hanumath Sastry Tadepally (DIN: 01786600), Mr. Thati Venkataswamy Chowdary (DIN: 00010435), Mr. Ramesh Chandra Bose Tummala (DIN: 00160630), Mr. Srinivas Sunkara (DIN: 00194094), were appointed as Independent Directors of the Company for a period of 5 (five) consecutive years to March 31, 2019.

As per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors in their respective Meetings subject to approval of Members and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Listing Regulations (including any statutory modification or re-enactment thereof for the time being in force) and based on their skills, rich experience, knowledge, contributions, continued valuable guidance to the management made by them during their tenure and outcome of performance evaluation of the Independent Directors, The Board of Directors recommend the reappointment of Mr. Hanumath

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Sastry Tadepally (DIN: 01786600), Mr. Thati Venkataswamy Chowdary (DIN: 00010435), Mr. Ramesh Chandra Bose Tummala (DIN: 00160630), Mr. Srinivas Sunkara (DIN: 00194094), as Independent Directors of the Company for the second term of 5 (five) years w.e.f. April 1, 2019 and they shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

The Company has received declaration from them stating that they meet the criteria of Independence as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. They are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as an Independent Director.

Further as per Regulation 17(1A) of the Listing Regulations, appointment or continuation of Non-Executive Directors after attaining age of Seventy Five (75) Years also requires approval of members of the Company by way of Special Resolution. Mr. Hanumath Sastry Tadepally (DIN: 01786600), Mr. Thati Venkataswamy Chowdary (DIN: 00010435) and Mr. Ramesh Chandra Bose Tummala (DIN: 00160630) have attained age of 75 years and in view of the same, Board of Directors recommends passing of Special Resolution along with re-appointment of Independent Directors under Item No 5 to 7.

In the opinion of the Board, Mr. Hanumath Sastry Tadepally (DIN: 01786600), Mr. Thati Venkataswamy Chowdary (DIN: 00010435), Mr. Ramesh Chandra Bose Tummala (DIN: 00160630), Mr. Srinivas Sunkara (DIN: 00194094), fulfills the conditions for re-appointment as Independent Directors as specified in the Act and the SEBI Listing Regulations and is independent of the management.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a member for proposing the candidature of Mr. Hanumath Sastry Tadepally (DIN: 01786600), Mr. Thati Venkataswamy Chowdary (DIN: 00010435), Mr. Ramesh Chandra Bose Tummala (DIN: 00160630), Mr. Srinivas Sunkara (DIN: 00194094), to be re-appointed as Independent Directors of the Company as per the provisions of the Companies Act, 2013.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services. Accordingly, consent of the Members is sought for passing Special Resolution as set out in items 5 to 8 of the Notice for re-appointment of Mr. Hanumath Sastry Tadepally (DIN: 01786600), Mr. Thati Venkataswamy Chowdary (DIN: 00010435), Mr. Ramesh Chandra Bose Tummala (DIN: 00160630), Mr. Srinivas Sunkara (DIN: 00194094), as Independent Directors of the Company.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India are set out in the Annexure to the Explanatory Statement.

Except the directors who are being appointed in respect of each resolution respectively, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 to 8.

The Board of Directors recommends the resolutions for your approval as a Special Resolution.

For and on behalf of the Board

Place: Hyderabad,
Date: 14th May, 2019.

N. HARI HARA PRASAD
Managing Director
DIN: 00354715

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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 25 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 & Stakeholders Relationship Committee,

Shareholding in the Company: 465992 Equity Shares

2. Sri. Hanumath Sastry Tadepally (DIN: 01786600)

Brief Resume:

1	Name of the Director	Sri. Hanumath Sastry Tadepally
2	Father's Name	Late. Sri Sampoorna Laxmi Narayana Tadepally
3	Date of Birth	27.04.1940
4	Qualifications	M. Sc (Geology) & I.A.S.M
5	Date of Appointment	28.01.1993
6	Experience	Worked as Director of Mines & Geology (Govt of AP) (Retd)

Nature of Expertise in specific functional areas: Worked as Director of Mines & Geology (Govt of AP) (Retd)

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

Listed entities (other than Divyashakti Granites Limited) in which he holds directorship and Committees membership

- Directorship: Nil
- Chairperson/Membership of Board Committees in Divyashakti Granites Limited: Member of Audit Committee & Corporate Social Responsibility Committee

Shareholding in the Company: NIL

3. Sri. Thati Venkataswamy Chowdary (DIN: 00010435)

Brief Resume:

1	Name of the Director	Sri. Thati Venkataswamy Chowdary
2	Father's Name	Late Sri Thati Mulakanna
3	Date of Birth	01.06.1943
4	Qualifications	BE(Mining) & MBA
5	Date of Appointment	28.01.1993
6	Experience	Worked as Director of Mines & Geology (Govt of AP) (Retd)

Nature of Expertise in specific functional areas: Worked as Director of Mines & Geology (Govt of AP) (Retd)

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

Listed entities (other than Divyashakti Granites Limited) in which he holds directorship and Committees membership

- Directorship: Pokarna Limited
- Chairperson/Membership of Board Committees in Divyashakti Granites Limited: Chairman of Nomination & Remuneration Committee
- In other entities: Chairman of Nomination & Remuneration Committee & Stakeholders Relationship Committee & member of Audit Committee in Pokarna Limited

Shareholding in the Company: NIL

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4. Sri. Ramesh Chandra Bose Tummala (DIN: 00160630)

Brief Resume:

1	Name of the Director	Sri. Ramesh Chandra Bose Tummala
2	Father's Name	Late. Sri Tummala Goverdhana Rao
3	Date of Birth	15.01.1941
4	Qualifications	BE (Electrical)
5	Date of Appointment	01.11.2013
6	Experience	Retired as Director-Projects in Andhra Pradesh Transmission Corporation (APTRANSCO)

Nature of Expertise in specific functional areas: Retired as Director-Projects in Andhra Pradesh Transmission Corporation (APTRANSCO)

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

Listed entities (other than DivyashaktiGranites Limited) in which he holds directorship and Committees membership

- Directorship: Kakatiya Cement Sugar And Industries Limited and IVRCL Limited
- Chairperson/Membership of Board Committees in Divyashakti Granites Limited:Chairman of Audit Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Internal Complaints Committee, and Member of Nomination & Remuneration Committee.

In other entities: Chairman of Stakeholders Relationship Committee & Member of Audit Committee & Nomination & Remuneration Committee in Kakatiya Cement Sugar And Industries Limited.

Member of Audit Committee & Nomination & Remuneration Committee in IVRCL Limited

Shareholding in the Company: NIL

5. Sri. Srinivas Sunkara (DIN: 00194094)

Brief Resume:

1	Name of the Director	Sri Srinivas Sunkara
2	Father's Name	Sri Siva Rama Krishna Sunkara
3	Date of Birth	30.07.1964
4	Qualifications	BE (Mechanical)
5	Date of Appointment	01.11.2013
6	Experience	Working as Managing Director in Indian Timber Products Pvt Ltd

Nature of Expertise in specific functional areas: Working as Managing Director in Indian Timber Products Pvt Ltd.

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

Listed entities (other than Divyashakti Granites Limited) in which he holds directorship and Committees membership

- Directorship: Nil
- Chairperson/Membership of Board Committees in Divyashakti Granites Limited: Member of Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee & Internal Complaints Committee

Shareholding in the Company: NIL

DIRECTORS' REPORT

Dear Shareholders,
Your Directors have pleasure in presenting the 28th Annual Report and the Audited Accounts for the financial year ended 31st March, 2019.

1. FINANCIAL RESULTS

Particulars	Year ended 31.03.2019 (Rs. in lakhs)	Year ended 31.03.2018 (Rs. in lakhs)
Sales	3340	6858
Gross Operating Profit before depreciation and exchange variation	503	757
Profit after depreciation but before exchange variation	344	692
Profit after depreciation, exchange variation and before Exceptional Items	682	745
Profit after Exceptional items	682	745
Profit after Tax	515	482
Appropriations:		
General Reserves	330	297
Proposed Dividend	154	154
Tax on dividend	31	31
Total	514	482

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, 2019, 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. 330 lakhs to Reserves during the financial year under review.

4. Finance:

Cash and cash equivalents as at 31st March, 2019 was Rs. 2534 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 2018-2019 AND THE FUTURE PROSPECTS ALONG WITH REASONS WHILE COMPARING WITH PREVIOUS YEAR RESULTS:

Your Company has exported polished granite slabs and Quartz slabs valued at **Rs. 3195 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.835 lakhs** made during the year, about 49% of Raw blocks & slabs are Traded/imported from Ukrain, Norway & China.

The year closed on a positive note with export orders on hand to the tune of **Rs. 250 lakhs** as compared to Rs.210 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.57 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 and the same is in operation.

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 years till conclusion of Thirty First (31st) Annual General Meeting and no ratification is required based on the amended Section 139 of the Companies Act, 2013 and ordinary resolution passed at the previous Annual General Meeting. There are no observations in the Audit report which require any comments of the Directors.

14. SECRETARIAL AUDIT REPORT

Pursuant to provisions of section 204 of the Companies Act, 2013, the Company has appointed M/s 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.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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
- 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:

		2018-19	2017-18
1.	Electricity		
a)	Purchased Units	1107220	781390
	Total Amount (Rs. in lakhs)	88.01	67.51
	Average Cost/Unit (Rs./KWH)	7.95	8.64

b)	Own Generation		
	i) Through Solar Plant-(w.e.f. Feb.2017) Produced Energy (in Units)	846690	884718
	Total Value estimated (Rs. in lakhs)	56.72	58.86
	Average Cost/Unit (Rs./KWH)	6.70	6.65
	ii) Through Diesel Generator (Total Units)	21877	55456
	Total Amount (Rs. in lakhs)	4.73	11.06
	Units per liter of Diesel Oil	3.34	3.26
	Average Cost/Unit (Rs./KWH)	21.63	19.94

(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. 3195 Lakhs
- b) Foreign Exchange Outgo : Rs. 2166 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 31.07.2018 during the financial year ended 31st March, 2019.

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

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

The Company allocated an amount of Rs.24.98 lakhs to be spent during the year 2018-19 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.1.00 lakh was spent by the company towards the CSR activities in the field of Education and Environment during the year 2018-19.

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) 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.

- ii) In the Board Meeting held on 31st July, 2018 Ms. Priyanka Baldewa has resigned as the Company Secretary and Compliance Officer of the Company with effect from 31st July, 2018 and Mr. M. Santhosh Kumar has been appointed as the Company Secretary & Compliance Officer in terms of Section 203 of Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with effect from 18th February, 2019 based on the recommendation of the Nomination and Remuneration Committee.

- iii) Mr. Hanumanth Sastry Tadepally (DIN : 01786600), Mr. Thati Venkataswamy Chowdary (DIN : 00010435), Mr. Ramesh Chandra Bose Tummala (DIN : 00160630), Mr. Srinivas Sunkara (DIN : 00194094), Independent Directors of the Company, who were appointed as Independent Directors of the Company for a period of five years and whose term expires are being re-appointed as Independent Directors of the Company hold office for second term of 5 (five) consecutive years with effect from April 1, 2019 and shall not be liable to retire by rotation subject to approval of shareholders 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 5 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 31.07.2018 & 09.11.2018 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 S. Srinivas	Member

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

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

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

The Company has also formulated Whistle Blower Policy through which it's

Directors, Employees and Stake Holders can report their genuine concern about unethical behavior, actual or 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. The Code was amended on 26th March, 2019 by circular resolution to align with the latest amendments.

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 T.R.C. Bose	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 once on 18th May, 2019.

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 arrangement 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 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 2018-19 which were in conflict with the interest of the Company. Suitable disclosures as required under Accounting Standard 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 :	2018-19 Rs.	% on total salaries.
(a) N. Hari Hara Prasad Managing Director - Salary - Perquisites	48,00,000 22,10,000	20%
Anuradha Anne (Chief Financial Officer) - Salary	6,00,000	2%

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

27. CORPORATE GOVERNANCE

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. DIRECTOR'S 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 2019-2020.

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

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 : 14th May, 2019.

ANNEXURE INDEX

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

ANNEXURE - I

Form No. MR-3

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2019

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 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Divyashakti Granites Limited ("the Company") for the financial year ended on 31st March 2019 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

- 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) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the Companies Act 2013.

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

- (i) The Prescribed CSR expenditure of 2% of average net profit of the last three years allocated for 2018-19 amounting to Rs. 24.98 Lakhs was not fully spent due to the problems in identifying the areas and beneficiaries. However, an amount of Rs.1.00 lakh has been spent during the year.
- (ii) During the year under review, there was a casual vacancy in the office of Company Secretary & Compliance Officer from July 31, 2018 to February 17, 2019 and the vacancy was filled on 18th February, 2019.

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 : 14.05.2019

For M/s Puttaparthi Jagannatham & Co.

Navajyoth Puttaparthi

Partner

SCS No: 9896, 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 : 14.05.2019

For M/s Puttaparthi Jagannatham & Co.
Navajyoth Puttaparthi
Partner
SCS No: 9896, 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 2018-19

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

3. Details of the CSR expenditure	
Average net profit of the company for last three financial years	Rs.1249.41 Lakhs
Prescribed CSR expenditure (two percent of the amount stated above)	Rs. 24.98 Lakhs
Details of the CSR spent during the financial year	
(i) Total amount to be spent for the financial year	Rs. 24.98 Lakhs
(ii) Total amount spent during the financial year	Rs. 1.00 Lakh
Amount unspent, if any	Rs. 23.98 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	NAME OF THE COMPANY ON	COMPANY CLASS (PUBLIC /PRIVATE /NON-GOVERNMENT /GOVERNMENT)	COMPANY TYPE (GOVERNMENT /NON-GOVERNMENT)	DATE OF INCORPORATION / REGISTRATION	ROC	ADDRESS OF REGISTERED OFFICE	MAIN BUSINESS /ACTIVITY OF THE COMPANY	PRECEDED CSR BUDGET (IN LAKHS) F.Y. 2015-16, 2016-17 AND 2017-18)	ALLOTTED CSR BUDGET (IN LAKHS) F.Y. 2018-19	ADMINISTRATIVE OVERHEAD EXPENSES	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)	REASON FOR UNDERSpending /A/DI SPENDING (IF ANY)
DIVYASHAKTI GRANITES LIMITED	DIVYASHAKTI GRANITES LIMITED	PUBLIC LIMITED	NON-GOVERNMENT	04.03.1974	B	SUB NO.1301 TO 304, BANSAHELI COMPLEX, YASHwanth JEEPS, ALAHEPET HYDERABAD 500016 TELANGANA	PROCESSING & EXPORT OF GRANITE SLABS, TILES & MONUMENTS	Rs.74.98 in 2015-16, Rs.100 in 2016-17 and Rs.100 in 2017-18	RS.100 lac	Nil	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.	The Board decided to spend the amount being spent on the CSR activities in order to solve the problems in the areas of health, education, women empowerment, skill development, etc. The Board decided to spend the amount of Rs.2318 lakhs.

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 : 30.49 lakhs	30.88 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 : Nil	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 : 1241.85 lakhs	231.68 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 : 2971.63 lakhs	4391.53 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, 2019, out of whom One (1) is Managing Director, and Five (5) are Non-Executive Directors. During the year under review, there were in all Five (5) 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	5	Yes	3
2	Shri T.H.Sastry	5	Yes	Nil
3	Shri T.V.Chowdary	5	Yes	7
4	Shri T.R.Chandra Bose	5	Yes	6
5	Shri S.Srinivas	4	Yes	2
6	Smt Anuradha Anne	5	Yes	3

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

- i) 27th May, 2018
- ii) 31st July, 2018
- iii) 09th November, 2018
- iv) 11th February, 2019
- v) 18th February, 2019

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 S. Srinivas	Member	4	—

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

- i) 14th May, 2018
- ii) 20th July, 2018
- iii) 27th October, 2018
- iv) 28th January, 2019

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 the Share Transfer Committee has been clubbed with Stake Holders Relationship Committee to deal with both the share related issues and the investor grievances and the stake holders committee thus designated as the **Stakeholders Relationship Committee** with the following members

Name of the Member	Designation	No. of Meetings Attended	Remarks
Shri T.R.C. Bose	Chairman	6	—
Shri S. Srinivas	Member	6	—
Smt. Anuradha Anne	Member	6	—

During the Financial Year under review, the Committee met 6 times on 30.05.2018, 31.07.2018, 21.09.2018, 10.10.2018, 09.11.2018 and 11.02.2019.

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.

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

During the Financial Year under review, the Committee met once on 18.02.2019.

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 them, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and for reimbursement of expenses for participation in the Board meetings.

CEO & Managing Director - Criteria for selection / appointment

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

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

Remuneration for the CEO & Managing Director

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

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

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

Remuneration Policy for the Senior Management Employees

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

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

INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors met on 31.07.2018 and 09.11.2018, 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.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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.

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.

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

M/s Puttaparthi Jagannatham & Co., Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as Annexure A.

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
25 th AGM	The Institution of Engineers, Khairatabad, Hyderabad.	30.09.2016	11.00 a.m	No
26 th AGM	- DO -	25.09.2017	11.00 a.m	Yes
27 th AGM	- DO -	29.09.2018	11.00 a.m	Yes

DEMATERIALIZATION OF SHARES

The shares of the company to the extent of 9779257 have been dematerialized and the shares to the extent of 489613 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) Annual General Meeting	:	
Day, Date and Time	:	Monday, 30th September, 2019 at 11.00 am
Venue	:	The Institution of Engineers Khairatabad, Hyderabad-500 004
b) Financial Calendar	:	1st April to 31st March
c) Date of Book Closure	:	23-09-2019 TO 30-09-2019 (both days inclusive)
d) Dividend Payment Date	:	ON OR BEFORE 30.10.2019
e) Registered Office	:	DIVYASHAKTI GRANITES LIMITED Divyashakti Complex, 3rd Floor, Flat Nos. 301-304, 7-1-58, Ameerpet, HYDERABAD-500 016. e-mail: info@divyashakti.com
f) Listing on Stock Exchange	:	The Stock Exchange, Mumbai Phiroze Jeejeebhoy towers, Dalal Street, MUMBAI-400 001.
g) Listing Fee	:	Annual listing fee for the financial year 2019-20 paid to the Stock Exchange.
h) Depository Fee	:	Annual custody fee for the financial year 2019-20 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, 18	100.80	87.50	11,921
May, 18	96.95	80.10	14,088
June, 18	88.80	65.00	6,231
July, 18	78.65	62.70	16,253
August, 18	90.20	73.00	57,164
September, 18	117.75	76.05	1,76,846
October, 18	110.25	81.00	31,823
November, 18	103.30	86.45	48,752
December, 18	99.00	77.05	10,082
January, 19	109.05	80.50	76,213
February, 19	98.70	75.05	30,481
March, 19	107.90	75.95	99,843

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

- l) Registrar & Share Transfer Agent (Physical and Electronic) : **VENTURE CAPITAL AND CORPORATE INVESTMENTS PVT. LTD.**
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 31.03.2019)

Share Holdings	No. of Shareholdings	% of total	No. of Shares	% of total
Up to 500	3865	89.43	522314	5.09
501 - 1000	199	4.60	167426	1.63
1001 - 2000	106	2.45	162825	1.59
2001 - 3000	46	1.06	119544	1.16
3001 - 4000	22	0.51	78539	0.76
4001 - 5000	18	0.42	82386	0.80
5001 - 10000	26	0.60	202887	1.98
10001 & above	40	0.93	8932949	86.99
Total	4322	100.00	10268870	100.00

o) Promoters Shareholdings (As on 31.03.2019)

Sl. No	Name of the Promoter Mr./Ms	No. of Shares	% of Total
1	NALLAPATI HARI HARA PRASAD	2332256	22.72
2	JAISHREE NALLAPATI	505983	4.93
3	BHANU PRASAD NALLAPATI	335140	3.26
4	ANURADHA ANNE	465992	4.54
5	UMASHREE NALLAPATI	842500	8.20
6	TEJASHREE NALLAPATI	744460	7.25
7	SAI VENKATESHWARA PRASAD NALLAPATI	720500	7.02
8	BHASKHARAMMA KARUMANCHI	164760	1.60
9	VENKATA KRISHNA GUTTA	411900	4.01
10	RAMA KRISHNA GUTTA	408100	3.97
11	UMA SHREE NALLAPATI	609500	5.94
	TOTAL	6931591	67.50

DIVYASHAKTI GRANITES LIMITED - HYDERABAD**p) Details of shares**

Mode	No. of Records	No. of shares	% to paid up Capital
CDSL	891	8649352	84.23
NSDL	1325	1129905	11.00
Physical	2106	489613	4.77
Total	4322	10268870	100

q) Shareholding pattern as on March 31, 2019

Sl. No.	Category	No. of Holders	No. of Shares	% to paid up capital
1	Promoter - (Individuals/ HUF/NRI)	11	6931591	67.50
2.	Public-			
a.	Individuals Individual Share Holders holding nominal share capital up to 2 Lakhs	4194	1378993	13.43
b.	Individual Share Holders holding nominals share capital in excess of 2 Lakhs	14	1794631	17.48
c.	Bodies Corporate	36	129059	1.26
d.	Clearing Member	12	10152	0.10
e.	Trust	0	0	0
f.	Non Resident Individuals	53	24444	0.23
g.	Foreign Institutional Investors	0	0	0
h.	Mutual Funds	0	0	0
i.	Banks	0	0	0
	TOTAL	4322	10268870	100

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 **Mr. M. Santosh Kumar**,
Compliance Officer.

Annexure A

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

To
The Members of
Divyashakti Granites Limited
7-1-58, Divyashakti Apartments,
Ameerpet, Hyderabad - 500016, Telangana

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Divyashakti Granites Limited having CIN L99999TG1991PLC012764 and having registered Office : 7-1-58, Divyashakti Apartments, Ameerpet, Hyderabad - 500016, Telangana (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing the Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C, Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Sl. No.	Name of Director	DIN	Date of appointment in Company
1	Hari Hara Prasad Nallapati	00354715	04/06/1991
2.	Hanumanth Sastry Tadepalli	01786600	28/01/1993
3.	Thati Venkataswamy Chowdary	00010435	28/01/1993
4.	Ramesh Chandra Bose Tummala	00160630	01/11/2013
5.	Srinivas Sunkara	00194094	01/11/2013
6.	Anuradha Anne	02802437	12/05/2017

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither on 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 M/S PUTTAPARTHI JAGANNATHAM & CO.,
COMPANY SECRETARIES**

**NAVAJYOTH PUTTAPARTHI
PARTNER
CP No. 16041**

Place: Hyderabad.
Date: 14-05-2019

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 2018-19:

- Net sales during the year Rs. 33.40 crores as against Rs. 68.58 crores in last year.
- Net Profits during year Rs. 5.15 crores as against Rs. 4.82 crores in last year.
- Basic and diluted earnings per share stood at 5.01 in 2018-19 as against 4.69 in last year.

Profitability

Your Company's profitability decreased due to increase in Currency Fluctuation losses in the financial year 2018-19. Your company had made a gross profit of Rs. 6.82 crores during the year as against the gross profit of Rs. 7.45 crores of the last year 2017-18.

Results of operations

Your Company generated an after tax profits of Rs. 5.15 crores in 2018-19 which was higher as compared to Rs.4.82 crores generated last year.

Profit before tax and exceptional items stood at Rs. 6.82 crore as against a profit of Rs. 7.45 crore last year. After reckoning a current and deferred tax liability of Rs. 1.67 crores, Profit after tax for the current year stood at Rs. 5.15 crores. The earnings per share increased from Rs. 4.69 in 2018-19 to Rs. 5.01 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
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, 2019 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: 14.05.2019.

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: 14.05.2019

N.HARI HARA PRASAD
Managing Director
DIN : 00354715

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, 2019 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 M/S PUTTAPARTHI JAGANNATHAM & CO.,
COMPANY SECRETARIES**

Place: Hyderabad.
Date: 14-05-2019

**NAVAJYOTH PUTTAPARTHI
PARTNER
CP No. 16041**

INDEPENDENT AUDITOR'S REPORT

**To the Members of
DIVYASHAKTI GRANITES LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DIVYASHAKTI GRANITES LIMITED ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	Response to key audit matter
Revenue recognition - accounting for sale of goods. The Company recognizes revenue from sale of goods after net of returns and trade discounts on transfer of significant risks and rewards to the buyer which generally coincides with the delivery of goods to customers. Further the Company has a contractual right to payment for the goods sold and delivered within the due date.	Our procedures includes the following: - We have obtained an understanding of and assessing the design, implementation and operating effectiveness of the Company's key internal controls in relation to revenue recognition;

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

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

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) 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 purposes 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 (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts to the financial statements;

- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

Place: Hyderabad
Date: 14-05-2019

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, 2019:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 2) In respect of Inventories:**
- a) As explained to us the inventories have been physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
 - 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
 - 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
 - 6) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is 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, 2019 for a period of more than six months from the date on when they become payable.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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

Place: Hyderabad
Date: 14-05-2019

For **SURYNARAYANA & 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, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Place: Hyderabad
Date: 14-05-2019

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, 2019

Sl. No.	PARTICULARS	Note No.	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
1		2	3	4
ASSETS				
1 Non-current assets				
(a)	Property, Plant and Equipment	1	31,43,31,303	7,40,49,125
(b)	Capital Work -in -Progress			
	i) Factory buildings	1A	34,02,339	4,20,43,851
	ii) Plant & Machinery	1B	3,23,31,496	5,56,32,629
(c)	Other Financial assets	2	34,36,460	33,71,460
(d)	Long Term Loans and Advances	3	1,79,83,330	91,79,020
2 Current assets				
(a)	Inventories	4	16,71,89,521	13,06,96,879
(b)	Financial assets			
	(i) Investments	5	-	15,96,02,473
	(ii) Trade receivables	6	44,62,91,021	51,42,36,246
	(iii) Cash and cash equivalents	7	25,33,72,233	14,43,63,060
	(iv) Bank balances other than(iii) above	8	3,64,67,797	2,04,23,192
(c)	Other current assets	9	2,18,65,182	5,48,36,694
TOTAL ASSETS			1,29,66,60,682	1,20,84,34,629
II EQUITY AND LIABILITIES				
EQUITY				
(a)	Equity Share capital	10	10,26,88,700	10,26,88,700
(b)	Other Equity	11	91,33,98,103	88,09,26,625
LIABILITIES				
1 Non-current liabilities				
(a)	Borrowings	12	13,98,245	-
(b)	Deferred tax liabilities (Net)		1,67,10,233	1,12,69,787
2 Current liabilities				
(a)	Financial Liabilities			
	(i) Borrowings		-	-
	(ii) Trade payables	13	20,07,94,078	18,80,05,834
(b)	Other current liabilities	14	5,77,73,582	2,24,11,103
(c)	Provisions	15	38,97,741	31,32,580
TOTAL EQUITY & LIABILITIES			1,29,66,60,682	1,20,84,34,629

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 : 14.05.2019

For and on Behalf of the Board

ANURADHA ANNE

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

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Rupees)

PARTICULARS	Note No.	For the Year ended 31.03.2019	For the Year ended 31.03.2018
I REVENUE FROM OPERATIONS	16		
Sale of Products (Exports)		26,80,37,435	17,64,89,312
Sale of Products (DTA sales)		1,44,96,164	1,00,35,799
Sale of Traded goods (Exports)		5,15,03,967	49,93,19,217
		33,40,37,566	68,58,44,328
II OTHER INCOME	17	4,90,11,106	1,60,19,485
III TOTAL REVENUE (I+II)		37,49,48,672	70,18,63,813
IV EXPENSES			
a) Cost of Materials Consumed	18	15,18,37,770	6,41,71,681
b) Purchases of Stock in Trade	19	4,32,56,206	47,03,49,312
c) Change of Inventories of finished goods work-in-progress - (acretion) / decretion	20	(2,23,54,043)	2,57,216
d) Employees benefit expenses	21	3,56,13,661	2,76,99,578
e) Finance Cost	22	15,54,840	12,33,238
f) Depreciation and amortization expenses	1	1,59,19,107	65,09,876
g) Other Expenses	23	8,09,44,395	5,71,77,966
Total Expenses		30,67,71,936	62,73,98,867
V Profit before exceptional items and Tax (III - IV)		6,81,76,736	7,44,64,946
VI Exceptional Items		—	—
VII Profit/(Loss) before Tax (V-VI)		6,81,76,736	7,44,64,946
VIII Tax Expenses			
(1) Current Tax		1,40,35,500	2,15,81,000
(2) MAT Credit Entitlement		(28,40,160)	—
(3) Tax expenses relating to earlier years		56,592	8,39,262
(4) Deferred Tax (Asset)	12	54,40,446	38,88,414
IX Profit/(Loss) for the period (VII-VIII)		5,14,84,358	4,81,56,270
X Other Comprehensive Income			
A . (i) Items that will not be reclassified to profit or loss		(4,73,770)	1,19,967
(ii) Income tax relating to items that will not be reclassified to profit or loss		—	(42,630)
B (i) Items that will be reclassified to profit or loss		—	—
(ii) Income tax relating to items that will be reclassified to profit or loss		—	—
XI Total Comprehensive Income (IX+X)		5,10,10,588	4,82,33,607
XII Earning per equity share (Par value per share Rs.10/-each)			
i) Basic		5.01	4.69
ii) Diluted		5.01	4.69

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 : 14.05.2019

For and on Behalf of the Board

ANURADHA ANNE

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, 2019

PARTICULARS	31.03.2019	31.03.2018	Year ended	Year ended
	Rs.	Rs.	31.03.2019	31.03.2018
			Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax and extraordinary items			6,81,76,736	7,44,64,946
Adjustments for :-				
Depreciation	1,59,19,107	65,09,876		
Exceptional Items	—	—		
Interest Income	(43,78,761)	(54,73,663)		
Miscellaneous expenses written off	—	—		
			1,15,40,346	10,36,213
Operating profit before working capital changes			7,97,17,082	7,55,01,159
Working capital Adjustments for :-				
Trade and other Receivables	10,08,61,737	(11,21,18,139)		
Inventories	(3,64,92,642)	(79,11,147)		
Trade Payable	4,85,52,906	9,18,71,730		
			11,29,22,001	(2,81,57,556)
Cash generated from operations			19,26,39,083	4,73,43,603
Income Tax Paid	(2,00,56,242)	(2,22,41,612)		
Income Tax of earlier period (other than tax on Dividend)	—	—		
			(2,00,56,242)	(2,22,41,612)
Net cash inflow from operating activities			17,25,82,841	2,51,01,991
B. CASH FROM INVESTING ACTIVITIES:-				
Mutual Funds	15,96,02,473	(15,96,02,473)		
F. E. Fluctuations - Capital items.	—	—		
Interest received	43,78,761	54,73,663		
Purchase/Sale of fixed assets	(25,62,01,285)	(9,60,000)		
Deposit of Margin Money	(1,61,00,001)	—		
Realisation of Margin Money	—	66,71,928		
Capital Work-in-progress	(6,19,42,645)	(9,76,76,480)		
Net cash flow from investing activities			(4,63,77,407)	(24,60,93,362)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

(Rupees)

PARTICULARS	31.03.2019		Year ended	
	31.03.2019	31.03.2018	31.03.2019	Year ended 31.03.2018
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Issue of Share capital	—	—		
Calls in arrears received	—	—		
Subsidy	—	—		
Interest paid	—	—		
Dividend paid	(1,54,58,701)	(1,55,37,805)		
Tax on Dividend paid	(31,35,805)	(31,35,805)		
Proceeds from long term borrowings	13,98,245	—		
Net Cash flow from financing activities			(1,71,96,261)	(1,86,73,610)
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)			10,90,09,173	(23,96,64,981)
Cash and cash equivalents as at 01.04.2018			14,43,63,060	38,40,28,041
Cash and cash equivalents as at 31.03.2019			25,33,72,233	14,43,63,060
Significant Accounting Policies & Notes forming part of the Financial Statements.				

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 : 14.05.2019

For and on Behalf of the Board

ANURADHA ANNE

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

STATEMENT OF CHANGES IN EQUITY

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

Particulars	Equity Share Capital		Reserves and Surplus		Other Equity		Total Equity	
	Rs.	Rs.	Capital Reserve	General Reserve	Retained earnings	Other Comprehensive Income	Income attributable to equity holders of the Company	Rs.
Balance as at 1st April, 2018	10,26,88,700	19,06,000	86,04,09,792	1,85,39,110	71,723	88,09,26,625		
Less : Dividend paid for the year 2017-18				(1,85,39,110)		(1,85,39,110)		
Add : Net Profit / movements during the year				5,14,84,358	(4,73,770)	5,10,10,588		
Profit transferred to General reserves			3,29,45,248	(3,29,45,248)	-	-		
Balance as at 31st March, 2019	10,26,88,700	19,06,000	89,33,55,040	1,85,39,110	(4,02,047)	91,33,98,103		

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 : 14th May, 2019

For and on Behalf of the Board

ANURADHA ANNE

Director &

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 and Quartz Slabs. 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.

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.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE: 1 FIXED ASSETS

S.No.	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 01.04.2018	Additions Rs.	Disposals Rs.	As At 31.03.2019 Rs.	Balance As At 31.03.2018 Rs.	Elimination on disposal of Asset Rs.	Depreciation / amortisation for the Year Rs.	Balance As At 31.03.2019 Rs.	As At 31.03.2019 Rs.	As At 31.03.2018 Rs.
	Tangible Assets										
1	Land and Site Development	82,83,671	18,64,544	—	1,01,48,215	—	—	—	—	1,01,48,215	82,83,671
2	a) Factory Buildings b) Factory Buildings	4,11,73,513	—	—	4,11,73,513	2,71,38,484	13,75,195	2,85,13,679	1,26,59,834	1,40,35,029	
3	Office Premises	28,42,278	4,92,15,914	—	4,92,15,914	11,02,376	10,94,373	10,94,373	4,81,21,541	—	
4	a) Plant and Machinery b) Plant and Machinery (Quartz)	20,56,24,348	—	—	20,56,24,348	18,89,63,481	46,329	11,48,705	16,93,573	17,39,902	
			20,20,88,866	—	20,20,88,866	—	98,83,631	98,83,631	1,59,93,067	1,66,60,867	
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	19,81,611	17,05,868	36,87,479	2,32,61,460	2,49,67,328	
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	19,17,794	3,65,294	22,83,088	54,07,312	57,72,606	
11	Motor Car	75,53,908	34,47,710	14,85,767	95,15,851	56,22,787	** 7,58,272	53,11,041	42,04,810	19,31,121	
12	Motor Cycle/Mopeds	5,06,377	—	—	5,06,377	3,17,867	** 22,345	3,40,212	1,66,165	1,88,510	
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	30,98,72,412	25,66,17,034	14,85,767	56,50,03,679	23,58,23,287	1,59,19,107	25,06,72,376	31,43,31,303	7,40,49,125	
	Previous year	30,89,12,412	9,60,000	—	30,98,72,412	22,93,13,411	—	23,58,23,287	7,40,49,125	—	
II	Intangible Assets	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.19,66,24,348/- . Hence now provided in respect of balance value only.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
1.A CAPITAL WORK IN PROGRESS (Factory Expansion)		
Factory Buildings: (Quartz Plant)		
Cement	—	5,17,633
Concrete Ready Mix	—	53,27,228
Metal	61,711	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
Roads - Concrete Ready Mixer	32,06,503	
BOREWEL	1,34,125	
TOTAL	34,02,339	4,20,43,851
1.B CAPITAL WORK IN PROGRESS (Plant & Machinery)		
Plant & Machinery (Quartz plant)	2,75,53,750	4,90,42,629
Tanks	—	30,40,000
Cranes	10,12,196	35,50,000
Ocean freight for Import of Machinery	8,58,018	
Foundation works:-		
Steel	5,12,531	—
Electrical materials	5,84,520	—
Fabrication work	3,85,000	—
Machinery Spares	5,70,132	—
Technician Charges	6,45,109	—
Other foundation work expenses	2,10,240	—
TOTAL	3,23,31,496	5,56,32,629
2 OTHER NON CURRENT ASSETS		
(a) Security Deposits (unsecured, considered good)	34,26,460	33,71,460
TOTAL	34,26,460	33,71,460
3 LONG TERM LOANS AND ADVANCES		
(a) Advance Tax (Net of Provision for tax)	1,51,43,170	91,79,020
(b) MAT Credit Entitlement	28,40,160	—
TOTAL	1,79,83,330	91,79,020

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
4 INVENTORIES (as valued & certified by Management)		
(a) Raw Materials	7,22,42,962	7,27,76,612
(b) Proportionate freight on closing stock of raw materials	2,19,90,939	2,74,23,071
(c) Work-in-Process	1,36,59,033	88,53,023
(d) Finished Goods	2,16,56,699	41,08,666
(e) Stores and Consumables	1,48,03,444	1,38,46,969
(f) Quartz Raw Materials	1,86,78,461	36,88,538
(g) Quartz Consumables	41,57,983	—
TOTAL	16,71,89,521	13,06,96,879
5 INVESTMENTS		
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
TOTAL	—	15,96,02,473
6 TRADE RECEIVABLES		
(Unsecured, considered good)		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for repayment	26,07,88,027	18,64,14,371
(b) Trade receivables outstanding for a period not exceeding six months from the date they were due for repayment	18,55,02,994	32,78,21,875
TOTAL	44,62,91,021	51,42,36,246
6.1 Trade receivables includes export receivables of Rs.43,91,52,940/- out of which an amount of Rs.44,62,91,021/- receivable from Cosmos Granite (West & South East) a related party.		
6.2 Trade receivables includes an amount of Rs.44,33,511/- receivable from N.V.Rattaiah & Co. a related party.		
7 CASH AND CASH EQUIVALENTS		
a) Cash and Cash equivalents:		
- Cash on Hand	2,81,850	2,98,468
b) Balance with scheduled Banks:		
- in current accounts	34,41,059	8,56,522
- E.E.F.C. Account with SBI	6,47,282	1,28,920
- E.E.F.C. Account with HDFC	24,90,02,042	14,30,79,150
TOTAL (a)	25,33,72,233	14,43,63,060
8 Other Bank Balances:		
- Unclaimed Dividend accounts	12,39,725	12,95,121
- Margin Money Deposit for L.C.	3,52,28,072	1,91,28,071
TOTAL (b)	3,64,67,797	2,04,23,192
TOTAL(a+b)	28,98,40,030	16,47,86,252

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
9 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	18,30,253	40,99,082
(c) Staff	3,38,500	3,71,500
(d) GST Input Credit/Cenvat Credit	1,72,14,700	1,92,49,062
(e) Prepaid Expenses	1,52,983	2,23,108
(f) Accrued Interest on Margin Money	23,28,746	3,22,285
TOTAL	2,18,65,182	5,48,36,694

II. EQUITY AND LIABILITIES

10 EQUITY SHARE CAPITAL

Particulars	No. of Shares	AS AT 31.03.2019 Rs.	No. of Shares	AS AT 31.03.2018 Rs.
At the beginning of the year	1,02,68,870	10,26,88,700	1,02,68,870	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	10,26,88,700

11 OTHER EQUITY

Reserves and Surplus as at 31.03.2019

Particulars	Capital reserve Rs.	General reserve Rs.	Retained earnings Rs.	Other Comprehensive Income Rs.	Total Equity Rs.
Balance at the beginning of the year (01.04.2018)	19,06,000	86,04,09,792	1,85,39,110	71,723	88,09,26,625
Less: Dividend paid for the year 2017-18			(1,85,39,110)		(1,85,39,110)
Add: Net Profit / Movements during the year			5,14,84,358	(4,73,770)	5,10,10,588
Profit transferred to General reserve		3,29,45,248	(3,29,45,248)	—	—
Balance at the end of the year (31.03.2019)	19,06,000	89,33,55,040	1,85,39,110	(4,02,047)	91,33,98,103

Reserves and Surplus as at 31.03.2018

Particulars	Capital reserve Rs.	General reserve Rs.	Retained earnings Rs.	Other Comprehensive Income Rs.	Total Equity Rs.
Balance at the beginning of the year (1.04.2017)	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)	—	—
	19,06,000	86,04,09,792	1,85,39,110	71,723	88,09,26,625

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
12 Non-Current Liabilities :		
(a) Borrowings - Vehicle Loan (Refer 12.1)	13,98,245	—
(b) Deferred tax liability(net)		
Opening Balance	1,12,69,787	1,00,40,137
Add/(Less) for the year	54,40,446	12,29,650
Total	1,67,10,233	1,12,69,787
12.1 i) Vehicle loan from HDFC Bank Ltd. Is carrying interest at 8.33% p.a. The loan is repayable in 36 equal monthly instalments of Rs.83,140/- each from 7th October, 2018.		
ii) The loan is secured by way of Hypothecation of the Vehicle for which finance is provided by the lender.		
13 Trade Payables:		
i) Sundry Creditors for Materiel Supplies (Refer 13.1)	6,99,25,907	9,44,84,765
ii) Sundry Creditors for Services	1,32,01,743	5,90,31,010
iii) Sundry Creditors for Capital goods	11,47,34,401	2,43,38,648
iv) Sundry Creditors for Consumables	29,32,027	1,01,51,411
Total	20,07,94,078	18,80,05,834
13.1 Sundry Creditors for material supplies includes an amount of Rs.30,88,336/- payable to Universal Extrusions Pvt. Ltd. a related party.		
14 Other Current Liabilities		
(a) Vehicle loans (Current Maturities) HDFC Bank Ltd. (Refer 12.1)	8,36,108	—
(b) Outstanding Liabilities - Volume rebate on sales	1,26,27,402	1,18,73,446
(c) Advances received from Customers (Refer 14.1)	3,93,06,830	74,55,783
(d) Unclaimed Dividend	12,39,725	12,95,121
(e) Other Outstanding Liabilities	37,63,517	17,86,753
Total	5,77,73,582	2,24,11,103
14.1 Advance received from Customers includes an amount of Rs.2,76,01,237/- payable to N.V.Rattaiah & Co., a related party.		
15 Provisions		
(a) Provision for Employee benefits		
(i) Provision for Gratuity	38,97,741	31,32,580
Total	38,97,741	31,32,580
16 REVENUE FROM OPERATIONS		
Sale of Products (Granite Exports)	14,01,50,120	17,64,89,312
Sale of Products (Quartz Exports)	12,78,87,315	—
Sale of Products (DTA sales)	1,44,96,164	1,00,35,799
Sale of Traded Goods (Exports)	5,15,03,967	49,93,19,217
TOTAL	33,40,37,566	68,58,44,328

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	For the Year Ended 31.03.2019	For the Year Ended 31.03.2018
17 OTHER INCOME		
(a) Other Operational Income		
Interest on Margin Money - Received	—	—
- Accrued and due	24,66,038	3,35,846
Interest on Electricity Deposit -Accrued&due	2,11,330	2,29,600
VAT /Cenvat credits	—	30,74,892
Service Tax refund	—	15,68,440
TOTAL (a)	26,77,368	52,08,778
(b) Non Operative Income		
Miscellaneous Income	14,475	5,73,504
Profit on Sale of Vehicle	3,34,251	—
Short term Capital gains (Loss) on mutual funds	—	7,62,113
Dividend on HDFC Prudence funds	33,82,925	38,55,684
Gain on Mutual Funds (Marked to Market value)	14,645	2,82,362
Interest on Term Deposits - Received	6,32,465	—
TOTAL (b)	43,78,761	54,73,663
(c) Net gains/(loss) on foreign currency transactions&translation		
Exchange Variation- on export realisations	(70,975)	(34,22,396)
Exchange Variation- on import	85,001	(8,98,674)
Exchange Variation- on currency	89,54,765	6,78,693
Exchange Variation- on Trade receivables	3,09,12,202	1,25,90,860
Exchange Variation- on current liabilities	(60,26,016)	(36,11,439)
TOTAL (c)	3,38,54,977	53,37,044
TOTAL (a+b+c)	4,09,11,106	1,60,19,485
18A COST OF MATERIAL CONSUMED		
(a) CONSUMPTION OF RAW BLOCKS RAW MATERIAL		
Opening Stock of Raw Blocks	7,27,76,612	6,74,21,870
Add: Purchases during the year	4,02,01,056	4,63,33,803
	11,29,77,668	11,37,55,673
Less: Closing Stock	7,22,42,962	7,27,76,612
Sub Total (a)	4,07,34,706	4,09,79,061
(b) CONSUMPTION OF STORES, SPARES & CONSUMABLES		
Opening Stock	1,38,46,969	1,76,97,367
Add: Purchases during the year	2,24,19,756	1,93,42,222
	3,62,66,725	3,70,39,589
Less: Closing Stock	1,48,03,444	1,38,46,969
Stores, Spares & Consumables consumed Sub Total (b)	2,14,63,281	2,31,92,620
TOTAL (a + b)	6,21,97,987	6,41,71,681

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

(Rupees)

PARTICULARS	For the Year Ended 31.03.2019	For the Year Ended 31.03.2018
(c) CONSUMPTION OF QUARTZ RAW MATERIALS		
Opening Stock of Quartz Material	36,88,538	—
Add: Purchases during the year	9,75,67,924	36,88,538
	<u>10,12,56,462</u>	<u>36,88,538</u>
Less: Closing Stock	1,86,78,461	—
Total	<u><u>8,25,78,001</u></u>	<u><u>36,88,538</u></u>
(d) CONSUMPTION OF QUARTZ CONSUMABLES & STORES, SPARES		
Opening Stock	—	—
Add: Purchases during the year	1,12,19,765	—
	<u>1,12,19,765</u>	<u>—</u>
Less: Closing Stock	41,57,983	—
Stores, Spares & Consumables consumed Sub Total (d)	<u>70,61,782</u>	<u>—</u>
TOTAL (c+ d)	<u>8,96,39,783</u>	<u>36,88,538</u>
TOTAL (a+b+c+ d)	<u><u>15,18,37,770</u></u>	<u><u>6,78,60,219</u></u>
19 PURCHASE OF TRADED GOODS		
Opening Stock	—	—
Add: Purchases during the year (including packing charges)	4,32,56,206	47,03,49,312
	<u>4,32,56,206</u>	<u>47,03,49,312</u>
Less: Closing Stock	—	—
TOTAL	<u><u>4,32,56,206</u></u>	<u><u>47,03,49,312</u></u>
20 CHANGE IN STOCK		
Closing Stock		
Finished Goods	216,56,699	41,08,666
Work-in-process	1,36,59,033	88,53,023
Sub Total	<u>3,53,15,732</u>	<u>1,29,61,689</u>
Opening Stock		
Finished Goods	41,08,666	78,42,187
Work-in-process	88,53,023	53,76,718
Sub Total	<u>1,29,61,689</u>	<u>1,32,18,905</u>
Net change in Stock- Accretion/(Decretion)	<u>2,23,54,043</u>	<u>(2,57,216)</u>
21 EMPLOYEES' BENEFIT EXPENSES		
(a)Salaries & Wages	2,43,91,546	1,87,77,663
(b)Contribution to Provident Fund	6,01,077	6,31,984
(c)ESI Contribution	4,16,732	3,92,443
(d)Provision for Gratuity	2,91,391	10,09,523
(e)Workmen and Staff Welfare	23,02,915	21,47,778
(f)Directors Remuneration	76,10,000	47,40,187
TOTAL	<u><u>3,56,13,661</u></u>	<u><u>2,76,99,578</u></u>

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

PARTICULARS	For the Year Ended 31.03.2019	For the Year Ended 31.03.2018
22 FINANCE COST		
(a) Interest on vehicle Loans	1,07,193	—
(b) Bank Charges	14,47,647	12,33,238
TOTAL	15,54,840	12,33,238
23 OTHER EXPENSES		
i) Manufacturing Expenses:		
Power & Fuel	1,14,64,948	84,31,555
Transport and Freight - Inward (On raw blocks consumed)	2,40,23,093	1,37,69,427
Maintenance:		
Factory Buildings	23,50,025	38,90,722
Plant & Machinery	61,45,381	27,72,982
Generators	36,000	4,510
Packing Material	49,94,632	29,11,769
Sub Total	4,90,14,079	3,17,80,965
ii Rates and Taxes	16,21,212	14,57,031
iii Service Tax	—	2,92,475
iv Travelling Expenses :		
Inland	9,68,331	8,54,933
Foreign	16,19,597	15,86,513
v Insurance	9,26,619	4,56,735
vi Printing and Stationery	18,12,028	1,51,199
vii Postage, Telephones, Fax & Telex	5,08,546	3,96,980
viii Advertisement Charges	63,882	1,00,245
ix Professional charges	1,00,000	25,000
x Business Promotion Expenses	26,704	37,300
xi Transport & Freight - Outward	1,70,97,436	1,45,39,752
xii Maintenance:		
Office	12,61,672	6,06,016
Vehicles	5,48,176	5,36,543
xiii C.S.R.Expenses	1,00,000	3,20,000
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	47,51,113	35,11,279
TOTAL	8,09,44,395	5,71,77,966

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

(Rupees)

NOTE	PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
24	Employee benefit plans		
A	Defined contribution plans		
	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.6.01 lakhs (Year ended 31 March, 2018 Rs. 6.32 lakhs) for Provident Fund contributions and Rs. 4.17 lakhs (Year ended 31 March, 2018 Rs. 3.92 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	The Company offers the Gratuity scheme to its employees . The following table sets out the unfunded status of the Gratuity scheme and the amount recognised in the financial statements:		
	PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
	Components of employer expense		
	Current service cost	84,641	83,943
	Interest cost	2,06,750	1,50,058
	Expected return on plan assets	—	—
	Curtailment cost / (credit)	—	—
	Settlement cost / (credit)	—	—
	Past service cost	—	7,75,522
	Actuarial losses/(gains)	—	—
	Total expense recognised in the Statement of Profit and Loss	2,91,391	10,09,523
	Actual contribution and benefit payments for year		
	Actual benefit payments	—	—
	Actual contributions	—	—
	Net asset / (liability) recognised in the Balance Sheet		
	Opening Net Liability	31,32,580	22,43,024
	Fair value of plan assets	—	—
	Expenses as above	2,91,391	10,09,523
	Settlements made	—	—
	Net asset / (liability) recognised in the Balance Sheet	34,23,971	32,52,547
	Change in defined benefit obligations (DBO) during the year		
	Present value of DBO at beginning of the year	31,32,580	22,43,024
	Current service cost	84,641	83,943
	Interest cost	2,06,750	1,50,058
	Curtailment cost / (credit)	—	—
	Settlement cost / (credit)	—	—
	Plan amendments	—	—
	Acquisitions	—	—
	Actuarial (gains) / losses	4,73,770	(1,19,967)
	Past service cost	—	7,75,522
	Benefits paid	—	—
		38,97,741	31,32,580

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees)

	PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
24	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	6.94%	6.60%
	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	5.33%	5.11%
	Estimate of amount of contribution in the immediate next year	—	—
	Asset Information		
	* As the scheme is unfunded, other disclosures under Accounting Standard 15 are stated as Nil		
	Experience adjustments		
	Present value at the end period	38,97,741	31,32,580
	Funded status	(38,97,741)	(31,32,580)
	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	2018-19	2017-18
i	Foreign Letters of Credit opened in favour of Suppliers for which goods are yet to be received.	1210.66	1349.65
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)
- | | 2018-19 | 2017-18 |
|----------------------------------------------|------------------------------|------------------------------|
| Transaction Value | Rs.30,40,124/- | Rs.13,80,475/- |
| Balance outstanding as on Balance Sheet date | Rs.30,88,336/-
(Creditor) | Rs.12,57,962/-
(Creditor) |
| Amount Written off/Back | NIL | NIL |

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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	:	NIL	Rs.,28,00,000/-
	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. 12,39,63,500/-	Rs. 8,76,80,422/-
	Balance outstanding as on Balance Sheet date	:	Rs. 2,31,67,726/- (Creditor)	Rs. 4,91,33,671/- (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) M/s Cosmos Granite (South East)	
	Relationship	:	A company in which Managing Director is a Director	
	Nature of Transaction	:	Export of granite slabs	
	Transaction Value	:	Rs. 29,71,63,032/-	66,95,43,690/-
	Balance outstanding as on Balance Sheet date	:	Rs. 43,91,52,939/-	Rs. 46,06,17,547/-
	Amount Written off/Back	:	NIL	NIL

3.08 CORPORATE SOCIAL RESPONSIBILITY

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.24.98 lakhs to be spent during the year 2018-19 for Corporate Social Responsibility. However, the Company couldn't spend the amount earmarked for Corporate Social Responsibility. During the year 2018-19, an amount of Rs.1.00 lakhs was spent by the company towards the CSR activities in the field of Education and Environment. The Company is identifying the better areas and beneficiaries as per its approved CSR Policy.

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3.09 Expenditure in Foreign Currency:	2018-19	2017-18
	Rs.	Rs.
(i) Foreign Travelling & Commissions	16,19,597	15,86,513
(ii) CIF Values of Imports:		
Raw Material	2,46,70,967	1,49,01,300
Finished Slabs	1,60,76,263	41,05,66,724
Capital Goods	15,68,34,463	4,76,63,702
Consumables & Spares	1,74,01,677	1,47,83,835
(iii) Earnings in Foreign Currency: (FOB Values of Exports)	31,95,41,402	67,58,08,529

3.10 Consumption of Materials:

	2018-19		2017-18	
	Value Rs.	%	Value Rs.	%
a) Raw Material & Slabs				
i) Imports -Raw Blocks	2,17,62,679	13.07	1,33,76,870	2.62
- Finished slabs	1,60,76,263	9.65	41,05,66,724	80.29
ii) Indigenous-Raw Blocks	1,89,72,027	11.39	2,76,02,191	5.40
- Finished Slabs	2,71,79,943	16.32	5,97,82,588	11.69
iii) Quartz Raw Material	8,25,78,001	49.58	Nil	
b) Consumables & Spares				
i) Import	1,65,56,777	58.04	1,85,46,489	79.97
ii) Indigenous	49,06,504	17.20	46,46,131	20.03
iii) Quartz Consumables	70,61,782	24.76	Nil	

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

	2018-19		2017-18	
	(Sq.Mts.)	(Sq.Mts.)	(Sq.Mts.)	(Sq.Mts.)
i) Production	83797	53451		
ii) Sales - From Factory	75950	52158		
- Direct Dispatches (Bought out)	12349	104854		
iii) Closing Stocks	15901	8054		
b) CONSUMPTION				
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
			Rs.	
i) Granite Raw Blocks	1025 Cu.Mt	4,07,34,706	882 Cu.Mt.	4,09,79,433
ii) Finished Slabs & Tiles	12349 Sq.Mt	4,32,56,206	104584 Sq.mt.	47,03,49,312
iii) Quartz Raw Materials	—	8,25,78,001	—	—
iv) Others -Consumables	—	2,85,25,063	—	2,31,92,620

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

3.14 Notes 1 to 24 and 3.01 to 3.14 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 : 14th May, 2019

For and on Behalf of the Board

ANURADHA ANNE

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

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. : 01-12764 State Code : 01
Balance Sheet : 31 - 03 - 2019
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
1296661	1296661

Sources of Funds

Paid-Up Capital	Reserves & Surplus
102689	913398
Non Current liabilities	Current liabilities/ Others
18108	262466

Application of Funds

Net Fixed Assets	Investments/Loans
314331	Nil
Non Current Assets	Net Current Assets
57143	925187
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
374949	360772	+ 68177	+ 68177	+ 51484
Earning Per Share	Dividend rate %			
Rs. 5.01	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 : 14th May, 2019.

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

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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 29th September, 2019.

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.	Approval for entering into related party transactions		
5.	Re-appointment of Mr. Hanumath Sastry Tadepally (DIN: 01786600) as Independent Director of the Company		
6.	Re-appointment of Mr. ThatiVenkataswamy Chowdary (DIN: 00010435) as Independent Director of the Company		
7.	Re-appointment of Mr. Ramesh Chandra Bose Tummala (DIN: 00160630) as Independent Director of the Company		
8.	Re-appointment of Mr. Srinivas Sunkara (DIN: 00194094) as Independent Director of the Company		

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

Client ID*	
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No. of Shares	
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* Applicable for investors holding shares in electronic form

I here by record my presence at the 28th Annual General Meeting of the company held on Monday, 30th day of September, 2019 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

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(CIN: L99999TG1991PLC012764)

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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 28th Annual General meeting of the Company, to be held on 30 th day of September, 2019 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.	Approval for entering into related party transactions		
5.	Re-appointment of Mr. Hanumath Sastry Tadepally (DIN: 01786600) as Independent Director of the Company		
6.	Re-appointment of Mr. ThatiVenkataswamy Chowdary (DIN: 00010435) as Independent Director of the Company		
7.	Re-appointment of Mr. Ramesh Chandra Bose Tummala (DIN: 00160630) as Independent Director of the Company		
8.	Re-appointment of Mr. Srinivas Sunkara (DIN: 00194094) as Independent Director of the Company		

Signed this _____ day of _____ 2019

Signature of Shareholder.....

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

Affix
Revenue
Stamp

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

DIVYASHAKTI GRANITES LIMITED - HYDERABAD

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



Printed Matter
Book - Post



www.divyashakti.com

If undelivered, please return to:

Divyashakti Granites Limited

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7-1-58 Divyashakti Complex
Ameerpet Hyderabad - 500 628
Telangana, India.

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