

# DILIGENT INDUSTRIES LIMITED

Dwaraka Thirumala Road, Denduluru Village & Mandal, West Godavari District, Andhra Pradesh - 534 432  
Ph : 08829 - 256077 / 99, Email : diligentind@gmail.com

GSTIN : 37AAACY0495Q1ZL

CIN : L15490AP1995PLC 088116

Date : .....

07<sup>th</sup> December, 2020

To  
Corporate Relationship Department  
BSE Limited, P.J. Towers, Dalal Street  
Mumbai - 400001

Dear Sirs,

**SUB: Submission of Annual Report for the F.Y – 2019-20 in compliance with Regulation 34 of SEBI (LODR) Regulations 2015 - Reg**

**REF: ISIN – INE650C01028 & SYMBOL: DILIGENT**

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In terms of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are herewith enclosing the Annual Report of the Company along with Notice of AGM for the financial year 2019-20, which is being sent to the Members in electronic mode.

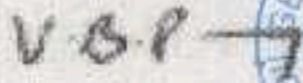
The Annual Report along with Notice is also uploaded on the website of the Company.

This is for your information and record.

Thanking you,

Yours faithfully,

For Diligent Industries Limited

  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910



Enclosed: a/a

**26th  
Annual Report  
2019-2020**

**DILIGENT  
INDUSTRIES  
LIMITED**

## COMPANY INFORMATION

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### Board of Directors

Mr. Bhanu Prakash Vankineni	: Managing Director
Mr. Kiran Kumar Vankineni	: Executive Director
Mrs. Phani Anupama Vankineni	: Non-Executive Non-Independent Director
Mr. Srinivas Babu Edupuganti	: Independent Director
Mr. V. V. Vinod Kumar	: Independent Director (Resigned w.e.f. 28.11.2019)
Mr. Lokeswararao Nelluri	: Additional Director (Independent- appointed w.e.f. 14.09.2020
Mr. Majeti Venkatasasha Kumar Sridhar	: Additional Director (Independent- appointed w.e.f. 14.09.2020 & Ceased as additional Director w.e.f. 24.11.2020
Mr. Mohammed Baba	: Additional Director (Independent- appointed w.e.f. 14.09.2020

### Key Managerial Personnel

Mr. Kiran Kumar Vankineni	: Chief Financial Officer
Ms. Gagandeep Kaur Saluja	: Company Secretary & Compliance Officer

### Board Committees

#### Audit Committee

Mr. Srinivas Babu Edupuganti	- Chairperson
Mr. Lokeswararao Nelluri	- Member
Mr. Mohammed Baba	- Member

#### Nomination & Remuneration Committee

Mr. Srinivas Babu Edupuganti	- Chairperson
Mr. Mohammed Baba	- Member
Mr. Lokeswararao Nelluri	- Member

#### Auditors

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

#### Stakeholders Relationship Committee

Mrs. Lokeswararao Nelluri	- Chairperson
Mr. Mohammed Baba	- Member
Mr. Srinivas Babu Edupuganti	- Member

#### Secretarial Auditors

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

#### Registrars & Share Transfer Agent

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

#### Registered Office

DwarkaThirumala Road,  
Denduluru Village and Mandal,  
West Godavari-534 432,  
Andhra Pradesh

Web: [www.diligentindustries.com](http://www.diligentindustries.com)

#### Bankers

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



**NOTICE**

NOTICE is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of Diligent Industries Limited will be held on **Wednesday the 30<sup>th</sup> day of December, 2020 at 11.30 AM** at Registered Office of the Company at Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari District, AP- 534 432, to transact the following business:

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**ORDINARY BUSINESS:**

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

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2020 together with the Reports of Board of Directors, Auditors and such other reports annexed thereon.

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

To appoint a Director in the place of Mrs. Phani Anupama Vankineni (DIN:00935032) who retires by rotation and being eligible, offers herself for reappointment.

**SPECIAL BUSINESS:**

**ITEM NO. 3: To appoint Mr. Lokeswararao Nelluri (DIN:08679768) as Independent Director of the Company:**

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

**“RESOLVED THAT** pursuant to Sec.149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014(including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and other applicable provisions if any, Mr.Lokeswararao Nelluri(DIN:08679768), who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 14, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Act and the Articles of Association of the Company, being eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the company, be and is hereby appointed as an Independent Director of Company to hold office for a term of five consecutive years commencing from 14th September 2020 and not liable to retire by rotation.”

**ITEM NO. 4: To appoin Mr. Mohammed Baba (DIN:08422704) as Independent Director of the Company:**

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

**“RESOLVED THAT** pursuant to Sec.149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014(including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, and other applicable provisions if any, Mr.Mohammed Baba (DIN: 08422704), who was appointed by the Board of Directors as an Additional Director of the Company with effect from December 04, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Act and the Articles of Association of the Company, being eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the company, be and is hereby appointed as an Independent Director of Company to hold office for a term of five consecutive years commencing from 04th December 2020 and not liable to retire by rotation.”

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

**Place: Denduluru  
Date: 04.12.2020**

**Sd/-  
Gagandeep Kaur Saluja  
Company Secretary**



NOTES:

- 1 The Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to item No. 3,&4 forms part of this Notice. Additional Information, pursuant to applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India in respect of Directors seeking appointment/ re- appointment at this Annual General Meeting ('Meeting' or 'AGM') is furnished annexure to this Notice.
- 2 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.
- 3 Proxy forms, in order to be effective, must be received in the enclosed Proxy Form at the Registered Office of the company not less than forty-eight hours before the time fixed for the Meeting. A Proxy Form is annexed to this Notice.
- 4 The Share Transfer Register and the Register of Members of the Company will remain closed from **23-12-2020 to 30-12-2020** (both days inclusive).
- 5 M/s. Venture Capital and Corporate Investments Pvt. Ltd., 12-10-167, Bharat Nagar, Hyderabad-500018 is the Registrar & Share Transfer Agent (RTA) of the Company. All communications in respect of share transfers and change in the address of the members may be communicated to them.
- 6 Members desiring any information or clarification as regards the accounts are requested to send queries in writing to the Registered Office of the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
- 7 Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar and Transfer Agent enclosing their share certificates to enable consolidation of their shareholdings in one folio.
- 8 Members holding Shares in physical form may write to the Company/Registrar & Share Transfer Agents (RTA) for any change in their address and bank mandates; members having shares in electronic form may inform the same to their depository participants immediately.
- 9 In compliance with the aforesaid MCA circular and SEBI circular dated 12<sup>th</sup> May 2020 notice of AGM along with Annual report 2019-20 is being sent only through electronic mode to those members whose emails are registered with the Company or depository participant. Members may also note that the annual report will also be available on the Company's Website [www.diligentindustries.com](http://www.diligentindustries.com)
- 10 To support the "Green Initiative" the members who have not registered their e-mail addresses are requested to register the same with Registrar and Share Transfer Agent.
- 11 Process and manner for members opting for e-voting are as under: In Compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Including statutory modification(s) or re-enactment(s) for the time being in force), The Company is pleased to provide e-voting facility to its members enabling them to cast their votes electronically through e-Voting services provided by M/s Central Depository Services (India) Limited.  
The instructions for e-voting are as under:
  - (i) The voting period begins on **27<sup>th</sup> December, 2020 at 9.00 AM and ends on 29<sup>th</sup> December, 2020 at 5.00 PM**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **23<sup>rd</sup> December, 2020**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
  - (iii) Click on "Shareholders" tab.
  - (iv) Now, select the "DILIGENT INDUSTRIES LIMITED" from the drop-down menu and click on "SUBMIT"
  - (v) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (vi) Next enter the Image Verification as displayed and Click on Login.
  - (vii) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)



	<ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <DILIGENT INDUSTRIES LIMITED> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
11. Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then do not vote by physically also and vice versa. However, in case shareholders cast their vote physically and e-voting, then voting done through e-voting will prevail and voting done physically will be treated as invalid.
12. The Board of Directors has appointed Mr. M B Suneel, Practicing Company Secretary as a Scrutinizer to process the e-voting and submit a report to the Chairman.
13. Compliance Officer of the Company will address all the grievances in relation to this annual general meeting including e-voting. His contact details are Email: [diligentinvestors@gmail.com](mailto:diligentinvestors@gmail.com) Phone Nos.040-23352185.



14. The members may download a copy of the notice of this meeting and the results declared along with the Scrutinizer's Report from the website of the Company ([www.diligentindustries.com](http://www.diligentindustries.com)) or from [www.evotingindia.com](http://www.evotingindia.com).
15. Brief Profile of Directors seeking appointment and re-appointment at the 26<sup>th</sup> Annual General Meeting (pursuant to Regulation 36 of SEBI (LODR) Regulations, 2015) is attached to this Notice as **Annexure-A**.

#### **Explanatory Statement**

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

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

#### **Item No: 3:**

#### **To Appoint Lokeswararao Nelluri (DIN: 08679768) as Independent Director of the Company:**

The Board of Directors of the Company appointed, Mr.Lokeswararao Nelluri as an Additional Director of the Company with effect from 14.09.2020, pursuant to the provisions of Section 161(1) of the Companies Act, 2013("Act") and the Articles of Association of the Company.

In terms of the provisions of Section 161(1) of the Act, Mr.Lokeswararao Nelluri will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160(1) of the Act proposing the candidature of Mr.Lokeswararao Nelluri for the office of Independent Director of the Company. Mr.Lokeswararao Nelluri is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr.Lokeswararao Nelluri that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and SEBI Listing Regulations. The resolution seeks the approval of members for the appointment of Mr.Lokeswararao Nelluri as an Independent Director of the company up to September 13, 2025 pursuant to Section 149 and other applicable provisions of the Act and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Mr.Lokeswararao Nelluri fulfils the conditions for his appointment as an Independent Director as specified in the Act and SEBI Listing Regulations. Mr.Lokeswararao Nelluri is independent of the management and possesses appropriate skills, experience and knowledge.

Brief Resume: Mr.Lokeswararao Nelluri as done his Graduation. Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr.Lokeswararao Nelluri is appointed as an Independent Director of the Company. Mr.Lokeswararao Nelluri does not hold by himself or for any other person on a beneficial basis, any shares in the Company. The Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.Lokeswararao Nelluri as an Independent Director. Accordingly, the Board recommends the said resolution for the approval of the shareholders. Copy of the draft letter for appointment of Mr.Lokeswararao Nelluri as an Independent Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

Except Mr.Lokeswararao Nelluri being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.3. This Explanatory Statement may also be regarded as a disclosure Regulation 27 of SEBI (Listing obligations and disclosure Requirements) Regulations, 2015.

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

#### **ITEM NO: 4**

#### **To Appoint Mohammed Baba (DIN: 08422704) as Independent Director of the Company:**

The Board of Directors of the Company appointed, Mr.Mohammed Baba (DIN: 08422704) as an Additional Director of the Company with effect from 04.12.2020, pursuant to the provisions of Section 161(1) of the Companies Act, 2013("Act") and the Articles of Association of the Company.

In terms of the provisions of Section 161(1) of the Act, Mr.Mohammed Baba will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160(1) of the Act proposing the candidature of Mr.Mohammed Baba for the office of Independent Director of the



**Diligent Industries Limited**

Company. Mr.Mohammed Baba is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr.Mohammed Baba that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and SEBI Listing Regulations. The resolution seeks the approval of members for the appointment of Mr.Mohammed Baba as an Independent Director of the company up to December 03, 2025 pursuant to Section 149 and other applicable provisions of the Act and Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board, Mr.Mohammed Baba fulfils the conditions for his appointment as an Independent Director as specified in the Act and SEBI Listing Regulations. Mr.Mohammed Baba is independent of the management and possesses appropriate skills, experience and knowledge.

Brief Resume: Mr.Mohammed Baba as done his Graduation. Keeping in view his expertise and knowledge, it will be in the interest of the Company that Mr.Mohammed Baba is appointed as an Independent Director of the Company.

Mr.Mohammed Baba does not hold by himself or for any other person on a beneficial basis, any shares in the Company. The Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr.Mohammed Baba as an Independent Director. Accordingly, the Board recommends the said resolution for the approval of the shareholders. Copy of the draft letter for appointment of Mr.Mohammed Baba as an Independent Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

Except Mr.Mohammed Baba being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.4. This Explanatory Statement may also be regarded as a disclosure Regulation 27 of SEBI (Listing obligations and disclosure Requirements) Regulations, 2015.

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

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

**Place: Denduluru  
Date: 04.12.2020**

**Sd/-  
Gagandeep Kaur Saluja  
Company Secretary**



Details of Directors as on 31<sup>st</sup> March, 2020 seeking appointment/ re-appointment at the Annual General Meeting [pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

<b>Name of the Director</b>	<b>Mr.Lokeswararao Nelluri</b>	<b>Mr.Mohammed Baba</b>
Date of Birth	33 Years	24 Years
Date of Appointment	14-09-2020	04-12-2020
Relationship with other Directors	None	None
Expertise in specific functional areas:	He has overall experience of 5 years in Business Administration, Direct & Indirect taxes, audit and assurances.	He is well versed in the field of with accounts, finance, legal and Management affairs.
Qualifications	B. Com, M.B.A	B. Com,
Board Membership of other Listed Companies as on March 31, 2020	NIL	1. GENESIS IBRC INDIA LIMITED
Chairman/Member of the Committee of the Board of Directors of Diligent Industries Limited as on March 31, 2020	Nil	NIL
Chairman/Member of the Committee of Directors of other companies in which he is a director as on March 31, 2020	NIL	3
a) Audit Committee	NIL	1
b) Stakeholders' Relationship	NIL	1
c) Nomination and Remuneration Committee	NIL	1
Number of shares held in the Company as on March 31, 2020	NIL	NIL

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

**Place: Denduluru  
Date: 04.12.2020**

**Sd/-  
Gagandeep Kaur Saluja  
Company Secretary**

**DIRECTORS' REPORT**

To  
**The Members,**

Your Directors have pleasure in presenting herewith the 26<sup>th</sup> Annual Report on the business of Your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2020.

**FINANCIAL SUMMARY:**

(Rs. In Lakhs)

<b>PARTICULARS</b>	<b>Financial Year 2019-20</b>	<b>Financial Year 2018-19</b>
TOTAL INCOME	8255.13	7971.98
TOTAL EXPENDITURE	8192.75	7725.98
Profit/(Loss) before Depreciation & Financial Charges	273.07	246.00
Depreciation	60.45	48.85
Financial Charges	150.24	148.27
Profit/Loss Before Tax	62.38	48.88
Prior period items	-	-
Provision for tax	22.91	14.00
Deferred tax	(8.53)	(6.13)
NET PROFIT/(LOSS)	48.01	41.00

**REVIEW OF OPERATIONS:**

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

**CHANGE IN NATURE OF BUSINESS:**

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

**DIVIDEND:**

Due to inadequacy of profits, the Directors of your Company did not recommend any dividend for the Financial Year 2019-20.

**TRANSFER TO RESERVES:**

The profit after tax for the period has been transferred to the general reserve / other equity.

**DEPOSITS:**

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

**BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL**

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



### **Appointments/Re-appointments:**

During the year at the annual general meeting held on 30<sup>th</sup> September 2019, Mr. V.V.Vinod Kumar and Edupuganti Srinivas Babu re-appointed as Independent Directors of the Company, for further period of 5 years and Mr. Bhanu Prakash Vankineni, Managing Director of the Company re-appointed for another period of 3 years.

During the year Mr. Chada Jagadish Reddy has resigned and ceased to be as Company Secretary and compliance officer of the Company and Mr. V.V. Vinod Kumar Independent director of the Company has resigned w.e.f.28.11.2019.

However after closing of financial year Mr. Lokeswararao Nelluri and Mr. Majeti Venkatesha Kumar Sridhar were appointed as Additional Directors (Independent) of the Company w.e.f. 14.09.2020. But Due to sudden and sad demise of Mr. Majeti Venkatesha Kumar Sridhar, he has been removed from the board w.e.f. 24.11.2020 and Mr. Mohammed Baba, has been appointed as Additional Director (Independent) of the Company w.e.f. 04<sup>th</sup> December 2020.

And also after closing of financial year Ms. Gagandeep Kaur Saluja has been appointed as Company Secretary and compliance officer of the Company w.e.f. 14.09.2020.

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

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

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

In a separate meeting of independent directors held on February 14, 2020 , the performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive directors and non-executive directors. The same was discussed in the Board meeting that followed, at which the performance of the Board, its Committees and individual directors was also discussed.

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

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

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

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

### **Criteria for Performance Evaluation:**

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

### **Familiarization Programmes for Independent Directors:**



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

#### **INDEPENDENT DIRECTORS' DECLARATION**

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

#### **DIRECTORS RESPONSIBILITY STATEMENT**

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

- i) In preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2020 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2020 and of the profit and loss of the Company for the year;
- iii) The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors had prepared the annual accounts on a 'going concern' basis;
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **STATUTORY AUDITORS:**

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

#### **SECRETARIAL AUDITORS:**

M/s. P.S.Rao & Associates, Practicing Company Secretaries, was appointed to conduct the secretarial audit of the Company for the financial year 2019-20, as required under Section 204 of the Companies Act, 2013 and Rules there-under. The secretarial audit report for FY 2019-20 forms part of the Annual Report as **Annexure-II** to the Board's report.

The Board has appointed M/s. P.S.Rao & Associates, Practicing Company Secretaries, Hyderabad as secretarial auditors of the Company for the financial year 2020-2021.

The Secretarial Audit Report does contain qualifications, but no reservations or adverse remarks and is self-explanatory.

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

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

However, with regard to the qualification raised by the Secretarial Auditors, on appointment of Company Secretary, your company states that as the registered office of the Company is situated in a village which is far away from any nearby town, none



of the qualified personnel intended to work in a village environment. However, your Company, with due efforts, appointed Mr. Chada Jagadish Reddy (PAN:AFRPC9153N) as the Company Secretary and Compliance Officer w.e.f. 01<sup>st</sup> September, 2018, but he resigned w.e.f. 15th April, 2019. Your Board appointed Ms. Gagandeep Kaur Saluja as Company Secretary and compliance officer of the Company w.e.f. 14.09.2020.

With regard to the suspension of trading of the securities of the Company from the stock exchange, it is to state that the delay in payment of listing fee is inadvertent and the listing fee was paid subsequently.

The composition of Independent Directors was in compliance till the resignation of Mr. V.V. Vinod Kumar as Independent director of the Company w.e.f 28.11.2019. Post his resignation the Board rigorously searched for another Independent director appointment, but as the registered office of the Company is situated in rural location, no one was interested to be appointed. However, your Board made all efforts to comply with the provision of the Companies Act and SEBI (LODR) Regulations, accordingly appointed required number of Independent Directors subsequently.

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

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

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

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

#### **RISK MANAGEMENT:**

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

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

#### **EXTRACT OF ANNUAL RETURN:**

In accordance with the provisions of Section 92 of the Companies Act, 2013, an extract of the Annual Return for the FY 2019-20 in Form MGT-9 is annexed herewith as **Annexure - I**.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

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

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

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



## **OTHER DISCLOSURES:**

### **Board Meetings**

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

### **Committees of Board**

Your company has the following committees namely:

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

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

## **CORPORATE GOVERNANCE**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

## **VIGIL MECHANISM:**

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

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

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

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

## **PARTICULARS OF EMPLOYEES**

As required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee of your Company is in receipt of remuneration Rs. 1,02,00,000/- (Rupees One Crores Two Lakh) or more, or employed for part of the year and in receipt of Rs. 8,50,000/- (Rupees Eight Lakh Fifty Thousand) or more a month, during the financial year under review.

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

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



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

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

**RELATED PARTY TRANSACTIONS:**

Related party transactions entered during the financial year under review are disclosed in the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2020. These transactions were entered at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. **Form AOC-2**, containing a note on the aforesaid related party transactions is enclosed herewith as **Annexure – VI**.

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

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

**HUMAN RESOURCES:**

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

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

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

**GENERAL:**

1. Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- I. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- II. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- III. Neither the Managing Director nor the Whole-time Director of the Company receive any remuneration or commission from any of its subsidiaries.
- IV. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- V. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and date of report.
- VI. No frauds were reported by the auditors during the year under review.
- VII. Maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is not required by the Company.

2. The Company has complied with Secretarial Standards, i.e. SS-1 and SS-2 relating to Meetings of the Board of Directors and General Meetings respectively, issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.



**Diligent Industries Limited**

**ACKNOWLEDGEMENTS:**

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

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

**Place: Denduluru  
Date: 04.12.2020**

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

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



**Form No.MGT-9**

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31-03-2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules,2014]

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

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

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

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

i) Category-wise Share Holding \*

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(.) Indian</b>									
a) Individual/HUF	1,40,27,000	0	1,40,27,000	61.33	1,45,92,635	0	1,45,92,635	63.80	2.47
b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (.):-</b>	<b>1,40,27,000</b>	<b>0</b>	<b>1,40,27,000</b>	<b>61.33</b>	<b>1,45,92,635</b>	<b>0</b>	<b>1,45,92,635</b>	<b>63.80</b>	<b>2.47</b>
<b>(:) Foreign</b>									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (:):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>1,40,27,000</b>	<b>0</b>	<b>1,40,27,000</b>	<b>61.33</b>	<b>1,45,92,635</b>	<b>0</b>	<b>1,45,92,635</b>	<b>63.80</b>	<b>2.47</b>
<b>B. Public Shareholding</b>									
<b>1 Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>2 Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	8,451	20,400	28,851	0.13	5656	20400	26056	0.11	-0.02
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 lakh/2 lakh	7,22,808	13,66,240	20,89,048	9.13	7,29,491	13,65,640	20,95,131	9.16	0.03
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh/2 lakh	67,24,213	0	67,24,213	29.4	61,58,178	0	61,58,178	26.92	-2.48

c Others (NBFC Registered with RBI)	0	0	0	0	0	0	0	0.00	0.00
Clearing Members	2,888	0	2,888	0.01	0	0	0	0.00	-0.01
Non-Resident Indians	0	0	0	0.00	0	0	0	0	0.00
<b>Sub-total (B)(2):</b>	<b>74,58,360</b>	<b>13,86,640</b>	<b>88,45,000</b>	<b>38.67</b>	<b>68,93,325</b>	<b>13,86,040</b>	<b>82,79,365</b>	<b>36.20</b>	<b>-2.47</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>74,58,360</b>	<b>13,86,640</b>	<b>88,45,000</b>	<b>38.67</b>	<b>68,93,325</b>	<b>13,86,040</b>	<b>82,79,365</b>	<b>36.20</b>	<b>-2.47</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>2,14,85,360</b>	<b>13,86,640</b>	<b>2,28,72,000</b>	<b>100.00</b>	<b>2,14,85,960</b>	<b>13,86,040</b>	<b>2,28,72,000</b>	<b>100.00</b>	<b>0.00</b>

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Vankineni Bhanu Prakash	85,69,600	0	85,69,600	85,69,600	37.47	0	--
2	Vankineni Phani Anupama	7,38,400	0	7,38,400	7,38,400	3.23	0	--
3	Vankineni Ratna Kumari	25,22,000	0	25,22,000	25,22,000	11.03	0	--
4	Vankineni Kiran Kumar	8,45,000	0	8,45,000	8,45,000	3.69	0	--
5	Vankineni Vijayalakshmi	4,29,000	0	4,29,000	4,29,000	1.88	0	--
6	Vankineni Padma Kumari	78,000	0	78,000	78,000	0.34	0	--
7	Kalagara Savithri	8,45,000	0	8,45,000	8,45,000	3.69	0	--
8	Mallikarjuna Rao Yerrapragada	0	0	0	5,65,635	2.47	0	2.47
	<b>TOTAL</b>	<b>1,40,27,000</b>	<b>61.33</b>	<b>1,40,27,000</b>	<b>1,45,92,635</b>	<b>63.80</b>	<b>0</b>	<b>2.47</b>

(iii) Change in Promoters' Shareholding:

S. No	Name of the director / key managerial personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,40,27,000	61.33		
				1,40,27,000	61.33
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):				
		5,65,635	2.47	1,45,92,635	63.80
3	At the end of the year	1,45,27,000	63.80	1,45,92,635	63.80

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

S. No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Paturi Srinivasa Rao At the beginning of the year At the end of the year	18,00,000	7.87	18,00,000	7.87
2.	Garapati G Ram Chowdary At the beginning of the year At the end of the year	8,45,000	3.69	8,45,000	3.69
3.	A Brahmaji At the beginning of the year At the end of the year	3,95,154	1.73	3,95,154	1.73
4.	Murali Krishna Chintamaneni At the beginning of the year At the end of the year 1. Purchase as 24.09.2019	-	-	3,75,400	1.64
5.	Chintamaneni Naga Jyothi At the beginning of the year At the end of the year	4,97,800	2.18	4,97,800	2.18
6.	Sajja Kishore Babu At the beginning of the year At the end of the year	2,14,000	0.94	2,14,000	0.94
7.	T Venkata Appa Rao At the beginning of the year At the end of the year	3,39,506	1.48	3,39,506	1.48
8.	SATYANARAYANA N At the beginning of the year At the end of the year	2,87,673	1.26	2,87,673	1.26
9.	Sajja Rohit At the beginning of the year At the end of the year	2,50,000	1.09	2,50,000	1.09
10.	Sajja Vignatha At the beginning of the year At the end of the year	2,50,000	1.09	2,50,000	1.09

(v) Shareholding of Directors and Key Managerial Personnel:

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

	At the beginning of the year				
	At the end of the year				

## V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,14,672	11,12,63,085.7	-	11,28,77,757.7
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>16,14,672</b>	<b>11,12,63,085.7</b>		<b>11,28,77,757.7</b>
Change in Indebtedness during the financial year				
• Addition	-	34,00,336	-	34,00,336
• Reduction	1,61,711	-	-	1,61,711
<b>Net Change</b>	<b>1,61,711</b>	<b>34,00,336</b>		<b>32,38,625</b>
Indebtedness at the end of the financial year				
i) Principal Amount	14,52,961	11,46,63,421	-	11,61,16,382
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>14,52,961</b>	<b>11,46,63,421</b>		<b>11,61,16,382</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

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

### B. Remuneration to other directors:

(Amount in Rs.)

S.No	Particulars of Remuneration	Name of Directors	Total Amount
	Independent Directors • Fee for attending board / committee	-	-

1.	meetings • <del>Commission</del> • <del>Others, please specify</del>	-	-
2.	Total (1)	-	-
	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	--	--
	Total (2)	--	--
	<b>Total (B)=(1+2)</b>	<b>--</b>	<b>--</b>
	Total Managerial Remuneration	--	--
	Overall Ceiling as per the Act	Rs.1,00,000/- per Board Meeting	

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

(Amount in Rs.)

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

\*Mr. Chada Jagadeesh Reddy, Company Secretary and Compliance officer of the Company, was resigned from the office w.e.f. 15<sup>th</sup> April, 2019.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED

Place: Denduluru  
Date: 04.12.2020

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

**SECRETARIAL AUDIT REPORT**  
**For the Financial Year ended on 31<sup>st</sup> March 2020**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies**  
**(Appointment and Remuneration Personnel) Rules, 2014]**

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Diligent Industries Limited (hereinafter called the company) having its registered office at Dwaraka Thirumala Road Denduluru-534432. We Secretarial Audit were 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 Company 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 2019-2020 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under, as applicable
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018. (not applicable during the audit period)
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (not applicable during the audit period)
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (not applicable during the audit period)

- f) 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;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (not applicable during the audit period) and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (not applicable during the audit period) and
- i) The SEBI (Listing Obligations & Disclosure Requirements) 2015, entered into by the Company with Stock Exchange; As **Applicable**

Other specifically applicable laws to the Company:

National Oil Seeds and Vegetable Oils Development Board Act, 1983;  
Food Safety and Standards Act, 2006.  
Indian Boilers Act, 1923.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc save and except the following:

1. *The company has not paid the Annual Listing Fees during the financial year under review, due to which trading in equity shares was suspended and Demat accounts of Promoter and promoter group was frozen.*
2. *The company has not appointed compliance office cum company secretary pursuant to the Regulation 6 of SEBI (LODR) subsequent to the resignation within time.*
3. *The Company has not appointed Independent Director subsequent to resignation within time as required under Regulation 17 of SEBI (LODR) due to which the Composition of Board Director was improper and various committee also.*

**We further report that:**

- During the year under review there was improper balance in the composition of the Board of Directors of the Company as stated above. 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.
- All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
- There were no such specific events/actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the Company's affairs.
- We further report that no prosecutions were initiated and no fines or penalties were imposed for the year, under the Companies Act, the SEBI Act, the SCRA or other SEBI Regulations, on the Company or its directors and officers except *the fine levied by BSE towards Non-Compliance of Regulation 6 of SEBI (Listing*



*Obligations & Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015). Wherein, the Company has not appointed Company secretary sum compliance officer and Non-compliance with the requirements pertaining to the composition of the Board of Directors including committees and non-compliance of Regulations 47.*

**We further report that:**

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

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

**Place: Hyderabad  
Date: 04.12.2020**

**P.S.Rao  
Company Secretary  
FCS No: 10322  
P No: 3829  
UDIN: F010322B001406035**

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

**'Annexure A'**

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

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

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

**Place: Hyderabad**  
**Date: 04.12.2020**

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

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

**PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014**

**(A) CONSERVATION OF ENERGY- N.A**

- (i) The steps taken or impact on conservation of energy;
- (ii) The steps taken by the Company for utilizing alternate sources of energy;
- (iii) The capital investment on energy conservation equipment's;

**(B) TECHNOLOGY ABSORPTION- N.A.**

- (i) The efforts made towards technology absorption;
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution;
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - (a) The details of technology imported;
  - (b) The year of import;
  - (c) Whether the technology has been fully absorbed;
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;
  - (iv) The expenditure incurred on Research and Development.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO- NIL**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED

Place: Denduluru  
Date: 04.12.2020

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

ANNEXURE - IV

**PARTICULARS OF EMPLOYEES**

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

- i) The percentage of increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20.

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

S. No	Name of Director	Remuneration 2019-20	Remuneration 2018-19	Percentage Change (%)
1	Bhanu Prakash Vankineni	Foregone	Foregone	NIL
2	Kiran Kumar Vankineni	4.8 L	4.8 L	NIL
3	Chada Jagadish Reddy*	-	1.05L	NIL

\* Mr. Chada Jagadish Reddy, Company Secretary and Compliance officer of the Company, was resigned from the office w.e.f. 15<sup>th</sup> April, 2019.

- ii) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

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

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

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

- iii) In the financial year, there was an increase of NIL % in the median remuneration of employees;
- iv) There were 13 permanent employees on the rolls of Company as on March 31, 2020;
- v) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 was NIL % whereas the decrease/ increase in the managerial remuneration for the same financial year was NIL%.
- vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- vii) Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

**(Amount in Lakhs)**

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

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

Place: Denduluru  
Date: 04.12.2020

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

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

Form AOC-1

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

**Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures:**

**Part- “A”: Subsidiaries**

The Company has no subsidiaries.

**Part- “B”: Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture Companies:

(Rs. In Lakhs)

S. No	Particulars	GENESIS IBRC INDIA LIMITED
1	Latest Balance Sheet Date	31.03.2020
2	Shares of Associate Company held by the Company as on year end	
	No. of shares (in units)	30,00,000
	Amount of Investment in Associate Company	300.00
	Extent of Holding %	23.08
3	Description of how there is Significant Influence	N.A.
4	Reason why the associate is not consolidated	This Associate Company has not yet commenced its commercial operations. Due to this, the effect on the consolidation will be Nil. Hence, there will not be any change in the standalone or consolidated financial statements

By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED

Place: Denduluru  
Date: 04.12.2020

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032

**FORM NO. AOC -2**

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> March, 2020, which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis during the year ended 31<sup>st</sup> March, 2020 are as follows:

<b>Nature of contract &amp; Name of the related party</b>	<b>Nature of relationship</b>	<b>Duration of Contracts</b>	<b>Salient Terms</b>	<b>Amount (Rs. in Lakhs)</b>
Loan from Mr. Bhanu Prakash Vankineni	Managing Director	As mutually agreed	Unsecured Loan	338.80
Loan repaid to Mr. Bhanu Prakash Vankineni	Managing Director	As mutually agreed	Unsecured Loan	384.79
Loan from Mrs. Phani Anupama Vankineni	Director	As mutually agreed	Unsecured Loan	79.99
Loan repaid to Mrs. Phani Anupama Vankinei	Director	As mutually agreed	Unsecured Loan	Nil

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

**Place: Denduluru  
Date: 04.12.2020**

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

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

ANNEXURE - VII

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

(Amount in Lakhs)

S. No	Nature of contract & Name of the related party	Nature of relationship	Duration of Contracts	Salient Terms	Transaction for 2019-20	Closing Balance as on 31 <sup>st</sup> March, 2020
1	Loan From Mr. Bhanu Prakash Vankineni	Managing Director	As mutually agreed	Unsecured Loan	338.80	900.53
2	Loan repaid to Mr. Bhanu Prakash Vankineni	Managing Director	As mutually agreed	Unsecured Loan	384.79	--
3	Loan from Mrs. Phani Anupama Vankineni	Director	As mutually agreed	Unsecured Loan	79.99	246.09
4	Loan repaid to Mrs. Phani Anupama Vankine	Director	As mutually agreed	Unsecured Loan	Nil	--

By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED

Place: Denduluru  
Date: 04.12.2020

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni  
Director  
DIN: 00935032



## MANAGEMENT DISCUSSION & ANALYSIS

### I. Industry structure and development:

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

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

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

### II. Strengths/Opportunities:

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

### III. Weaknesses / Risks and concern:

- Business Risk:

The Edible Oil Industry is exposed to significant threats that arise because of price volatilities, regulatory uncertainties and raw material availability concerns. It also faces stiff challenges in marketing its products since there is little product differentiation, and assured off-take or long-term contracts are few and far between. The industry also has a high credit risk, which arises from its widespread debtor base and the trading nature of its operations. Solvent extraction units face huge raw material availability risks since oilseed imports are minimal and largely restricted. Hence, the domestic extraction industry has to depend solely on the domestic crop, which, in turn, depends on monsoons, crop yields, and area under cultivation, minimum support prices and other financial incentives announced by the government. Apart from its highly seasonal nature, oilseed production fluctuates widely because of these variables. Moreover, nearly 35 percent of domestic oil consumption is dependent on imports. Hence, global demand-supply dynamics too have a key bearing on domestic realizations with domestic prices increasingly aligning themselves to international ones. Since international oil prices continue to exhibit highly volatile patterns, they affect domestic players. Although the industry offers a natural hedge to some extent since input and output prices are correlated, any adverse movement in prices could make the business unviable because of the industry is extremely thin bottom-line. The domestic Edible Oil Industry also faces significant regulatory risks as evident in the Government's increasing interventions through frequent changes in customs and excise duty structures and international trade-related regulations (import and export restrictions). These changes have a far-reaching impact on players since the consumers' high price sensitivity leads to shifts in the demand pattern among various edible oils. As a result, one oil category often expands at the cost of another.

- **Government Policies:**

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

- **Risk Mitigation Practices**

**Availability Risk:**

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

**Price Risk:**

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

- **Regulatory Risk:**

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

- **Credit Risk:**

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

- **Risk Management Policy:**

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

#### **IV. Outlook:**

India's edible oil production remained in the range of 6.6- 8.2 billion tonnes during the last five oil years November 2013- October 2018. The Country's edible oil production grew by 15.2% y-o-y to 7.6 million tonnes during 2017-18. In the on-going oil year, domestic production of edible oil from oilseeds is expected to remain almost flat on the back of estimated 2% y-o-y decline in oilseed production to 30.6 million tonnes during the year. The fall in the oilseed output will be driven by 16.9% decline in soyabean production due to unfavorable climatic conditions. Lower Prices for the crop in the last year are believed to have impacted its production during the year.

**Imports:**

While India's edible oil output from oilseeds is expected to remain flat, the country's demand for edible oil is likely to increase steadily during the year 2018-19. Thus, the Country will continue to depend on the imports of edible oil to meet the domestic requirements. India meets a large part of the internal needs through imports and the Country's dependence has increased over the years and currently around 65-70% of the domestic edible oil requirements are met through this route

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

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

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

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

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

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

**VIII. Ratio Analysis:**

During the year under review, there have been no significant changes in the key financial ratios in comparison with FY 2018-19.

**IX. Cautionary Statement**

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

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

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

**Place: Denduluru  
Date: 04.12.2020**

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

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

**Annexure - IX**

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

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

1. CORPORATE GOVERNANCE PHILOSOPHY

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

2. BOARD OF DIRECTORS

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

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

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

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

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

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

Name of the Director	No of Board Meetings during the Year 2019-2020 and attendance		Attendance at last AGM held on 30-09-2019	No of Directorships held in other Companies@	Committee Memberships and Chairmanships in other Companies#		Name of the Other Listed Companies and Category of Directorship
	Held	Attended			Members hip	Chairman ship	
Bhanu Prakash Vankineni	5	5	Yes	1	NIL	NIL	NIL

Managing Director							
Phani Anupama Vankineni Executive Director	5	5	Yes	-	NIL	NIL	NIL
Kiran Kumar Vankineni Executive Director	5	5	Yes	-	NIL	NIL	NIL
Srinivas Babu Edupuganti Independent Director	5	5	Yes	-	NIL	NIL	NIL
V.V.Vinod Kumar Independent Director <sup>1</sup>	4	4	Yes	2	1	1	RAMINFO LIMITED (Independent Director)
Lokeswararao Nelluri <sup>2</sup>	NIL	NIL	No	-	NIL	NIL	NIL
Majeti Venkatesha Kumar Sridhar <sup>3</sup>	NIL	NIL	No	-	NIL	NIL	NIL
Mohammed Baba <sup>4</sup>	NIL	NIL	No	-	2	1	Genesis IBRC India Limited

#### Details

1. Ceased as Independent Director of the Company w.e.f. 24.11.2020
2. Appointed as Additional Director (Independent) of the Company w.e.f 14.09.2020
3. Appointed as Additional Director (Independent) of the Company w.e.f. 14.09.2020
4. Appointed as Additional Director (Independent) of the Company w.e.f 04.12.2020

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

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

#### Relationship inter-se among Directors:

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

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

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

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

Lokeswararao Nelluri	Additional Director (Independent)	5	Business Administration and Direct & Indirect taxes, audit and assurances.
Mohammed Baba	Additional Director (Independent)	2	Finance, accounts & legal affairs.

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

**Meeting of the Board of Directors:**

During the financial year 2019-20, Five (5) Board Meetings were held on 01.04.2019, 30.05.2019, 14.08.2019, 14.11.2019, and 14.02.2020. The maximum gap between two consecutive meetings did not exceed One Hundred and Twenty Days (120 days). The necessary quorum was present for all the meetings.

**Independent Directors:**

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

**Meeting of Independent Directors:**

A separate meeting of Independent Directors was held on 14<sup>th</sup> February, 2020, inter alia, to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairman and to assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

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

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

**Familiarization Programme imparted to Independent Directors:**

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

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

**Code of Conduct for Directors and Senior Management:**

The Company has framed a Code of Conduct for its Directors and Senior Management Personnel and revised it as per the requirements of the statute. The said code is hosted on the Company's website ([www.diligentindustries.com](http://www.diligentindustries.com)). The Code of Conduct is applicable to all Directors and Senior Management of the Company. All the members of the Board and Senior Management of the Company have confirmed compliance with their respective Code of Conduct for the financial year ended 31st March, 2020.

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

**3. COMMITTEES OF BOARD:**

**A. Audit Committee:**

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

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

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

S.No	Name of the Director	Category	Nature of Directorship	No. of meetings held during the year	No. of meetings attended
1	V.V.Vinod Kumar <sup>2</sup>	Chairperson	Independent Director	3	3
2	Srinivas Babu Edupuganti	Chairperson & Member	Independent Director	4	4
3	Bhanu Prakash Vankineni <sup>1</sup>	Member	Managing Director	4	4
4	Phani Anupama Vankineni <sup>3</sup>	Member	Non executive Director	1	1
5	Lokeswararao Nelluri <sup>4</sup>	Member	Independent Director	NIL	NIL
6	Majeti Venkatesha Kumar Sridhar <sup>5</sup>	Member	Independent Director	NIL	NIL
7	Mohammed Baba <sup>6</sup>	Member	Independent Director	NIL	NIL

1. Ceased as member w.e.f. 14.09.2020
2. Ceased as chairman w.e.f. 28.11.2019
3. Appointed as member w.e.f. 28.11.2019 & Ceased as member w.e.f. 14.09.2020
4. Appointed as Member w.e.f. 14.09.2020
5. Appointed as Member w.e.f. 14.09.2020 & Ceased as member w.e.f. 24.11.2020
6. Appointed as Member w.e.f. 04.12.2020

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

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

During the year, four meetings of the Audit Committee were held and the said meetings were held on 30.05.2019, 14.08.2019, 14.11.2019, 14.02.2020. The gap between two audit Committee meetings did not exceed one hundred and twenty days (120 days).The necessary quorum was present at all the meetings.

#### B. Nomination & Remuneration Committee:

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

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

S.No	Name of the Director	Category	Nature of Directorship	No. of meetings held during the year	No. of meetings attended
1	Srinivas Babu Edupuganti	Chairperson	Independent Director	2	2
2	V.V.Vinod Kumar <sup>1</sup>	Member	Independent Director	1	1

3	Phani Anupama Vankineni <sup>2</sup>	Member	Non-Executive Non-Independent Director	2	2
4	Bhanu Prakash Vankineni <sup>3</sup>	Member	Executive Director	1	1
5	Lokeswararao Nelluri <sup>4</sup>	Member	Independent Director	NIL	NIL
6	Majeti Venkatesha Kumar Sridhar <sup>5</sup>	Member	Independent Director	NIL	NIL
7	Mohammed Baba <sup>6</sup>	Member	Independent Director	NIL	NIL

1. Ceased as chairman w.e.f. 28.11.2019
2. Appointed as member w.e.f. 28.11.2019 & Ceased as member w.e.f. 14.09.2020
3. Appointed as member w.e.f. 28.11.2019 & Ceased as member member w.e.f. 14.09.2020
4. Appointed as Member w.e.f. 14.09.2020
5. Appointed as Member w.e.f. 14.09.2020 & Ceased as member w.e.f. 24.11.2020
6. Appointed as Member w.e.f. 04.12.2020

During the year, two meetings of Nomination and Remuneration Committee were held and the said meetings were held on 14.08.2019 and 14.02.2020.

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

**Nomination and Remuneration Policy:**

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

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

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

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

Name of the Director	Designation	Sitting fees Paid (Rs.)	No. of shares held on 31-03-2020
Phani Anupama Vankineni	Non- Executive Non-Independent Director	Nil	7,38,400
Srinivas Babu Edupuganti	Independent Director	Nil	Nil
V.V.Vinod Kumar	Independent Director	Nil	Nil

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



**Performance Evaluation:**

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

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

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

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

S. No.	Name of the Director	Category	Nature of Directorship	No of Meetings held during the year	No. of Meetings attended
1	Phani Anupama Vankineni <sup>1</sup>	Chairman	Non-Executive Non-Independent Director	1	1
2	Bhanu Prakash Vankineni <sup>2</sup>	Member	Managing Director	1	1
3	Srinivas Babu Edupuganti	Member	Independent Director	1	1
4	Lokeswararao Nelluri <sup>3</sup>	Member	Independent Director	NIL	NIL
5	Majeti Venkatesha Kumar Sridhar <sup>4</sup>	Member	Independent Director	NIL	NIL
6	Mohammed Baba <sup>5</sup>	Member	Independent Director	NIL	NIL

1. Ceased as member w.e.f. 14.09.2020.

2. Ceased as member w.e.f. 14.09.2020

3. Appointed as Member w.e.f. 14.09.2020

4. Appointed as Member w.e.f. 14.09.2020 & Ceased as member w.e.f. 24.11.2020

5. Appointed as Member w.e.f. 04.12.2020

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

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31<sup>st</sup> March, 2020.

**Name and designation of Compliance Officer:**

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

Name of Compliance Officer : Bhanu Prakash Vankineni  
 Email- id for investor grievances : [diligentinvestors@gmail.com](mailto:diligentinvestors@gmail.com)  
 Number of Shareholders' complaints

received so far : During the year ended 31<sup>st</sup> March, 2020, the Company has not received any complaints and as a result, there were no pending complaints as at the year end.

No of pending Complaints : NIL

No of complaints not solved to the satisfaction Of shareholders : NIL

**4. Certificate from Practicing Company Secretary for Non-disqualification of Directors:**

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

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

**(Amount in Lakhs)**

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

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

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

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

The disclosure pertaining to the complaints are given hereunder:

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

**7. General Body Meetings:**

**i. Annual General Meetings:**

Financial year ended	Date & Time	Venue	Special Resolution*
2018-19	30th September, 2019	Dwarka Thirumala Road, Denduluru Village and Mandal. West Godavari- 534 432, A.P.	<p>1. Re-appointment and to fix Remuneration of Mr. V. Bhanu Prakash Vankineni as Managing Director of the Company, for a period of 3 years with effect from 14<sup>th</sup> November, 2019.</p> <p>2. Re- appointment of Mr. V.V. Vinod Kumar as Independent Director of the Company.</p> <p>3. Re- appointment of Mr.Srinivas Babu Edupuganti as Independent Director of the Company.</p>

2017-18	29 <sup>th</sup> September, 2018	Dwarka Thirumala Road, Denduluru Village and Mandal. West Godavari- 534 432, A.P.	Nil
2016-17	29 <sup>th</sup> September, 2017	Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari – 534 432, A.P.	1. Re-appointment and to fix Remuneration of Mr. V. Bhanu Prakash Vankineni as Managing Director of the Company, for a period of 3 years with effect from 14 <sup>th</sup> November, 2016.

\* All special resolutions set out in the notices of AGM/EGM were passed by the shareholders with requisite majority.

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

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

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

**8. DISCLOSURES**

a. Disclosures on Materially Significant Related Party Transactions

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

b. Details of Non-Compliance and Penalties

- During the period between 16<sup>th</sup> April 2019 and 14<sup>th</sup> September, 2020, the Company had not appointed a Whole Time Company Secretary and Compliance Officer of the Company as prescribed under Section 203 of the Companies Act, 2013 read with Regulation 6 of SEBI (LODR) Regulations, 2015.

c. The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or Policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review, no person has been denied access to the Chairman of the Audit Committee.

- The Whistle Blower Policy of the Company is also posted on the website of the Company [www.diligentindustries.com](http://www.diligentindustries.com)

d. The Company is in compliance of all the mandatory requirements of Corporate Governance as enumerated in Regulation 17 to 27 of SEBI (LODR) Regulations, 2015 and regulation 46(2)(b) to (i) of SEBI (LODR) Regulations, 2015 and is in the process of complying with non-mandatory requirements as envisaged under Regulation 27 read with Schedule II of SEBI (LODR) Regulations, 2015.

e. The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (IND-AS) pursuant to the Companies (Indian Accounting Standards) Rules, 2015 as applicable to the Company from the financial year 2019-20.

f. There are no instances where recommendations of the Committees have not been adopted by the Board of Directors during the period under review.

g. The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that the executive management control risks through means of a properly defined framework.

h. Regulation 16(1) (c) of the SEBI Listing Regulations, 2015 defines a “material non-listed Indian subsidiary” as an unlisted subsidiary, incorporated in India, whose income or network (i.e. paid up capital and free reserves) exceeds 10% of the

consolidated income or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year.

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

The policy for determining ‘material’ subsidiary posted on the website of the Company under Investors Section at: [www.diligentindustries.com](http://www.diligentindustries.com)

i. Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has framed a Code of Conduct for regulating, monitoring and preventing Insider Trading. The Code has been formulated towards achieving compliance with the new regulations and is designed to maintain the highest ethical standards of trading in securities of the Company by persons to whom it is applicable.

The Code of Conduct is posted on the website of the Company under Investors Section at: [www.diligentindustries.com](http://www.diligentindustries.com)

j. There are no shares lying in Demat Suspense Account.

k. CEO/CFO Certification

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

l. Compliance Certificate

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

## 9. MEANS OF COMMUNICATION

A. Quarterly and half-yearly reports are published in two Newspapers- one in English and one in Telugu.

B. The financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company’s website [www.diligentindustries.com](http://www.diligentindustries.com). The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial results, Shareholding pattern, etc.

C. The Company is also displaying official news announcements on its website [www.diligentindustries.com](http://www.diligentindustries.com).

D. Management Discussion and Analysis forms part of this Annual Report.

E. All the Presentations made to Institutional Investors/analyst are displayed on the Company’s website and can be accessed under Investors section at [www.diligentindustries.com](http://www.diligentindustries.com). However, no presentations were made to Institutional Investors/Analysts during the reporting period.

## 10. GENERAL SHAREHOLDER’S INFORMATION

i) Annual General Meeting

Date and Time	<b>Wednesday, 30<sup>th</sup> December, 2020- 3.00 PM</b>
Venue	Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari, A.P.-534 432
Last Date of Proxy forms submission	02:00PM on 28 <sup>th</sup> December, 2020

ii) Financial Year : 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March,2020

iii) Book Closure : 22<sup>nd</sup>December, 2020 to 30<sup>th</sup>December, 2020

iv) Dividend Payment Date : N.A.

v) Listing on Stock Exchange : BSE Limited

vi) Stock Code

Name of the Stock Exchange	Stock Code	Scrip Code
Bombay Stock Exchange Limited	531153	DILIGENT

Demat ISIN No. for NSDL & CDSL	INE650C01028
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The listing fees for the year 2019-20 and 20-21 have been paid to BSE Limited.

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

The monthly High, Low and trading volumes of the Companies Equity Shares during the last financial year 2019-2020 at BSE Limited are given below:

Month	Bombay Stock Exchange Limited (BSE)		
	High (Rs.)	Low (Rs.)	Volume
April, 2019	7.57	6.73	2,343
May, 2019	6.73	6.60	17
June, 2019	0.00	0.00	NIL
July, 2019	6.27	6.00	913
August, 2019	5.70	4.69	4,807
September, 2019	4.46	3.83	3,120
October, 2019	3.83	3.83	359
November, 2019	4.46	3.83	128
December, 2019	3.83	3.83	200
January, 2020	4.46	3.83	115
February, 2020	14.16	14.85	311
March, 2020	0.00	0.00	NIL

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

viii) All Services relating to share transfer/transmissions and information may be addressed to:

Registrar and Share Transfer Agent  
M/s. Venture Capital and Corporate Investments Private Limited,  
12-10-167, Bharath Nagar,  
Hyderabad - 500 018.  
Tel: 040-23818475/476  
Fax: 040-23868024  
Email: info@vccilindia.com  
Website: [www.vccipl.com](http://www.vccipl.com)

The Company periodically audits the operations of share transfer agent.

ix) Share Transfer System

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

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

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

x) Distribution of Equity Shares as on 31<sup>st</sup> March, 2020

CATEGORY		No. of Shareholders	% to Shareholders	Amount	% to Capital
From	To				
1	5000	795	41.23	149017	0.65

5001	10000	598	31.02	548854	2.40
10001	20000	367	19.04	594678	2.6
20001	30000	62	3.22	161865	0.71
30001	40000	30	1.56	108351	0.47
40001	50000	12	0.62	52267	0.23
50001	100000	22	1.14	152266	0.67
100001	ABOVE	42	2.18	21104702	92.27
TOTAL		1928	100.00	22872000	100

xi) Shareholding Pattern as on 31<sup>st</sup> March, 2020

Category	No. of Shares held	% of Capital
Indian Promoters	1,45,92,635	63.80
Banks, Financial institutions, Insurance Companies & Mutual Funds	0	0
Foreign Institutional Investors	0	0
Indian Public & HUFs	82,53,309	36.09
Private Corporate Bodies	26,056	0.11
NRIs /OCBs/ FCBs	0	0
Others	0	0
Total	2,28,72,000	100.00

xii) Dematerialization of shares and liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) limited (CDSL) for dematerialization facility. As on 31<sup>st</sup> March, 2020, 93.94% of the Company's Equity shares are in dematerialized form. The ISIN NO. / Code for the Company's Equity Shares is INE650C01028. Shareholders can open an account with any of the depository participants registered with any of these depositories.

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

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

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

xv) Plant Locations

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

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

xvii) Address for Correspondence

Mr. Bhanu Prakash Vankineni, Managing Director,  
Diligent Industries Limited  
Denduluru Village and Mandal,  
West Godavari – 534 432  
Andhra Pradesh.

By order of the Board of Directors  
For DILIGENT INDUSTRIES LIMITED

Place: Denduluru  
Date: 04.12.2020

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910

Sd/-  
Phani Anupama Vankineni

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

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	Nature/ Category of Directorship	DIN
1	Bhanu Prakash Vankineni	Managing Director	00919910
2	Kiran Kumar Vankineni	Executive Director	02696680
3	Phani Anupama Vankineni	Non- Executive Director	00935032
4	Srinivas Babu Edupuganti	Independent Director	03637508
5	Lokeswararao Nelluri	Additional Director (Independent)	08679768
6	Mohammed Baba	Additional Director (Independent)	08422704

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

For P.S. Rao & Associates  
Company Secretaries

Place: Hyderabad  
Date: 04-12-2020

Sd/-  
P.S.Rao  
FCS No: 10322  
C.P. No: 3829  
UDIN: F010322B001406134

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

To  
The Board of Directors

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

1. We have reviewed the financial statements and the cash flow statement of Diligent Industries Limited for the year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and Audit Committee:
  - a) Significant changes in internal control over financial reporting during the year.
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - c) That there have been no instances of significant fraud of which we have become aware, involving of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Place: Denduluru  
Date: 30.07.2020

Sd/-  
Kiran Kumar Vankineni  
Chief Financial Officer

Sd/-  
Bhanu Prakash Vankineni  
Managing Director

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

I, Bhanu Prakash Vankineni, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year ended 31<sup>st</sup> March, 2020.

Place: Denduluru  
Date: 30.07.2020

Sd/-  
Bhanu Prakash Vankineni  
Managing Director  
DIN: 00919910



**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members,  
Diligent Industries Ltd.

We have examined the compliance of the conditions of Corporate Governance by Diligent Industries Limited(hereinafter referred to as "the Company") for the financial year ended on 31<sup>st</sup> March 2020, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

Based on the procedures performed by us as mentioned above and according to the information and explanations provided to us, we are of the opinion that the Company has complied with the Conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended 31<sup>st</sup> March, 2020.

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

**Place: Hyderabad**  
**Date: 04-12-2020**

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

**Sd/-**  
**P.S.Rao**  
**Company Secretary**  
**FCS No:10322**  
**C P No: 3829**  
**UDIN: F010322B001406277**

## NOMINATION AND REMUNERATION POLICY

### 1. INTRODUCTION

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

### 2. OBJECTIVE OF THE POLICY

(a) The objective of this Policy is to outline a framework to ensure that the Company’s remuneration levels are aligned with industry practices and are sufficient to attract and retain competent director(s) on the Board, KMP(s) and Senior Management Personnel of the quality required by Diligent Industries Limited, allowing fair rewards for the achievement of key deliverables and enhanced performance. The key objectives of this Policy include:

(i) guiding the Board in relation to appointment and removal of Director(s), Key Managerial Personnel and Senior Management;

(ii) evaluating the performance of the members of the Board and assisting in providing necessary report to the Board for further evaluation of itself, its committees and individual directors.

(iii) recommending to the Board the remuneration payable to the Director(s) and setting forth a policy for determining the remuneration payable to KMP and Senior Management Personnel.

(b) While determining the remuneration of the Director(s) (including Non-Executive Directors) and KMPs and Senior Management Personnel, regard should be had to the prevailing market conditions, business performance and practices in comparable companies, the financial and commercial health of the Company and also to prevailing laws and government/ other guidelines, to ensure that the pay structures are appropriately aligned and the levels of remuneration remain appropriate.

(c) While designing the remuneration package it should be ensured that:

(i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate persons of the quality required to run the Company successfully;

(ii) there is a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

(d) Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.

(e) The Nomination and Remuneration Committee may consult with the Chairman of the Board as it deems appropriate.

The Committee shall observe the set of principles and objectives as envisaged under the Act (including Section 178 thereof), the Rules framed thereunder and the Listing Regulations including, inter-alia, the principles pertaining to determining qualifications, positive attributes, integrity and independence.

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

### **3. EFFECTIVE DATE**

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

### **4. DEFINITIONS**

(a) In this Policy, unless the context otherwise requires:

- (i) 'Board of Directors' or 'Board', in relation to the Company, means the collective body of the Directors of the Company.
- (ii) 'Committee' means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- (iii) 'Company' means "DILIGENT INDUSTRIES LIMITED".
- (iv) 'Independent Director' means a director referred to in Section 149(6) of the Companies Act, 2013 read with Regulation 16 of the Listing Regulations.
- (v) 'Key Managerial Personnel' (KMP) shall have the meaning as prescribed to it in the Act and the Rules made thereunder.
- (vi) 'Non-Executive Directors' include Independent Directors.
- (vii) 'Policy' means the Nomination and Remuneration Policy.
- (viii) 'Senior Management Personnel' for this purpose shall mean personnel of the Company who are members of its core management team, excluding the Board of Directors. It would comprise all the members of the management one level below the Board, including the functional heads.

(b) Unless the context otherwise requires, the words and expressions used in this Policy and not defined herein but defined in the Act and/ or the Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

### **5. APPLICABILITY**

This Policy is applicable to:

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

### **6. MEMBERSHIP**

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

### **7. CHAIRMAN**

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

## **8. FREQUENCY OF MEETINGS**

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

## **9. COMMITTEE MEMBERS' INTERESTS**

(a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

(b) The Committee may invite such executives as it considers appropriate to be present at the meetings of the Committee.

## **10. SECRETARY**

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

## **11. QUORUM**

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

## **12. VOTING**

(a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of the members present. Any such decision shall, for all purposes, be deemed a decision of the Committee.

(b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **13. RESPONSIBILITY OF THE COMMITTEE**

(a) The Committee is responsible for:

(i) formulating the criteria for determining the qualifications, positive attributes and independence of a Director for the purpose of this Policy;

(ii) advising the Board on issues concerning the principles of remuneration and other terms of employment, including remuneration of the Directors (including Non-Executive Directors), KMPs and the Senior Management;

(iii) monitoring and evaluating the programs for variable remuneration, both on-going and those that have ended during the year, for the Directors (including Non-Executive Directors), KMPs and the Senior Management;

(iv) monitoring and evaluating the application of this Policy;

(v) monitoring and evaluating current remuneration structures and levels in the Company; and

(vi) any other responsibility as determined by the Board.

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

(a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and/or Senior Management Personnel.

(b) A person should possess adequate qualifications, expertise and experience for the position in which he/ she is considered to be appointed. The Committee shall have the discretion to decide whether the qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.

(c) Appointment of Directors, KMPs and Senior Management Personnel is subject to compliance of provisions of the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

(d) The appointment of a Director or a KMP, as recommended by the Nomination and Remuneration Committee further requires the approval of the Board.

## 15. REMUNERATION

(i) The remuneration/ compensation/ commission, etc. to the Directors will be determined by the Committee and recommended to the Board for approval. The remuneration/ compensation/ commission, etc. shall be subject to the prior/post approval of the shareholders of the, wherever required.

(ii) The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

(iii) Increments to the existing remuneration/ compensation structure of the Directors shall be recommended by the Committee to the Board which should be within the slabs approved by the shareholders, in the case of Directors.

(iv) Where any insurance is taken by the Company on behalf of its Directors for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such Director. Provided that, if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of his/her remuneration.

### (A) Remuneration to Executive Directors:

#### Fixed pay:

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

#### Variable components:

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

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

#### Sitting Fees:

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

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

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

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

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

#### Remuneration:

##### Fixed pay:

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

Variable components:

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

#### **16. POLICY ON BOARD DIVERSITY**

(a) The Board of Directors shall have an optimum combination of Directors from the different areas/ fields [like production, management, quality assurance, finance, sales and marketing, research and development, human resources, etc.] or as may be considered appropriate.

(b) The Board shall have at least one member who has accounting or related financial management expertise.

#### **17. REMOVAL**

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

#### **18. DISCLOSURE OF INFORMATION**

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

#### **19. DEVIATION FROM THE POLICY**

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

#### **20. AMENDMENTS TO THE POLICY**

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

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

## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF  
M/s. Diligent Industries Limited**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **M/s. Diligent Industries Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and loss, and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### 1. Revenue recognition

As described in Note 19 to the financial statements, the Company has adopted Ind AS 115, Revenue from Contracts with Customers ('Ind AS 115') which is the new revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit. The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis

used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures

in respect of revenue and periods over which the remaining performance obligations will be

#### Principal Audit Procedures

Our audit procedures on adoption of Ind AS 115, Revenue from contracts with Customers ('Ind AS 115'), which is the new Accounting Standard, include

- Evaluated the design and implementation of the processes and internal controls relating to implementation of the new Accounting Standard;
- Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;
- Evaluated the internal controls and authorization controls in respect of Discounts the operational effectiveness of aforesaid controls.
- Evaluated the changes made to IT systems to reflect the changes required in revenue recognition as per the new Accounting Standard;

<p>satisfied subsequent to the balance sheet date.</p> <p>The company adopted Ind AS 115 and applied the available exemption provided therein, to not restate the comparative periods.</p>	<ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the disclosures provided under the new accounting standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> </ul>
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### **Information Other than the Financial Statements and Auditor’s Report Thereon**

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

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

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

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

### **Management’s Responsibility for the Financial Statements**

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

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

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

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.



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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the Accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

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

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the department of company affairs, in terms of section 143 (11) of the companies Act, 2013, and on the basis of our examination of the books and records as we considered appropriate and according to the information and explanation given to us, we give in the "Annexure B" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Companies Act 2013, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) The Balance Sheet and Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financials comply with the Accounting Standards specified under of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) There are no pending litigations for or against the Company which would impact its financial position.

ii) The Company does not have any derivatives contracts. Further there are no long term contracts for which provisions for any material foreseeable losses is required to be made.

iii) There are no amounts pending that are required to be transferred to Investor Education and Protection Fund.

**For NSVR & ASSOCIATES LLP.,**

Chartered Accountants

(FRN No.008801S/S200060)

R Srinivasu

Partner

**M.No:224033**

**UDIN: 20224033AAAAHC7648**

**Date:30/07/2020**

Place: Hyderabad.

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

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

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

We have audited the internal financial controls over financial reporting of **M/s. Diligent Industries Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditor’s Responsibility**

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

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purpose in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and(3)provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion:**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

### **For NSVR & ASSOCIATES LLP.,**

Chartered Accountants  
(FRNNo.008801S/S200060)

R Srinivasu  
Partner  
M.No:224033  
UDIN: 20224033AAAAHC7648

**Date:** 30-07-2020

**Place:** Hyderabad.

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

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of M/s. Diligent Industries Limited of even date)**

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

- (c) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- viii. Based on our Audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised moneys by way of initial public offer or further public offer.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For NSVR & ASSOCIATES LLP.,**  
Chartered Accountants  
(FRNo.008801S/S200060)

**R Srinivasu**  
Partner  
M.No:224033  
UDIN: 20224033AAAAHC7648

**Date:** 30-07-2020  
**Place:** Hyderabad.

<b>Diligent Industries Limited</b>				
<b>CIN:L15490AP1995PLC088116</b>				
<b>Dwarka Thirumala Raod Denduluru Village and Mandal West Godavari AP 534432 India</b>				
<b>Balancesheet as at 31st March, 2020</b>				
	<b>Particulars</b>	<b>Note.No</b>	<b>As At 31.03.2020 (Audited)</b>	<b>As At 31.03.2019 (Audited)</b>
1	<b>ASSETS</b>			
	<b>Non-current assets</b>			
	(a) Property plant and Equipment	2	7,41,42,374	7,37,83,225
	(b) Capital Work Inprogress	2	2,05,32,252	2,25,37,775
	<b>(c) Financial assets</b>			
	Investments	3	3,00,00,000	3,00,00,000
	(d) Other Financial assets	4	19,64,369	13,80,669
	(e) Other Non Current Assets.	5	47,49,875	47,49,875
	<b>Total Non Current Assets</b>		<b>13,13,88,871</b>	<b>13,24,51,544</b>
2	<b>Current assets</b>			
	(a) Inventories	6	4,46,29,742	6,19,87,837
	<b>(b) Financial assets</b>			
	(i) Trade receivables	7	30,47,78,914	25,38,14,030
	(ii) Cash and cash equivalent	8	45,06,891	19,04,304
	(c) Deffered Tax Asset	9	3,92,623	-
	(d) Other current assets	10	4,66,28,029	6,49,16,159
	<b>Total Current Assets</b>		<b>40,09,36,199</b>	<b>38,26,22,330</b>
	<b>Total Assets</b>		<b>53,23,25,070</b>	<b>51,50,73,874</b>
1	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
	Equity Share Capital	11	11,43,60,000	11,43,60,000
	Other Equity	12	46,09,193	(1,91,987)
	<b>Total Equity</b>		<b>11,89,69,193</b>	<b>11,41,68,013</b>
2	<b>Liabilities</b>			
	<b>Non-current liabilities</b>			
	(a) Financial Liabilities			
	Borrowings	13	11,61,16,382	11,28,77,758
	Deffered tax Liabilities (net)		-	4,60,903
	<b>Total Non Current Liabilities</b>		<b>11,61,16,382</b>	<b>11,33,38,661</b>
	<b>Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Borrowings	14	12,90,53,895	13,04,49,279
	(i) Trade payables	15	15,73,53,942	13,35,21,849
	(ii) Other Financial liabilities	16	14,41,626	17,72,811
	(iii) Other Current liabilities	17	52,14,115	1,99,38,568
	(iv) Provisions	18	41,75,916	18,84,694
	<b>Total Current Liabilities</b>		<b>29,72,39,494</b>	<b>28,75,67,200</b>
	<b>Total Equity and Liabilities</b>		<b>53,23,25,069</b>	<b>51,50,73,874</b>
Date: 30.07.2020				
For NSVR & Associates LLP., Chartered Accountants Firm Reg.No.008801S/S200060		<b>For and on behalf of the Board of Directors</b> Diligent Industries Limited		
<b>R.Srinivasu</b> Partner M No :224033 UDIN:20224033AAAAHC7648 Date: 30.07.2020 <b>Place: Hyderabad</b> Date: 30.07.2020		<b>Bhanu Prakash Vankineni</b> Director DIN:00919910 <b>Kiran Kumar Vankineni</b> Director DIN:02696680 <b>Vankineni Kiran Kumar</b> Chief Financial officer		

<b>Diligent Industries Limited</b>				
<b>CIN:L15490AP1995PLC088116</b>				
<b>Dwarka Thirumala Raod Denduluru Village and Mandal West Godavari AP 534432 India</b>				
<b>Statement of Profit and Loss for the Year Ended 31st March 2020</b>				
	<b>Particulars</b>	<b>Note No</b>	<b>31-03-2020</b>	<b>31-03-2019</b>
I.	<b>INCOME</b>			
	Revenue from Operations	19	81,34,23,297	77,85,42,178
	Other Income	20	1,20,89,841	1,86,56,049
	<b>Total Revenue</b>		<b>82,55,13,138</b>	<b>79,71,98,227</b>
II.	<b>EXPENSES</b>			
	Cost of Materials Consumed	21	76,61,84,007	76,55,39,210
	(Increase)/Decrease in Inventories of Finished Goods and Work-in-Progress	22	2,03,38,539	-85,36,259
	Depreciation and Amortization	2	60,44,693	48,84,933
	Finance Costs	23	1,50,23,881	1,48,27,512
	Employee Benefits Expenses	24	24,58,952	23,67,039
	Other Expenses	25	92,24,190	1,32,28,063
	<b>Profit/(Loss) before exceptional and extraordinary items (III - IV)</b>		<b>62,38,876</b>	<b>48,87,730</b>
III.	Exceptional Items	-	-	-
IV	<b>Profit / (Loss) before extra-ordinary items and tax (V - VI)</b>	-	62,38,876	48,87,730
	Extraordinary items	-	-	-
V	<b>Profit / (Loss) before Tax (VII - VIII)</b>	-	<b>62,38,876</b>	<b>48,87,730</b>
VI	Tax expense			
	(1) Current tax		22,91,222	18,84,693
	(2) Previous Year Income tax			(4,84,585)
	(2) MAT Credit Entitlement		-	-
	(3) Deferred tax		(8,53,526)	(6,12,925)
	<b>Total Tax</b>	-	<b>14,37,696</b>	<b>7,87,183</b>
VII	<b>Net Profit/(Loss) from continuing operations (IX - X)</b>	-	<b>48,01,180</b>	<b>41,00,547</b>
VIII	Profit / (Loss) from discontinuing operations			
IX	Tax expense of discontinuing operations		-	-
X	<b>Net Profit / (Loss) from discontinuing operations (XII - XIII)</b>	-	-	-
XI	<b>Net Profit / (Loss) for the period (XI + XIV)</b>	-	<b>48,01,180</b>	<b>41,00,547</b>
XII	<b>Other Comprehensive Income</b>	-	-	-
	<b>A] (i) Items that will not be reclassified to profit or loss</b>		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	<b>B] (i) Items that will be reclassified to profit or (loss)</b>		-	-
	(ii) Income relating to items that will be reclassified to profit or loss		-	-
XIII	<b>Total Comprehensive Income for the period (XV+XVI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>	-	<b>48,01,180</b>	<b>41,00,547</b>
	Basic EPS		0.21	0.18
	Diluted EPS		0.21	0.18
	Summary of Significant Accounting Policies	<b>26</b>		
	As per our report of even date			
	<b>Date: 30.07.2020</b>			
	Chartered Accountants		Diligent Industries Limited	
	Firm Reg.No.008801S/S200060			
	<b>R.Srinivasu</b>	<b>Bhanu Prakash Vankineni</b>	<b>Kiran Kumar Vankineni</b>	
	Partner	Director	Director	
	M No :224033	DIN:00919910	DIN:02696680	
	UDIN:20224033AAAAHC7648			
	<b>Place: Hyderabad</b>		<b>Vankineni Kiran Kumar</b>	
	Date: 30.07.2020		Chief Financial Officer	



<b>Diligent Industries Limited</b>		
<b>CIN:L15490AP1995PLC088116</b>		
<b>Dwarka Thirumala Raod Denduluru Village and Mandal West Godavari AP 534432 India</b>		
<b>Cash Flow Statement For the Period Ended 31st March 2020</b>		
<b>Particulars</b>	<b>As at 31-03-2020</b>	<b>As at 31-03-2019</b>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	<b>62,38,876</b>	<b>48,87,730</b>
Adjusted for :		
Interest debited to P&L A/c	1,50,23,881	1,48,27,512
Depreciation	60,44,693	48,84,933
Operating profits before working capital changes	<b>2,73,07,450</b>	<b>2,46,00,175</b>
<b>Changes in current assets and liabilities</b>		
Inventories	1,73,58,095	(44,60,013)
Trade Receivable	(5,09,64,885)	(4,19,81,463)
Other Current Assets	1,82,88,130	1,01,907
Current liabilities	96,72,294	4,80,32,861
Cash generated from operations	2,16,61,084	2,62,93,467
Income tax paid	(22,91,222)	(14,00,108)
<b>Net cash generated from operating activities</b>	<b>1,93,69,862</b>	<b>2,48,93,359</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets and change in capital wip	(43,98,319)	(48,83,721)
Long Term Loans and advances	(5,83,700)	(21,767)
Investment in Equity Shares		
Net cash used in investing activities	<b>(49,82,019)</b>	<b>(49,05,488)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Secured and Unsecured Loans	32,38,625	(66,92,241)
Interest paid	(1,50,23,881)	(1,48,27,512)
Increase in share Capital		
Net cash generated in financing activities	<b>(1,17,85,256)</b>	<b>(2,15,19,752)</b>
<b>D. Net increase / (decrease) in cash and cash equivalents</b>	<b>26,02,587</b>	<b>(15,31,880)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>19,04,304</b>	<b>34,36,184</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>45,06,890</b>	<b>19,04,304</b>
As per our report of even date		
<b>For NSVR &amp; Associates LLP.,</b>	<b>For and on behalf of the Board of Directors</b>	
Chartered Accountants	Diligent Industries Limited	
FRN No :008801S/S200060		
<b>R.Srinivasu</b>	<b>Bhanu Prakash Vankineni</b>	<b>Kiran Kumar Vankineni</b>
Partner	Director	Director
M No :224033	DIN:00919910	DIN:02696680
UDIN:20224033AAAHC7648		
<b>Place: Hyderabad</b>	Vankineni Kiran Kumar	
Date: 30.07.2020	Chief Financial officer	

<b>Diligent Industries Limited</b>		
<b>CIN:L15490AP1995PLC088116</b>		
<b>Dwarka Thirumala Raod Denduluru Village and Mandal West Godavari AP 534432 India</b>		
Notes to financial statements for the year ended		
(All amounts in Rupees except for share data or otherwise stated)		
<b>Note 3</b>		
<b>Investments</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
<b>Quoted Investments</b>		
Investment in Equity Shares of SSK life styles Limited	3,00,00,000	3,00,00,000
<b>Total</b>	<b>3,00,00,000</b>	<b>3,00,00,000</b>
<b>Note 4</b>		
<b>Other Financial Asset</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Electricity Deposit	1770800	1187100
Gram Panchayat Deposit	87656	87656
Telephone Deposit	2999	2999
Indian Bank Deposit	102914	102914
<b>Total</b>	<b>1964369</b>	<b>1380669</b>
<b>Note 5</b>		
<b>Other Non current Assets</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
BSE Capital Adequacy	250000	250000
BSE Membership Card	4499875	4499875
<b>Total</b>	<b>4749875</b>	<b>4749875</b>
<b>Note 6</b>		
<b>Inventories</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Raw Materials	51,76,747	1,45,170
Finished Goods	3,60,83,615	5,64,22,154
Stores, spares and packing materials	33,69,380	54,20,513
<b>Total</b>	<b>4,46,29,742</b>	<b>6,19,87,837</b>
<b>Note 7</b>		
<b>Trade Receivables</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Unsecured Considered Good	30,47,78,914	25,38,14,030
<b>Total</b>	<b>30,47,78,914</b>	<b>25,38,14,030</b>
<b>Note 8</b>		
<b>Cash and Bank Balances</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
In Current Accounts with Banks	2,17,673	2,09,483
Cash on Hand	42,89,219	16,94,821
<b>Date: 30.07.2020</b>	<b>45,06,891</b>	<b>19,04,304</b>
<b>Note 9</b>		
<b>Current Tax Assets (Net)</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
MAT Credit Entitlement	-	-
<b>Less: Provision for Taxes</b>		
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 10</b>		
<b>Other Current Assets</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
GST Input	-	17,61,177
Date: 30.07.2020	15,83,355	7,44,360
Other Loans and Advances	37,55,837	38,18,824
Date: 30.07.2020	6,42,596	1,57,606
VAT Credit Receivable		
Advance to Suppliers	3,99,59,553	58174294
Prepaid Expenses	6,86,688	2,59,898
<b>Total</b>	<b>4,66,28,029</b>	<b>6,49,16,159</b>

**Diligent Industries Limited**  
**CIN:L15490AP1995PLC088116**  
**Dwarka Thirumala Raod Denduluru Village and Mandal West Godavari AP 534432 India**

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

**Note 11**

Particulars	31-03-2020	31-03-2019
<b>Share Capital :</b>		
<b>a) Authorised share Capital</b>		
2,40,00,000 Equity shares of Rs.5/- each		
(Previous Year 2,40,00,000 Equity shares of Rs.5/- each)	12,00,00,000	12,00,00,000
	<b>12,00,00,000</b>	<b>12,00,00,000</b>
<b>Issued, Subscribed and Paid Up</b>		
2,28,72,000 Equity share of Rs.5/- each fully paid up	11,43,60,000	11,43,60,000
(Previous Year 2,28,72,000 Equity shares of Rs.5/- each)		
<b>Total</b>	<b>11,43,60,000</b>	<b>11,43,60,000</b>

**10.1 Rights attached to Equity Shareholders**

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

**b) Reconciliation of the number of shares outstanding in numbers**

Particulars	31-03-2020	31-03-2019
Opening Balance	2,28,72,000	2,28,72,000
Issued During the year	0	0
Cancelled during the year	0	0
<b>Closing Balance</b>	<b>2,28,72,000</b>	<b>2,28,72,000</b>

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

Particulars	2019-20		2018-19	
	No of Shares	% of Holding	No of Shares	% of Holding
Name of the Shareholder				
Vankineni Bhanu Prakash	85,69,600	37.47%	85,69,600	37.47%
Vankineni Ratna Kumari	25,22,000	11.03%	25,22,000	11.03%
Paturi Srinivasa Rao	18,00,000	7.87%	18,00,000	7.87%
Date: 30.07.2020				
Date: 30.07.2020				

<b>Diligent Industries Limited</b>		
<b>CIN:L15490AP1995PLC088116</b>		
<b>Dwarka Thirumala Raod Denduluru Village and Mandal West Godavari AP 534432</b>		
Notes to financial statements for the year ended (All amounts in Rupees except for share data or otherwise stated)		
<b>Note 13</b>		
<b>Borrowings</b>		
<b>Secured Loans</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Indian Bank Car Loan	1452961	1614672
Loans and Advances from Related Parties		
Unsecured Loans	114663421	111263086
<b>Total</b>	<b>11,61,16,382</b>	<b>11,28,77,758</b>
<b>Note 14</b>		
<b>Short Term Borrowings :</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Cash Credits Demand Loan		
Indian Rupee loans from banks (Secured)	129053895	130449279
<b>Total</b>	<b>12,90,53,895</b>	<b>13,04,49,279</b>
<b>Note 15</b>		
<b>Trade Payables :</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
(Trade Payables for Goods and Services)	156766276	131908841
Creditors for expenses	587666	1613007
<b>Total</b>	<b>15,73,53,942</b>	<b>13,35,21,849</b>
<b>Note 16</b>		
<b>Other Financial Liabilities</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
A.M.C.Payable	0	777947
Audit fee payable	221000	140000
Electricity Charges Payable	1220626	854864
<b>Total</b>	<b>14,41,626</b>	<b>17,72,811</b>
<b>Note 17</b>		
<b>Other Current Liabilities</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
GST Payable	504457	299330.42
C.S.T.2% Payable		
VAT Payable		
ESI Payable	4185	6516
Provident Fund Payable	30481	29399
T.D.S.Payable	9942	22791
Date: 30.07.2020	1050	1050
Advance from Customers	4664000	19579481
<b>Total</b>	<b>52,14,115</b>	<b>1,99,38,568</b>
<b>Note 18</b>		
<b>Other Current Liabilities</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Provision for Tax	4175916	1884694
<b>Total</b>	<b>4175916</b>	<b>1884694</b>

<b>Diligent Industries Limited</b>		
CIN:L15490AP1995PLC088116		
Dwarka Thirumala Raod Denduluru Village and Mandal West Godavari AP 534432		
Notes to financial statements for the year ended		
(All amounts in Rupees except for share data or otherwise stated)		
<b>Note 19</b>		
<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
<b>Revenue from Operations :</b>		
Income from Revenue	813423297	778542178
<b>Net Revenue from Operations (Net)</b>	<b>813423297</b>	<b>778542178</b>
<b>Note 20</b>		
<b>Other Income</b>	<b>2019-20</b>	<b>2018-19</b>
Interest Received	87705	99418
Miscellaneous income	1179769	
Processing Charges Received	10726367	18460631
Site Rent Received	96000	96000
Dividend Income		
<b>Total</b>	<b>12089841</b>	<b>18656049</b>
<b>Note 21</b>		
<b>Cost of Materials Consumed</b>	<b>2019-20</b>	<b>2018-19</b>
Raw Materials Consumed :	145170	4524897
Opening stock at the beginning of the year		
Add : Purchase	771215584	761159483
	771360754	765684380
Less: Closing stock at the end of the year	5176747	145170
<b>Total</b>	<b>766184007</b>	<b>765539210</b>
<b>Note 22</b>		
<b>(Increase)/ Decrease In Inventories of Finished Goods and Work-in-Progress :</b>	<b>2019-20</b>	<b>2018-19</b>
Opening stock of inventories :		
Finished goods	56422154	47885895
Work .in. Progress		
	56422154	47885895
Closing stock of inventories :		
Finished goods	36083615	56422154
Work .in. Progress		
	36083615	56422154
<b>Net Amount</b>	<b>20338539</b>	<b>-8536259</b>
<b>Date: 30.07.2020</b>		
<b>Finance Cost :</b>	<b>2019-20</b>	<b>2018-19</b>
on Bank Loans	14405381	14604482
on borrowings from Directors		
Processing fee	618500	223030
<b>Total</b>	<b>15023881</b>	<b>14827512</b>
<b>Note 24</b>		
<b>Employee Benefits Expenses :</b>	<b>2019-20</b>	<b>2018-19</b>
Salaries,allowances and benefits to employees	1747860	1670966
Contribution to Provident fund and other funds	229492	215633
Date: 30.07.2020	480000	480000
Staff Welfare Expenses	1600	440
<b>Date: 30.07.2020</b>	<b>2458952</b>	<b>2367039</b>
<b>Note 25</b>		
<b>Other Expenses :</b>	<b>2019-20</b>	<b>2018-19</b>
Agriculture Market Cess	2013	208022
Bank Charges	186945	51005
Cleaning Items	4504	2568
Commission	0	191259
Discounts Given	52678	4424
Fee & Inspection charges	337590	233080
Freight charges - Other than Railway	124876	261162
Insurance	334942	476679
Interest on Late payment of TDS	62426	45417
Miscellaneous Expenses	192744	205315
Office Maintenance	4890	29310
Packing Material	49759	113409
Postage	1767	4262
Power and fuel	5187073	7661560
Printing & Stationery	16537	17197
Production Expenses	1128811	1076477
Rates and Taxes	15000	332516
Rating Charges	23600	0
Repairs and Maintenance	126850	57309
Generator Maintenance	5340	34009
Ground Level Work Exp	0	1044226
Stock Exchange Expenses	472000	328284
security services expences	384144	222275
Panchayat Taxes	0	147571
Telephone Charges	90967	96224
Transport Charges	37771	49167
Travelling Expenses	7663	6637
Vehicle Maintenance	284802	233701
<b>Payment to Auditor :</b>		
As Statutory Audit fee	68500	75000
As Tax Audit fee	20000	20000
<b>Total</b>	<b>9224190</b>	<b>13228063</b>



<b>Diligent Industries Limited</b>		
<b>CIN:L15490AP1995PLC088116</b>		
<b>Computation of deferred tax for the year 2019-20</b>		
<b>Particulars</b>	<b>As on 31.03.2020</b>	<b>As on 31.03.2019</b>
WDV as per Companies Act	1,89,51,115	2,22,68,773
WDV as per Income tax act	2,05,10,999	2,07,77,177
<b>Timing Difference</b>	<b>-15,59,883</b>	<b>14,91,596</b>
Deferred tax liability on timing differences @ 25.17% on above	-3,92,623	4,60,903
Deferred tax asset on timing differences @ 30.9% on above		
Timing Difference		
Deferred tax asset on losses		
Net Deferred Tax Liability	-3,92,623	4,60,903
Less: Opening deferred tax Liability	4,60,903	10,73,828
<b>Deferred tax Expenses/(Saving) provided for the year 2019-20</b>	<b>-8,53,526</b>	<b>-6,12,925</b>

# 1. NOTES TO STANDALONE FINANCIAL STATEMENTS

## DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

### 1.1 General Information

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

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

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

### 1.3 Basis of Measurement

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

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

### 1.4 Use of estimates and judgments.

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

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



#### **a. Depreciation and amortization**

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

#### **b. Employee Benefits**

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

#### **c. Provision and contingencies**

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

#### **d. Fair valuation**

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

### **1.5 Functional and presentation currency**

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

### **1.6 Current and non-current classification**

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

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

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

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

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

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

### **1.7 Foreign Currency Transaction**

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

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

### **1.8 Property Plant & Equipment**

#### **Recognition and measurement**

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

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

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

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

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

## Depreciation

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

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

The estimated useful lives are as follows:

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

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

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

## 1.9 Financial Instruments

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

### a. Financial assets

### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded

at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

#### (i) Debt instrument at FVTPL

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

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

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

#### (iii) Investment in equity instruments

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

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

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

#### (iv) Investments in subsidiaries

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

## **Derecognition**

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

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

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

## **b. Financial liabilities**

### Initial recognition and measurement

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

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

### Subsequent measurement

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

#### (i) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and

loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

### **1.10 Inventories**

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

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

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

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

### **1.12 Cash & Cash Equivalents**

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this

purpose, “short-term” means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

### **1.13 Employee Benefits**

#### **a. Short term employee benefits**

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

#### **b. Defined Contribution Plan**

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

#### **c. Defined Benefit Plans**

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

#### **d. Termination benefits**

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

that the offer will be accepted, and the number of acceptances can be estimated reliably.

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

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

### **1.14 Provisions, contingent liabilities and contingent assets**

#### **a. Provisions**

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

#### **b. Contingent liabilities**

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

#### **c. Contingent assets**

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

### **1.15 Revenue Recognition**

#### **a. Sale of goods and trade license**

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

#### **b. Other Income**

(i) Miscellaneous Income



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

### **1.16 Borrowing Costs**

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

### **1.17 Tax Expenses**

Tax expense consists of current and deferred tax.

#### **a. Income Tax**

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

#### **b. Deferred Tax**

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

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

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

### **1.18 Earnings Per Share**

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

### **1.19 Trade receivables**

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

### **1.20 Trade and other payables**

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

### **1.21 Determination of fair values**

The Company’s accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

#### **a. Property, plant and equipment**

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

#### **b. Intangible assets**

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the “relief of royalty method”). The fair value of customer related, product related and other

intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

#### **c. Inventories**

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

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

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

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

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

#### **e. Derivatives**

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

#### **f. Non-derivative financial liabilities**

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

CIN:L15490AP1995PLC088116

Dwarka Thirumala Raod Denduluru Village and Mandal West Godavari AP 534432 India

**2. Property, Plant and Equipment :**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2019	Additions during the year	Deletions during the year	As at 31.03.2020	As on 01.04.2019	During the period	On Deletions	As on 31.03.2020	WDV as at 31.03.2020	WDV as at 31.03.2019
Air Conditioner	142707	46100		188807	121504	18096	0	139600	49207	21203
Boiler	1832160			1832160	1138607	203247	0	1341854	490306	693553
Building	59324350			59324350	14844106	2297421	0	17141527	42182823	44480244
Cash Counting machine	4694			4694	2897	511	0	3408	1286	1797
Computer	128760			128760	82692	46068	0	128760	0	46068
Electrical fittings	406920	251000		657920	390447	45963	0	436410	221510	16473
EPABX System	2979			2979	2975	4	0	2979	0	4
ETP Tanker	701509			701509	362903	50867	0	413770	287739	338606
Euro Clean	5494			5494	2781	440	0	3221	2273	2713
Furniture & Fixtures	338059			338059	308788	10910	0	319698	18361	29271
Generator	1443846			1443846	830274	149430	0	979703	464143	613572
Gunny Bags Blower	24000			24000	7801	1684	0	9485	14515	16199
Hero Honda Motor cycle	30127			30127	23193	6934	0	30127	0	6934
Lab Equipments	152777			152777	81446	27531	0	108978	43799	71331
Land	15400000	3676807		19076807	0	0	0	0	19076807	15400000
Lorry	93014			93014	88363	0	0	88363	4651	4651
Plant and Equipment	22724662	2429935		25154597	13358496	2565387	0	15923883	9230714	9366166
Suzuki Motor Cycle	72200			72200	46284	9905	0	56189	16011	25916
suzuki scooter	61321			61321	37749	8358	0	46107	15214	23572
Water Tanker	67000			67000	23328	4663	0	27992	39008	43672
Welding machine	1728			1728	1023	170	0	1192	536	705
Wooden Conveyor	106882			106882	63031	10396	0	73427	33455	43851
CAR	3489492			3489492	952767	586708	0	1539474	1950018	2536725
<b>TOTAL</b>	106554681	6403842	0	112958523	32771456	6044693	0	38816149	74142374	73783225

### 1.1 Deferred tax

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

### Sale of goods

The company is operating and manufacturing of edible oils.

### 2.1 Auditors Remuneration

Amount in INR

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
a) Audit fees	68,500	75,000
b) Other charges		
Taxation matters	20,000	20,000
Other matters	Nil	Nil
c) Reimbursement of out of pocket expenses	Nil	Nil
<b>TOTAL</b>	<b>88,500</b>	<b>95,000</b>

### 3.1 Earnings per Share: (Amount in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Earnings</b>		
Profit attributable to equity holders	<b>48,01,180</b>	<b>41,00,547</b>
<b>Shares</b>		
Number of shares at the beginning of the year	22,872,000	22,872,000
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	22,872,000	22,872,000
<b>Weighted average number of equity shares outstanding during the year - Basic</b>	22,872,000	22,872,000
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-

<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	22,872,000	22,872,000
<b>Earnings per share of par value Rs.5/- – Basic (₹)</b>	0.21	0.18
<b>Earnings per share of par value Rs.5/- – Diluted (₹)</b>	0.21	0.18

#### 4.1 Related Parties

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

Amounts in INR

<b>Related party Transaction Firms/Company</b>		
<b>SI. No.</b>	<b>Name of the Firm</b>	
<b>Key Management Personnel (KMP)</b>		
<b>SI. No.</b>	<b>Name of the Person</b>	<b>Designation</b>
1	Mr. Bhanu Prakash Vankineni	Managing Director
2	Smt.Phani Anupama Vankineni	Director
3	Mr. Kirankumar Vankineni	Director
4	Mr. SrinivasBabe Edupuganti	Director

The following is a summary of significant related party transactions:

<b>Particulars</b>	<b>For the year ended 31st March 2020</b>	<b>For the year ended 31st March 2019</b>
<b>a) Key managerial personnel</b>		
Remuneration & Commission		
Mr. Kirankumar Vankineni	4,80,000	4,80,000
Mr. Chada Jagadish Reddy	Nil	1,50,000
<b>b) Non-whole time Directors</b>		
<b>Total</b>		

**Transactions / Balances with Related Parties****Amount in INR**

<b>NATURE OF TRANSACTION</b>	<b>M/s.Bhanu Prakash Vankineni</b>	<b>M/s.Phani Anupama Vankineni</b>
1. Loans accepted	3,38,80,000	79,99,952
2. Loans repaid	3,84,79,617	Nil

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

<b>Name of the Party</b>	<b>Amount in Rs (As at 31<sup>st</sup> March 2020)</b>
M/s. Bhanu Prakash Vankineni	9,00,53,822/- Cr
M/s. Phani Anupama Vankineni	2,46,09,598/-Cr

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

<b>Particulars</b>	<b>For the year ended 31st March 2020</b>	<b>For the year ended 31st March 2019</b>
Travel Expenses	Nil	Nil
Professional Fees	Nil	Nil
Other expenses	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**Earnings in Foreign currency:**

<b>Particulars</b>	<b>For the year ended 31st March 2020</b>	<b>For the year ended 31st March 2019</b>
FOB Value of Exports	Nil	Nil
Dividend	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**6.1 Segment Reporting:**

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

## 7.1 Determination of Fair Values:

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

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

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

### (ii) Investments in equity securities

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

## 8.1 Employee benefits:

### Provident fund benefits

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.1,85,953 and Rs. 3,22,747 to the provident fund plan during the years ended 31<sup>st</sup>March 2020 and 2019, respectively.

## 9.1 Income Taxes:

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

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following: **(Amount in INR)**

Particulars	For the Year Ended 31 <sup>st</sup> March	
	2020	2019
Current Taxes Expense		
Domestic	22,91,222	14,00,108
Deferred Taxes Expense/(Benefit)		
Domestic	(8,53,526)	(6,12,925)
<b>Total Income Tax Expense/(Benefit) Recognized in the Statement of Profit and Loss</b>	<b>14,37,696</b>	<b>7,87,183</b>



**b. Reconciliation of Effective Tax Rate: Amount in INR**

Particulars	For the Year Ended 31 March	
	2020	2019
<b>Profit Before Income Taxes</b>	<b>62,38,876</b>	<b>48,87,730</b>
Enacted Tax Rate in India	26.15%	26.0%
<b>Computed Expected Tax Benefit/(Expense)</b>	<b>22,91,222</b>	<b>12,70,810</b>
<b>Effect of:</b>		
Differences between Indian and foreign tax rates	Nil	Nil
Impairment of product related intangibles and goodwill		
(Unrecognized deferred tax assets) / recognition of previously unrecognized deferred tax assets, net)	Nil	Nil
Expenses not deductible for tax purposes	Nil	13,69,000
Share-based payment expense		
Income exempt from income taxes	Nil	Nil
Foreign exchange differences	Nil	Nil
Incremental deduction allowed for tax Purposes	Nil	7,54,000
Deferred tax expense on undistributed earnings of subsidiary outside India	Nil	Nil
Current taxes on undistributed earnings of subsidiary outside India	Nil	Nil
Effect of change in tax laws and rate	Nil	Nil
Investment allowance deduction	Nil	Nil
Earlier Years' tax Provision -(reversal)/provided)	Nil	Nil
Others	Nil	Nil
<b>Income Tax Benefit/(Expense)</b>	<b>Nil</b>	<b>18,86,000</b>
<b>Effective Tax Rate</b>	<b>26.15%</b>	<b>38.57%</b>

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

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

Particulars	For the Year Ended 31 March	
	2020	2019
<b>Deferred Tax Assets/(Liabilities):</b>		
Property, Plant and Equipment	3,92,623	-4,60,903
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>3,92,623</b>	<b>-4,60,903</b>

**d. Movement in deferred tax assets and liabilities during the year ended 31<sup>st</sup> March 2020 & 2019 :-**

Particulars	As at 1 April 2019	Recognized in statement of profit and loss	Recognized in equity	As at 31 March 2020
<b>Deferred Tax Assets/(Liabilities)</b>				
Property, Plant and Equipment	-4,60,903	8,53,526	-	3,92,623
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>-4,60,903</b>	<b>8,53,526</b>	<b>-</b>	<b>3,92,623</b>

**10.1 Investments:**

The details of such investments as of 31<sup>st</sup>March 2020 are as follows: Amount in INR

Particulars	Cost	Gain recognized directly in equity	Gain recognized directly in profit and loss account	Fair value
Non-current Investments				
Investment in Equity shares of SSK life styles Limited	3,00,00,000	0	0	3,00,00,000
<b>Total</b>	<b>3,00,00,000</b>	<b>0</b>	<b>0</b>	<b>3,00,00,000</b>

### 11.1 Financial Instruments:

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

Particulars	Carrying value		Fair value	
	Mar-20	Mar-19	Mar-20	Mar-19
<b>Financial assets</b>				
Cash and Cash Equivalents	45,06,891	19,04,304		19,04,304
Trade Receivables	30,47,78,914	25,38,14,030		25,38,14,030
<b>Total</b>	<b>30,92,85,806</b>	<b>25,57,18,334</b>		<b>25,57,18,334</b>
<b>Financial liabilities</b>				
Borrowings	12,90,53,895	13,04,49,279		13,04,49,279
Trade Payables	15,73,53,942	13,35,21,849		13,35,21,849
Other Financial Liabilities	1,08,31,657	2,35,96,072		2,35,96,072
<b>Total</b>	<b>29,72,39,494</b>	<b>28,75,67,200</b>		<b>28,75,67,200</b>

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

For Diligent Industries Limited

**R. Srinivasu**  
Partner  
Membership No.224033  
UDIN: 20224033AAAAHC7648

**Bhanu Prakash Vankineni** **Kiran Kumar Vankineni**  
Director Director  
DIN:00919910 DIN: 00935032

Place: Hyderabad  
Date:30.07.2020

V Kiran Kumar  
Chief Financial officer



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**DILIGENT INDUSTRIES LIMITED**

CIN: L15490AP1995PLC088116

Registered Office: Dwarka Thirumala Road, Denduluru village & mandal,  
West Godavari, Andhra Pradesh -534432

●E-mail: diligentinvestors@gmail.com

●Website: www.diligentindustries.com

**ADMISSION SLIP**

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

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

Please (√) in the box

Member       Proxy

I/ We hereby record my/ our presence at the 26th Annual General Meeting of the Company on 30<sup>th</sup> December, 2020 at 11:30 A.M. at Dwarka Thirumala Road, Denduluru village & mandal, West Godavari, Andhra Pradesh -534432.

Name of the Proxy in Block Letters

Signature of Member / Proxy attending

**NOTES:**

i) Member / Proxy attending the Annual General Meeting (AGM) must bring his / her Admission Slip which should be signed and deposited before entry into the venue.

ii) Duplicate Admission Slip will not be issued at the venue.

**ELECTRONIC VOTING**

Electronic voting (e-voting) facility is being provided in respect of the Resolutions proposed at the 26th AGM, in accordance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014. Please see Note No.: 12 to the Notice dated 04th December, 2020 convening the AGM for the procedure with respect to e-voting.

**DILIGENT INDUSTRIES LIMITED**  
 CIN: L15490AP1995PLC088116  
 Registered Office: Dwarka Thirumala Road, Denduluru village &mandal,  
 West Godavari, Andhra Pradesh -534432  
 ●E-mail: [diligentinvestors@gmail.com](mailto:diligentinvestors@gmail.com) ●Website: [www.diligentindustries.com](http://www.diligentindustries.com)

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

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

CIN	L15490AP1995PLC088116		
Name of the Company	DILIGENT INDUSTRIES LIMITED		
Registered Office	Dwarka Thirumala Road, Denduluru village &mandal, West Godavari, Andhra Pradesh -534432		
Name of the member(s)			
Registered Address			
E-mail Id			
Folio No./Client ID		DP ID	

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

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

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

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

or failing him/her

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

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

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

or failing him/her

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

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

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

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting (AGM) of the Company to be held on Wednesday, the 30<sup>th</sup> day of December, 2020 at 11.30 a.m. at Dwarka Thirumala Road, Denduluru village & Mandal, West Godavari, Andhra Pradesh -534432, and at any adjournment thereof in respect of such resolutions as are indicated below:



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

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

CIN	L15490AP1995PLC088116		
Name of the Company	DILIGENT INDUSTRIES LIMITED		
Registered Office	Dwarka ThirumalaRaod, Denduluru Village and Mandal, West Godavari, AP- 534432.		
Name of the member(s)			
Registered Address			
E-mail Id			
Folio No./Client ID		DP ID	
Number of Equity shares held			

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

Resolution Number	Description	Optional ( V )	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of Audited Standalone Financial Statements for the period ended 31 <sup>st</sup> March 2020		
2	Appointment of a Director in the place of Mrs. Phani Anupama Vankineni (DIN: 00935032) who retires by rotation and being, offers himself for reappointment		
<b>Special Business</b>			
3	To appoint Mr. Lokeswararao Nelluri (DIN: 08679768) as Independent Director of the Company		
4	To appoint Mr. Mohammed Baba (DIN:08422704) as Independent Director of the Company.		

Place:

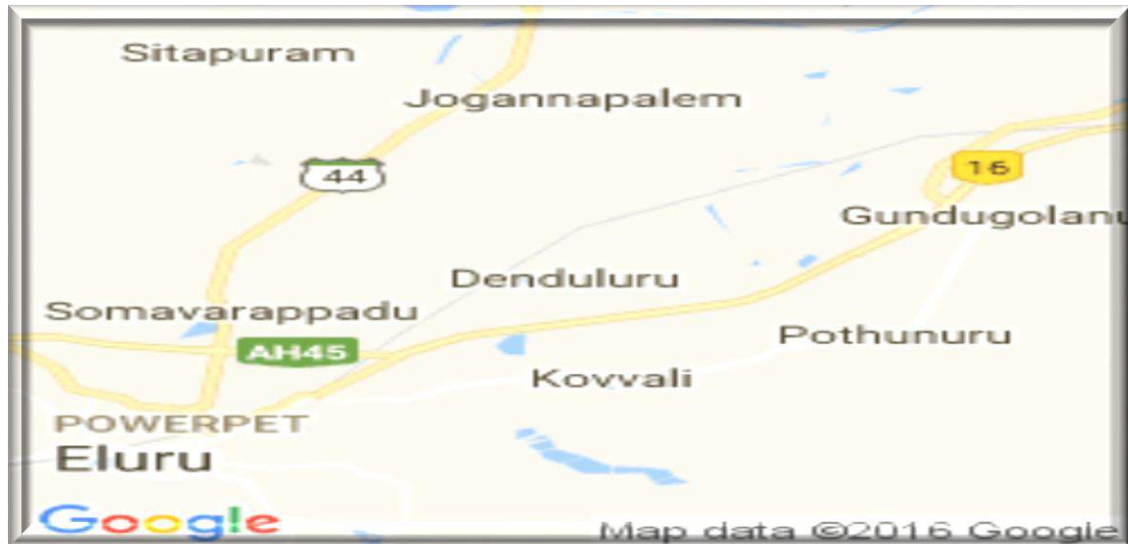
Date:

(Signature of the Shareholder)





Diligent Industries Limited



### Route Map to AGM

If undelivered, deliver to:

### **DILIGENT INDUSTRIES LIMITED**

Dwarka Thirumala Road,  
Denduluru Village and Mandal,  
West Godavari -534 432, A.P.