

**34th Annual Report  
2018 - 2019**





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Sri S. Vishnu Vardhan Reddy	:	Managing Director (DIN : 00051641)
Smt S. Rajita Reddy	:	CFO & Whole Time Director (DIN : 00051603)
Sri Draksharam Nagaraj	:	Independent Director (DIN : 02306564)
Smt Indira Reddy Kuknoor	:	Independent Director (DIN : 02435247)

### REGISTERED OFFICE

1-2-288/6/4, Domalguda, Hyderabad - 500 029.  
Ph : 040-23545939 Fax : 040-23544909  
Website : salguti.com

### FACTORY (PLASTICS)

UNIT I Plot No: 154/A2,  
Sri Venkateswara Indl. Estate,  
BOLLARAM,  
Medak District.

UNIT II Survey No. 548/A,  
Mudireddypalli Village,  
Balanagar Mandal,  
Mahaboob Nagar Dist.

### WEBSITE

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

### BANKERS

Andhra Bank, Bank of Baroda and Oriental Bank of Commerce

### STATUTORY AUDITORS

#### M/s. P C N & Associates

(Formerly known as Chandra Babu Naidu & Co.,)

Chartered Accountants

Plot No. 12, "N Heights" Software Unit Layout, Cyberabad, Hyderabad - 500 081.

### SHARE TRANSFER AGENTS

#### Aarathi Consultants Pvt. Ltd. ,

1-2-285, Domalguda, Hyderabad - 500 029.

Ph : 040 - 27642217, 27638111 Fax : 040 - 27632184

E-mail : [info@aarthiconsultants.com](mailto:info@aarthiconsultants.com)

### LISTED ON :

BSE Limited, Mumbai

**Company CIN : L25209TG1984PLC005048**



## NOTICE

Notice is hereby given that the 34th Annual General Meeting of Salguti Industries Limited will be held on Saturday, the 28th day of September, 2019 at 12.30 p.m. at Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044 to consider the following business :

### **ORDINARY BUSINESS**

1. To Receive, Consider and Adopt the Financial Statements of the Company for the year ended 31st March, 2019 including audited Balance Sheet and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (“the Board”) and Auditors thereon.
2. To appoint a Director in place of Smt. S. Rajitha Reddy, who retires by rotation and being eligible offers herself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Special Resolution:

#### **Appointment of Smt. Indira Reddy Kuknoor (DIN: 02435247), as Director of the Company.**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, **Smt. Indira Reddy Kuknoor (DIN: 02435247)**, who was appointed by the Board of Directors as an Additional Director of the Company w.e.f 30th March 2019 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company”.

RESOLVED FURTHER THAT any one of the Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

4. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

#### **Appointment of Smt. Indira Reddy Kuknoor (DIN: 02435247), as Independent Director of the Company**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, **Smt. Indira Reddy Kuknoor (DIN: 02435247)**, a non-executive independent director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, with effect from 30th March 2019 for a period of Five Years.”

5. To consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

#### **Appointment of Sri. Draksharam Nagaraj (DIN: 02306564), as Independent Director of the Company for further period of Five Years**



“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Sri. Draksharam Nagaraj (DIN: 02306564), a non-executive independent director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby re-appointed as an Independent Director of the Company, for a further period of Five Years with effect from 27th September 2019.”

FURTHER RESOLVED THAT any one of the Directors of the Company be and is hereby authorized to do to file the forms with the Registrar of the Companies, Hyderabad and to do all such Acts, Deeds and execute all documents, things as required in the furtherance of this Resolution.”

BY THE ORDER OF BOARD OF DIRECTORS

Sd/-

**S.VISHNU VARDHAN REDDY**  
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 02-09-2019



## NOTES

1. An Statement relating to the appointment of Directors is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Sunday, 22nd September, 2019 to Saturday, 28th September, 2019 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. The relevant details of Directors seeking re-appointment under item no. 2, 3, 4 & 5 of this Notice are provided in the Annual Report.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form', available on the website of the Share Transfer Agent of the Company [www. aarthiconsultants.com](http://www.aarthiconsultants.com), to M/s. Aarthi Consultancy Private Limited. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
7. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 30th August 2019, are entitled to the Annual Report, and, on 21st September 2019 i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the Authorize of the Annual Report and before the book closure may approach the Share Transfer



Agent of the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 10.00 a.m. on 25th September 2019 and will end at 5.00 p.m. on 27th September 2019. The Company has appointed Mr. Anil Dubba, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

**8. The instructions for shareholders voting electronically are as under :**

- (i) The voting period begins at 10.00 a.m. on 25th September 2019 and will end at 5.00 p.m. on 27th September 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders.
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below :

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.



- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for "Salguti Industries Limited" on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders & Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) 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 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.



- (xix) 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.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The e-voting module shall be disabled by CDSL after 5.00 p.m. on 27th September 2019.
- (xxi) The results shall be declared on or before 3rd October 2019. The results along with the Scrutinizer’s Report, shall also be placed on the website of the Company.
9. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Aarathi Consultants Private Limited / Investor Service Department of the Company immediately.
10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Aarathi Consultants Private Limited / Investor Service Department of the Company.
11. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
12. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

### ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED

Brief Details of Directors seeking re-appointment at this Annual General Meeting

i.	Name	:	Smt. S Rajitha Reddy
	Age	:	56 Years
	Qualifications	:	B. Com, A.C.A.
	Experience	:	30 Years in Company Matters
	Other Directorships (in Public Companies)	:	M/s. SPRING FIELDS AGROTECH LIMITED M/s. SALGUTI TEXTILES LTD
ii.	Name	:	Mrs. Indira Reddy Kuknoor
	Age	:	63 Years
	Date of Appointment	:	30th March 2019
	Qualifications	:	Graduation
	Other Directorships (in Public Companies)	:	M/s. SALGUTI TEXTILES LTD
iii.	Name	:	Sri. Draksharam Nagaraj
	Age	:	61 Years
	Date of Appointment	:	04/10/2012
	Qualifications	:	Graduation
	Other Directorships (in Public Companies)	:	Nil





## EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013]

### Item No. 3 & 4

Pursuant to the provisions of Sections 149, 152 of the Companies Act, 2013 ("Act") Smt. Indira Reddy Kuknoor (DIN: 02435247), was appointed by the Board of Directors as an Additional Director of the Company w.e.f 30th March 2019 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company.

Notices have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, he fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

Hence, the above resolution at item no.3 & 4 are submitted to the meeting for the approval by the members of the Company.

The Board of Directors re-commends the above resolutions at item no.3 & 4 for the members' approval in the Annual General Meeting

None of the Directors, Manager (if any) and Key Managerial Persons of the Company is concerned or interested (either financially / otherwise) in this resolution.

### Item No. 5:

#### **Appointment of Sri. Draksharam Nagaraj (DIN: 02306564), as Independent Director of the Company for further period of Five Years**

**Sri. Draksharam Nagaraj** was originally appointed on 4th October 2012, and as required under the Companies Act 2013, earlier appointed as Independent Directors of the Company in the 29th Annual General Meeting held on 27th September 2014, for a period of five years i.e. till 26th September 2019. Now, it is proposed to re-appoint him again for another period of five years.

As per the provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Director, the Independent Director shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM. Accordingly, the Independent Director will serve for not more than two terms of five years each on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to re-appoint him as Independent Director on the Board of the Company, again, for another term upto five consecutive years, commencing from 27th September 2019. A brief profile of proposed Independent Director, including nature of their expertise, is provided in this Annual Report.

Notices have been received from Members proposing candidature of the above Director for the office of Independent Director of the Company. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Director, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Director for his respective appointment, is concerned or interested, financially or otherwise, in these Resolution. The Board recommends the Special Resolution as set out at items no. 4 for approval of the Members.



## DIRECTORS' REPORT

To  
**The Members,**  
**SALGUTI INDUSTRIES LIMITED**

Your Directors have pleasure in presenting the 34th Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2019.

### **FINANCIAL RESULTS REVIEW AND PROSPECTS**

Your company has recorded a total income of Rs. 8,419.36 lakhs for the year ended 31st March, 2019 against total income of Rs. 8,131.20 Lakhs last year. The company has recorded a net profit of Rs 11.68 lakhs for the current period against net loss of Rs. 109.22 lakhs for the last year.

From the financial perspective, the highlights of the financial results for the year under review are as follows:

<b>Particulars</b>	<b>2018 – 19</b>	<b>2017 – 18</b>
Total Turnover	8,419.36	8,131,.20
Expenditure including Finance Cost	(8,499.97)	(8,115.30)
Profit before Tax	(80.61)	15.90
Less: Provision for Tax	-	-
Less: Provision for deferred Income Tax	(92.29)	(342.60)
Net Profit (after deferred tax)	11.68	358.50
Discounted Operations	-	(467.72)
<b>Total Comprehensive Income after Tax</b>	<b>11.68</b>	<b>(109.22)</b>

### **THE COMPANY'S PRODUCTS / SERVICES**

- **Plastic Division** : Our Company is Manufacturing HDPE/PP Woven sacks for packing of Fertilizers & Cement.

### **DIVIDEND**

The Directors regret their inability to recommend dividend for the year under review due to insufficient profit.

### **BUSINESS RISK MANAGEMENT**

The Company, like any other enterprise, is exposed to business risk which can be internal risks as well as external risks. The threats to the segments in which the company operates are

- Competition from other developing countries, from Vietnam and Bangladesh.
- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
- Elimination of Quota system will lead to fluctuations in Export Demand.



- Threat for Traditional Market for Powerloom and Handloom Products and forcing them for product diversification.
- Geographical Disadvantages.
- International labor and Environmental Laws.
- To balance the demand and supply.
- To make balance between price and quality.

## **DEPOSITS**

The Company has not accepted deposits covered under Chapter V of the Companies Act, 2013 and accordingly, the disclosure requirements stipulated under the said Chapter are not applicable.

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year under review, the company has not given any loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013.

## **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, except the remuneration to managerial personnel, there is no other related party transactions to be disclosed as required under the above said statutory requirement.

## **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith elsewhere in the Annual Report.

## **DEMAT SUSPENSE ACCOUNT UNCLAIMED SHARES**

As on 31st March 2019, there were no Equity Shares of Shareholders were lying in the Escrow Account due to non-availability of the correct particulars.

## **CORPORATE GOVERNANCE**

Your Directors are happy to report that your Company is compliant with the Corporate Governance requirements as per SEBI (LODR) Regulations 2015. A separate section on Corporate Governance together with a certificate from the Statutory Auditor's confirming compliance is set out in the Annexure forming part of this report.

## **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

A Management Discussion and Analysis Report, has been attached and forms part of the Annual Report.

## **ADDITIONAL INFORMATION AS REQUIRED U/S 134(3)(m) OF THE COMPANIES ACT, 2013**

### **1) Conservation of Energy:**

The Company is monitoring the consumption of energy and is identifying measures for conservation of energy.

### **2) The steps taken by the company for utilising alternate sources of energy - Nil**

(ii) the capital investment on energy conservation equipments - Nil



- (b) (i) Technology Absorption, adaptation and innovation:- Indigenous Technology is involved for the manufacturing the products of the Company.
- (ii) Research and Development (R&D): No research and Development has been carried out.
- (c) Foreign exchange earnings: Nil
- (d) Foreign exchange out go: Rs. 19,93,420/-

## **PARTICULARS OF EMPLOYEES**

The Directors are to report that none of the employee was in receipt of remuneration exceeding the limit prescribed under rule 5(2) of the Companies (Appointment and Remuneration of managerial Personnel) Rules 2014.

## **STATUTORY AUDITORS**

The provisions of Section 139(2) of the Companies Act 2013 and the Rules made there-under, mandated the Company to rotate its Statutory Auditors and Board of Directors of the Company (on recommendation of Audit Committee) in its meeting held on 1st September 2017, has, (which was ratified by the shareholders in the Annual General meeting held on 27th September 2017), approved the appointment of M/s. P C N & Associates., (FRN: 016016S), (formerly M/s. Chandra Babu Naidu & Co.), Chartered Accountants, as the Statutory Auditors of the Company for a period of five years.

M/s. P C N & Associates has given a declaration that, they are not disqualified to act as the Statutory Auditors of the Company.

## **BOARD AND COMMITTEES PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and as per the provisions of SEBI (LODR) Regulations 2015, the Board has carried out an annual performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees.

## **NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR AND THE DATES OF THE BOARD MEETINGS:**

The Board met on the following dates during the financial year 2018-2019.

The dates on which the above Board meetings were held are as follows;

30th May 2018, 3rd August 2018, 13th August 2018, 1st September 2018, 19th October 2018, 14th November 2018, 14th February 2019, and 30th March 2019.

## **DIRECTORS & INDEPENDENT DIRECTORS**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and as per the provisions of SEBI (LODR) Regulations 2015.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, with respect to Directors responsibilities Statement it is hereby confirmed :

- a. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;



- b. That 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 a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2019 and of the profit and loss of the company for that period;
- c. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. That the directors have prepared the annual accounts on a going concern basis.
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **POLICIES**

### **Material Subsidiary**

During the year ended March 31, 2019, the Company does not have any material listed/unlisted subsidiary companies as defined as per the provisions of SEBI (LODR) Regulations 2015. The policy on determining material unlisted subsidiary of the Company is approved by the Board of Directors of the company.

### **Vigil Mechanism**

The Board of Directors of the company are committed to maintain the highest standard of honesty, openness and accountability and recognize that employees have important role to play in achieving the goal. As a public company the integrity of the financial matters of the Company and the accuracy of financial information is paramount. The stakeholders of the Company and the financial markets rely on this information to make decisions. For these reasons, the Company must maintain workplace where it can retain and treat all complaints concerning questionable accounting practices, internal accounting controls or auditing matters or concerning the reporting of fraudulent financial information to our shareholders, the Government or the financial markets. The employees should be able to raise these free of any discrimination, retaliation or harassment. Pursuant to the policy, employees are encouraged to report questionable accounting practices to Mr. Sri Draksharam Nagaraj, Chairman of Audit Committee through email or by correspondence through post.

### **Familiarisation programme for Independent Directors**

Pursuant to the provisions of SEBI (LODR) Regulations 2015, the Company has formulated a programme for familiarising the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc through various initiatives.

### **Material changes and commitments affecting the financial position.**

During the period under review, there are no major material changes to be reported, which affect the financial position.

**Company's policy on director's appointment & remuneration.**

The company has a policy on Directors' appointment & Remuneration and the same will be implemented whenever the appointments take place.

**Particulars of loans, Guarantees or investments.**

During the period under review, there were no loans / Guarantees / Investments taken / provided by the Company.

**Particulars of contract or arrangement with related party**

During the period under review, there were no contract or arrangement with related party except as provided in the Auditor's Report.

**Annual evaluation of its own & Board committees performance.**

The company has a policy on Board & Committees' evolution & performance and the same is being reviewed on quarterly basis.

**Implementation of risk management policy.**

The company has a policy on risk management and the same is implemented by the Company to mitigate the risk in the business.

**Policy on CSR initiatives**

The Company need not have to make arrangements for the CSR as the same is not applicable to the Company

**Post Balance Sheet events**

There are no material events after the 31st March 2019 till the signing of this Annual Report, which has significant impact on the business of the Company.

**Disclosure about cost Audit**

The requirement of maintaining the cost Audit Records are not applicable to the Company

**Disclosure about ESOP and Sweat Equity Share**

There are securities issued on ESOP basis / Sweat Equity.

**Familiarisation programme for Independent Directors**

Pursuant to the provisions of SEBI (LODR) Regulations 2015, the Company has formulated a programme for familiarising the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc through various initiatives.

**Key Managerial Personnel**

Smt. S Rajitha Reddy, Chief Financial Officer act as Key Managerial Personnel in accordance with the Section 203 of the Companies Act, 2013.

**Company Secretary**

During the period under review, Mr. Rohit Dhanpal Soni, a Qualified Member of the ICSI was appointed as the Whole Time Company Secretary of the Company w.e.f. 19th October 2018. Thereafter, he has resigned due to his personal reasons w.e.f. 20th June 2019.

**Related Party Transaction**

Policy on dealing with Related Party Transactions is approved by the Board

No related party transactions were entered into during the financial year under review, There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The same was discussed by the Audit Committee as also the Board. The policy on Related Party Transactions as approved by the Board. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

**Internal Financial Controls**

The Company has in place adequate internal financial controls with reference to financial statements. Periodic audits are undertaken on a continuous basis covering all the operations i.e., manufacturing, sales & distribution, marketing, finance, etc. Reports of internal audits are reviewed by management from time to time and desired actions are initiated to strengthen the control and effectiveness of the system.

**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report is obtained by the company and forms part of this Annual report.

**Disclosures pursuant to The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. The Disclosures pursuant to sub-rule (1) of Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forms part of the Board's Report.
2. The Disclosures pursuant to sub-rule (2) of Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company forms part of the Board's Report.

**Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The details pertaining to criteria for determining qualifications, positive attributes and independence of a Director and remuneration policy have been provided in Section of the attached Corporate Governance Report.

**Significant and Material Orders Passed by the Regulators or Courts**

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

**Disclosure Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. An Internal committee has been set up to redress the complaints received regarding sexual harassment at workplace. All employees including trainees are covered under this policy.

**PERSONNEL**

The relationship between the management and the staff was very cordial throughout the year under review. Your Directors take this opportunity to record their appreciation for the cooperation and loyal services rendered by the employees.

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the continuous assistance and co-operation extended to your Company by the valued customers, bankers, Reserve Bank India, SEBI, Bombay Stock Exchange Limited and all other regulatory Authorities. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

For and on behalf of the Board  
**SALGUTI INDUSTRIES LIMITED**

Place : Hyderabad  
Date : 2<sup>nd</sup> September, 2019

Sd/-  
**S.Vishnu Vardhan Reddy**  
Managing Director

Sd/-  
**S.Rajita Reddy**  
Whole-Time Director





## **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

Pursuant to SEBI (LODR) Regulations 2015, Management Discussion and Analysis Report is given below:

### **I. COMPANY'S PRODUCTS / SERVICES**

- \* **Plastic Division:** Our Company is Manufacturing HDPE/PP Woven sacks for packing of Fertilizers & Cement.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Internal control systems are aimed at promoting operational efficiencies while stressing adherences to policies. The systems are designed with adequate internal controls commensurate size and nature of operations. Transactions are executed in accordance with the company policies. Assets are safeguarded and deployed in accordance with the Company's Policies.

The Company has in place adequate internal financial controls with reference to financial statements. Periodic audits are undertaken on a continuous basis covering all the operations i.e., manufacturing, sales & distribution, marketing, finance, etc. Reports of internal audits are reviewed by management from time to time and desired actions are initiated to strengthen the control and effectiveness of the system.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:**

The Company is able to retain the experienced staff, in spite of the copper consuming Industries are under recession, the Company feels confident of keeping its manpower costs to below industry norms. The atmosphere that is created in the organization is conducive for self-development and career growth; this is the success in retaining our manpower.

**FORM No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To,  
The Members,  
SALGUTI INDUSTRIES LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit and as per the explanations given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions specifically listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2019 according to the applicable provisions of:

- i. The Companies Act, 2013 ('the Act') and the rules made there under, as applicable;
- ii. The Securities Contract (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;
- 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, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
- vi. Other laws applicable to the Company as per the representations made by the Management.



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

- i. Secretarial Standards of The Institute of Company Secretaries of India with respect to board and general meetings are yet to be specified under the Act by the Institute.
- ii. SEBI (LODR) Regulations 2015.

During the period under review and as per the explanations and clarifications given to us and the representations made by the Management, we further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. But the Remuneration committee do not constituted as per the requirement of the applicable laws / regulations.

Adequate notice was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent 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.

Decisions at the Board Meetings, as represented by the management, were taken unanimously. We further report that as per the explanations given to us and the representations made by the Management and relied upon by us 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.

We further report that during the audit period, there were no instances of Amalgamation or arrangements. But the Company has disposed the property relating to the Textile Division after obtaining the approval from the members of the Company through the Postal Ballot.

We further report that during the audit period, there were no instances of Amalgamation or arrangements.

Sd/-

**Anil Dubba**

Company Secretary

ACS No: 32736, CP No: 20834

Hyderabad

2<sup>nd</sup> September, 2019

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,  
Salguti Industries Limited

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 process 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 process 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. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure 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.
7. The Company has not provided us the details regarding the Labour Laws Compliances and we could not give our comment on that.
8. The Company has not appointed a Full time Company Secretary as required under the Provisions of Companies Act 2013 and Applicable SEBI Regulations., and also the Company has not appointed the Chief Executive Officer as Key Managerial Personnel as required under the provisions of Companies Act 2013. We were informed that the Managing Director is acting as the Compliance officer of the Company.
9. We were informed that Mrs. Rajithat Reddy S - Whole Time Director is acting as the CFO of the Company , But we observed that no remuneration is paid to her during the period under review.
10. We were informed by the Management of the Company that the Company do not have any Subsidiaries / Associate Companies.

Sd/-  
**Anil Dubba**  
Company Secretary  
ACS No: 32736, CP No: 20834

Hyderabad  
2<sup>nd</sup> September, 2019



Form No. MGT - 9

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st, March 2019

[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:**

i. CIN	:	L25209TG1984PLC005048
ii. Registration Date	:	20th October 1984
iii. Name of the Company	:	SALGUTI INDUSTRIES LTD.
iv. Category / Sub-Category of the Company	:	Indian – Non- Govt. Company
v. Address of the Registered office and contact details	:	1-2-288/6/4, DOMALAGUDA, HYDERABAD, Telangana
vi. Whether listed company Yes / No	:	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/S. Aarathi Consultants Pvt. Ltd., 1-2-285, Domalguda, Hyderabad - 500 029. Tel. No.: 040-2763 8111, 2763 4445 Fax : 0091-40-2763 2184

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

All the business activities contributing 10 % or more of the total turnover of the company shall be stated :-

Sl.No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Plastics	303503009	100.00

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

Sl.No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate
1	NA		



#### 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 [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	3372725	---	3372725	44.75	2682725	---	2682725	35.60	9.15
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	1681875	---	1681875	22.32	2371875	---	2371875	31.47	(9.15)
e) Banks / FI									
f) Any other									---
<b>(2) Foreign</b>									
a) Individual									
b) Bodies Corp.									---
c) QIB									
<b>Total shareholding of Promoter (A)</b>	<b>5054600</b>	<b>----</b>	<b>5054600</b>	<b>67.07</b>	<b>5054600</b>	<b>----</b>	<b>5054600</b>	<b>67.07</b>	<b>----</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									---
b) Banks / FI									---
c) Central Govt									---
d) State Govt(s)	250000	----	250000	3.32	250000	----	250000	3.32	-----
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									



h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									---
<b>2. Non-Institutions</b>									
a) Bodies Corp.	216622	70200	286822	<b>3.81</b>	214600	231300	445900	<b>5.92</b>	(2.11)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	308186	1308800	1616986	<b>21.45</b>	241580	1333900	1575480	<b>20.90</b>	1.45
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	160092	166001	326093	<b>4.33</b>	0	206000	206000	<b>2.73</b>	1.60
c) Others (specify)						0			
Non Resident Indians	200	2000	2200	<b>0.03</b>	2200	2000	4200	<b>0.06</b>	(0.03)
Overseas Corporate Bodies									---
Foreign Nationals									
Clearing Members	---	---	---	---	520	---	520	<b>0.01</b>	(0.01)
Trusts									
Foreign Bodies – D R									
<b>Sub-total (B)(2):-</b>	<b>458900</b>	<b>1773200</b>	<b>2232100</b>	<b>29.62</b>	<b>458900</b>	<b>1773200</b>	<b>2232100</b>	<b>29.62</b>	---
Total Public Shareholding (B)=(B)(1)+ (B)(2)	708900	1773200	2482100	<b>32.93</b>	708900	1773200	2482100	<b>32.93</b>	---
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>5763500</b>	<b>1773200</b>	<b>7536700</b>	<b>100</b>	<b>5763500</b>	<b>1773200</b>	<b>7536700</b>	<b>100</b>	---



## ii) Shareholding of Promoter -

NAME OF THE SHAREHOLDER – (PROMOTER)	No. of Shares	% of holding
<b>INDIVIDUALS/HINDU UNDIVIDED FAMILY</b>	<b>3371125</b>	<b>44.73</b>
Sudheer reddy mallapally	27500	0.36
B jyothi	23125	0.31
Indira reddy kuknoor	30500	0.4
Rajitha reddy salguti	1009550	13.4
Vishnu vardhan reddy salguti	1259900	16.72
Raghuvardhan reddy mastipoor	12000	0.16
Hanmanth reddy gouni	34250	0.45
Venkateshwara reddy saluguti	24000	0.32
Gopalreddy salguti	171800	2.28
Prajwal r salguti	778500	10.33
<b>CORPORATE BODIES</b>	<b>1681875</b>	<b>22.32</b>
Salguti finance & investments (p) ltd.,	1454375	19.3
Salguti builders pvt ltd.,	227500	3.02
<b>Directors/Promoters &amp; their Relatives &amp; Friends</b>	<b>1600</b>	<b>0.02</b>
Mundla Lakshmikar Reddy	1600	0.02
Sub-Total(A)(1)	5054600	67.07
Total shareholding of Promoter and Promoter Group	5054600	67.07





**iii) Change in Promoters' Shareholding (please specify, if there is no change): NO CHANGE**

Sl. No.		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
	At the beginning of the year	5054600	67.07	---	---
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NA			
	At the end of the year		67.07		

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

Sl. No.	For each of the Top 10 Shareholders	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
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year				



**V. INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT**

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	0	0	0
<b>Change in Indebtedness during the financial year</b>				
* Addition	0	0	0	0
* Reduction	0	0	0	0
<b>Net Change</b>	0	0	0	0
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	0	0	0


**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**7. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount (Rs.)
		Vishnuvardhan Reddy	Rajitha Reddy	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,20,000/-	---	1,20,000/-
	(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	---	---	
2	Stock Option	---	---	
3	Sweat Equity	---	---	
4	Commission as % of profit others, specify...	---	---	
5	Others, please specify	---	---	
	Total (A)	1,20,000/-	---	1,20,000/-
	Ceiling as per the Act	---	---	---



## B. Remuneration to other directors: NIL

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		----	----	----	----	
1	Independent Directors					NIL
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
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	----	----	----	----
2	Stock Option	----	----	----	----
3	Sweat Equity	----	----	----	----
4	Commission	----	----	----	----
	- as % of profit	----	----	----	----
	others, specify...	----	----	----	----
5	Others, please specify	----	----	----	----
	Total	----	----	----	----


**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)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					



## REPORT ON CORPORATE GOVERNANCE

### 5. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

SIL has been committed to the highest standard of Corporate Governance practices in the entire gamut of its business philosophy. The guiding forces of Corporate Governance at SIL are its core values – Quality operations, Customer satisfaction, Shareholders' value, Belief in people. The Company believes that a strong Corporate Governance policy is indispensable to healthy growth of business and resilient and vibrant capital markets, besides being an important instrument of investor protection. In this direction, SIL endeavors in true spirit, to adopt the best global practices in Corporate Governance.

### 6. Board of Directors

- a) As on 30th March 2019, the Company has 5 (Five) Directors with Non-Executive Chairman, out of 5 (Five) Directors, 3 (three) are Non-Executive Independent Directors, 2 (two) are Executive Directors (including Managing Director). But as on 30th March 2019, two Non-Executive Independent Directors have resigned and one Non-Executive Independent Director was inducted on the Board of the Company. So, as on 31st March 2019, the Company has 4 (Four) Directors with Executive Chairman, out of 4 (Four) Directors, 2 (two) are Non-Executive Independent Directors, 2 (two) are Executive Directors (including Managing Director).
- b) None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2019.
- c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 8 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Name of the Director	Category	Number of Directorships in other Public Limited Companies	Number of Board Committee memberships held in other Public Companies
Sri S. Vishnu Vardhan Reddy	Promoter & Executive Director	2	Nil
Smt. S. Rajita Reddy	Promoter & Executive Director	2	Nil
Sri Draksharam Nagaraj	Non-Executive Independent Director	Nil	Nil
*Smt. Indira Reddy Kuknoor	Non-Executive Independent Director	Nil	Nil
@ Sri. Ravi Rajender Reddy	Non-Executive Independent Director	1	Nil
@ Smt. Uma Reddy Raavi	Non-Executive Independent Director	1	Nil

\*Appointed w.e.f. 30th March 2019

@ Resigned w.e.f. 30th March 2019



The dates on which the above Board meetings were held are as follows;

30th May 2018, 3rd August 2018, 13th August 2018, 1st September 2018, 19th October 2018, 14th November 2018, 14th February 2019, and 30th March 2019.

The attendance of each Director during the financial year is as under:

Name of the Director	No. of Meetings held	No. of Meetings attended	Presence at AGM
Sri S. Vishnu Vardhan Reddy	8	8	Yes
Smt. S. Rajita Reddy	8	8	Yes
Sri. Draksharam Nagaraj	8	8	Yes
*Smt. Indira Reddy Kuknoor	1	1	No
@ Sri. Ravi Rajender Reddy	7	7	No
@ Smt. Uma Reddy Raavi	7	7	No

\*Appointed w.e.f. 30th March 2019

@ Resigned w.e.f. 30th March 2019

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

During the year, information as required under the provisions of SEBI (LODR) Regulations 2015 has been placed before the Board for its consideration.

## 7. Audit Committee

- I). The Audit Committee of the Company is constituted in line with the provisions of SEBI (LODR) Regulations 2015 read with the provision of the Companies Act, 2013.
- II) The terms of reference of the Audit Committee include a review of;
  - a. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - c. Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - d. Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
  - e. Reviewing with management the annual financial statements before submission to the Board, focusing on:
    - i Any changes in accounting policies and practices;
    - ii Qualification in draft audit report;
    - iii Significant adjustments arising out of audit;
    - iv The going concern concept;
    - v Compliance with accounting standards;
    - vi Compliance with stock exchange and legal requirements concerning financial statements;
    - vii Any related party transactions



- f. Reviewing the company's financial and risk management's policies.
- g. Disclosure of contingent liabilities.
- h. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- i. Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- j. Discussion with internal auditors of any significant findings and follow-up thereon.
- k. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- l. Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- m. Reviewing compliances as regards the Company's Whistle Blower Policy.

III) The previous Annual General Meeting of the Company was held on 29th September 2018 and **Sri. Draksharam Nagaraj**, Chairman of the Audit Committee, attended previous AGM.

The attendance of each member of the Audit Committee are given below :

S.No.	Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
1	*Smt. Indira Reddy Kuknoor	Chairman	1	1
2	Sri. Draksharam Nagaraj	Member	6	6
3	*Smt. S. Rajita Reddy	Member	1	1
4	@ Sri. Ravi Rajender Reddy	Member	5	5
5	@ Smt. Uma Reddy Raavi	Member	5	5

\*Appointed w.e.f. 30th March 2019

@ Resigned w.e.f. 30th March 2019

IV) During the financial year Audit Committee meetings were held on :

30th May 2018, 13th August 2018, 1st September 2018, 14th September 2017, 14th November 2018, and 14th February 2019.

The necessary quorum was present at all the meetings.

## 8. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Committee is given below :

Name of the Director	Chairman / Member
*Smt. Indira Reddy Kuknoor	Chairman
Sri. Draksharam Nagaraj	Member
*Smt. S. Rajita Reddy	Member
@ Sri. Ravi Rajender Reddy	Member
@ Smt. Uma Reddy Raavi	Member

\*Appointed w.e.f. 30th March 2019

@ Resigned w.e.f. 30th March 2019





## 9. REMUNERATION OF DIRECTORS:

Details of remuneration paid to Directors are given below:

Name of the Director	Relationship with other Directors	Business relationship with Company if any	Loans and advances from Company	Remuneration Sitting Fees	Paid during the Year 2018-19		
					Salary	Commission	Total
<b>Sri S. Vishnu Vardhan Reddy</b>	Related Smt. Rajitha Reddy	Promoter Director	NIL	---	1,20,000	---	1,20,000
<b>Smt. S. Rajita Reddy</b>	Related to Sri Vishnuvardhan Reddy	Promoter Director	NIL	---	---	---	---

**Note :** No setting fee' was paid to any Director for attending any Board Meeting or any committee meeting.

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, except the remuneration to managerial personnel, there is no other related party transactions to be disclosed.

## 10. STAKEHOLDERS RELATIONSHIP / INVESTORS GRIEVANCE COMMITTEE:

The Committee oversees share transfers and monitors investor grievances. To look into the redressal of shareholders and investors complaints like – transfer of shares, non – receipt of balance Sheet, non-receipt of declared dividends etc.,

The Committee consists of the following Directors :

Name of the Director	Chairman / Member
*Smt. Indira Reddy Kuknoor	Chairman
*Smt. S. Rajita Reddy	Member
Sri. Draksharam Nagaraj	Member
Sri. Ravi Rajender Reddy	Member
Smt. Uma Reddy Raavi	Member

\*Appointed w.e.f. 30th March 2019

@ Resigned w.e.f. 30th March 2019

Details of Complaints received/resolved :

During the period under review, no complaints were received from the shareholders, and there are no pending Complaints as on date of this report.

Company has made all the arrangements to resolve all the investors' Complaints if any, within seven days from the date of receipt of the complaint, as communicated by our Share Transfer Agents M/s. Aarthi Consultants Pvt. Ltd. The outstanding complaints as on 31st March, 2019 were: NIL.



## INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013 and the provisions of SEBI (LODR) Regulations 2015. The Company has complied with the requirement of training of the Independent Directors and their performance evaluation and holding separate meetings for the Independent Directors.

## 11. DETAILS OF ANNUAL GENERAL MEETINGS: LOCATION AND TIME OF THE LAST THREE AGMS.

AGM	YEAR	VENUE	Date	Time
33rd	2017-2018	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.	29.09.2018	02.00 P.M.
32nd	2016-2017	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.	27.09.2017	10.00 A.M.
31st	2015-2016	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.	29.09.2016	11.00 A.M.

### Postal ballot:

During the year under review, the company has not conducted any postal Ballot.

## 12. DISCLOSURES

- i. There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large.
- ii. There was no incidence of non-compliance during the last three years by the Company on any matter related top Capital markets. There were no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority.
- iii. The Company has complied with all the mandatory requirements of SEBI (LODR) Regulation 2015.

## 13. NOTES ON DIRECTORS APPOINTMENT/RE-APPOINTMENT:

Relevant details forms part of the explanatory statement to the notice of the Annual General Meeting/Director's Report.

## 14. MEANS OF COMMUNICATIONS

The quarterly, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in prominent daily newspapers. These financial statements, press releases are also posted on the Company's website. As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

The Management Discussion and Analysis Report forms part of the annual report, which is posted to the shareholders of the Company.



## 15. GENERAL SHAREHOLDER INFORMATION:

### (I) Annual General Meeting

Date : 28th September, 2019  
 Time : 12.30 p.m.  
 Venue : Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally,  
 Hyderabad – 500 044.

### (II) Financial Calendar 1st April 2019 to 31st March 2020 (Tentative Schedule)

Quarter ending June 30, 2019 : On or before 14th August 2019  
 Quarter ending September 30, 2019 : 1st / 2nd week of November 2019  
 Quarter ending December 31, 2019 : 1st / 2nd week of February 2020  
 Quarter ending March 31, 2020 : On or before 30th May 2020  
 Annual General Meeting for : Before end of September, 2020  
 FY ended 31st March, 2020

(III) Date of Book Closure : 22nd September 2019 to 28th September 2019

### (IV) Listing on Stock Exchanges :

1. The BSE Limited (BSE)

The listing fee has been paid to all the Stock Exchanges where the Company's shares are listed.

### (V) Stock Code

The BSE Limited (BSE) : 526554 / SALGUTI  
 Dematerialization of Securities : ISIN: INE 159C01012

### (VI) Market Price Data: High, Low during each Month in last Financial Year

During the financial year the shares of the company were traded on BSE Limited, the following Market Price High & Low during each Month in the Last Financial Year 2018-19 as follows:

BSE (in Rs.)		
Month & Year	High	Low
Apr-18	18.05	18.00
May-18	0.00	0.00
Jun-18	18.00	17.15
Jul-18	0.00	0.00
Aug-18	17.10	16.80
Sep-18	17.00	17.00
Oct-18	17.35	16.90
Nov-18	17.60	16.00
Dec-18	17.55	16.00
Jan-19	15.20	15.20
Feb-19	16.70	15.95
Mar-19	16.70	16.70



**(VII) Stock Performance in Comparison to Broad-based indices such as BSE Sensex, CRISIL Index, BZX 200, Nifty etc.**

During the financial year the shares of the company were traded actively and the Share price has been moving with the trend of the indices.

**(VIII) Transfer Agents**

M/s. Aarathi Consultants Private Limited  
1-2-285, Domalguda, Hyderabad – 500 029.  
Ph: 040-2763 8111; 040-2763 4445  
Fax: 040-2763 2184  
Website: [www.aarthicconsultants.com](http://www.aarthicconsultants.com)  
Email: [info@aarthicconsultants.com](mailto:info@aarthicconsultants.com)

**(IX) Share Transfer System**

Documents will be accepted at

M/s. Aarathi Consultants Private Limited  
1-2-285, Domalguda, Hyderabad – 500 029.  
Ph: 040-2763 8111; 040-2763 4445  
Fax: 040-2763 2184  
Website: [www.aarthicconsultants.com](http://www.aarthicconsultants.com)  
Email: [info@aarthicconsultants.com](mailto:info@aarthicconsultants.com)

The Shares of the Company are in physical form and electronic form. The transfer of shares in demat form is done through the Depositories without involvement of the Company. As regards, transfer of shares held in physical form, the transfer documents can be lodged with Company as well as Registrars M/s. Aarathi Consultants Private Limited at above-mentioned address.

The Transfer of shares in physical form is normally processed within 10-15 days from the date of receipt if the documents are complete in all respects. The Share Transfer Committee severally empowers to approve the transfers.

**(X) Statement Showing Distribution Schedule as on 31.03.2019**

The details are mentioned elsewhere in the Annual Report.

**(XI) Statement Showing Shareholding Pattern as on 31.03.2019**

The details are mentioned elsewhere in the Annual Report.

**(XII) Dematerialization of shares & liquidity**

The Company's shares are compulsory traded in dematerialized form and are available for trading on both the Depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Company representing 76.95% of the company's share capital are dematerialized as on 31st March 2019.

The Company's shares are listed and eligible to trade on the above-mentioned Stock Exchanges in electronic form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE 159C01012**.



<b>(XIII) Plant Location</b>	Plot No. 154/A2, Sri Venkateswara Indl. Estate, Bollaram, Medak Dist. Telangana	Survey No. 548/A, Mudireddypalli Village, Balanagar Mandal, Mahaboobnagar Dist. Telangana
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<b>(XIV) Address for Correspondence</b>	<b>8-2-334/18, 3rd Floor, Road No. 3, Banjara Hills, Hyderabad - 500 034.</b>
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#### 16. OTHER DISCLOSURES AS PER THE PROVISIONS OF SEBI(LODR) REGULATIONS 2015

##### i. Code of Conduct

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmations of compliance with the respective Codes have been made by the Directors and Senior Management of the Company.

Certificate of Code of Conduct for the year 2018-19

SALGUTI INDUSTRIES is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted "Code of Conduct" which is applicable to all director, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Conduct, under a certificate of Code of Conduct for the year 2018-19.

Place : Hyderabad  
Date : 02-09-2019

Sd/-  
**S.Vishnu Vardhan Reddy**  
Managing Director

**ii. Disclosure of Accounting Treatment**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under the provisions of the Companies Act, 2013.

**iii. Non executive directors' compensation and disclosures**

None of the Independent / Non-executive Directors has any pecuniary relationship or transactions with the Company which in the judgment of the Board may affect the independence of the Directors.

**iv. CEO/CFO Certification**

The CEO and CFO certification of the financial statements for the year 2018-19 is provided elsewhere in this Annual Report.

For and on behalf of the Board  
**SALGUTI INDUSTRIES LIMITED**

Place: Hyderabad  
Date: 2<sup>nd</sup> September, 2019

Sd/-  
**S.Vishnu Vardhan Reddy**  
Managing Director

Sd/-  
**S.Rajita Reddy**  
CFO & Whole-Time Director



## **CERTIFICATE BY THE CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)**

I, Vishnuvardhan Reddy, Managing Director of M/s Salguti Industries Limited certify:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2019 and to the best of our knowledge and belief;
  - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - These statements present a true and fair view of the company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
2. That 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 violative of the company's code of conduct;
3. That we accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or purpose to take and rectify the identified deficiencies and;
4. That we have informed the auditors and the audit committee of:
  - a) Significant changes in the internal control 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) There is no Instances of significant fraud of which we have become aware and the involvement of an employee having a significant role in the company's internal control system.

Place: Hyderabad  
Date: 02-09-2019

Sd/-  
**S.Vishnu Vardhan Reddy**  
Managing Director

Sd/-  
**S. Rajitha Reddy**  
Chief Financial Officer



## CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To,  
The Members,  
**Salguti Industries Limited**  
Hyderabad

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s Salguti Industries Limited (“the company”) for the year ended 31st March, 2019 as stipulated under the provisions of SEBI (LODR) Regulations 2015.

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

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance.

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

**For P C N & Associates**  
Chartered Accountants  
(Formerly Known as Chandra Babu Naidu &  
Co)  
Firm Registration No: 016016S

Sd/-  
M. Naveen  
Partner  
Membership No. 237316

Place: Hyderabad  
Date: 02-09-2019





## INDEPENDENT AUDITOR'S REPORT

To,  
The Members,  
SALGUTI INDUSTRIES LIMITED

### Report on the IndAS Financial Statements

#### Opinion

We have audited the accompanying Ind AS Financial Statements of **M/s. Salguti Industries Limited** ("the Company"), which comprise the balance sheet as at 31st March 2019, and Statement of Profit and Loss (including Other Comprehensive Income), statement of changes in Equity and the Cash Flow Statement for the year then ended, including a summary of significant accounting policies and other explanatory information (Hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India including Ind AS of the financial position of the Company as at March 31, 2019, and its profit including other comprehensive income, its cash flow and changes in the equity for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

#### Management's Responsibility for the Ind AS Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these IND AS financial statements that give a true and fair view of the financial position, financial performance (including the other comprehensive income), cash flows and Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in



India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Relevant Rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### **Auditor's Responsibility:**

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

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

- Identify and assess the risks of material misstatement of the standalone IND AS 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 is 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 standalone IND AS 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 standalone IND AS financial statements, including the disclosures, and whether the standalone IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the standalone IND AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the IND AS 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 IND AS financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone IND AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by the companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss(including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of accounts.
  - (d) In our opinion, the aforesaid IND AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Relevant Rules issued there under.



- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; 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. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

**For P C N & Associates**  
CHARTERED ACCOUNTANTS  
Firm Registration No: 016016S

Sd/-  
M. NAVEEN  
PARTNER  
Membership No. 237316

PLACE : HYDERABAD  
DATE : 30-05-2019



**Annexure A to the Auditor's Report**

**Annexure referred to in Independent Auditor's Report to the Members of M/s. SALGUTI INDUSTRIES LIMITED on the Ind AS financial statements for the year ended March 31, 2019, we report that :**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. According to the information and explanations given to us and on the basis of our examination of the records of the company inventories have been physically verified at reasonable intervals of time and no material discrepancies have been found.
- iii. The company has not granted any loans, secured or unsecured, to companies, firms, and Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said order are not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loans, investments, guarantees and securities therefore section 185 and 186 of the Act, with respect to the loans and investments do not apply.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of The Companies Act, 2013.
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Customs Duty, Income-tax, Goods and Services Tax and other statutory dues, Except Professional Tax.
- b) There are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance and Income-tax other material statutory dues in arrears as at 31st March 2019 for a period of more than 6 months for the date they became payable except the following.

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates
Telangana Tax on Profession, Trades Callings and Employment Act, 1987	Professional Tax	1,44,273/-	FY 2017-18 FY 2018-19,



Name of the Authority	Section under which notice was Issued	Assessment Year to which itrelates	Outstanding Demand amount in INR.
Income Tax Act,1961	Sec 144 of The Income Tax Act, 1961	2014-15	2,65,95,181

- viii. In our opinion, and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks or financial institutions. The company has not issued any debentures.
- ix. According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company.
- x. During the course of examination of books of accounts and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have been informed of such cases by the management.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the IND AS financial statements as required under Indian Accounting standard (Ind AS) 24, related party disclosures specified under section 133 of the Act, read with relevant rules issued there under.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore the provisions of clause 3(xiv) of the order are not applicable to the company.
- xv. According to information and explanations given to us and to the best of our knowledge and belief the company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause 3(xv) of the order 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 P C N & Associates**  
**CHARTERED ACCOUNTANTS**  
 Firm Registration No: 016016S

Sd/-

M. NAVEEN  
 PARTNER

Membership No. 237316

PLACE : HYDERABAD

DATE : 30-05-2019

***Annexure B to the Independent Auditor's Report*****Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of **M/s. Salguti Industries Limited** ('the Company') as of 31st March 2019 in conjunction with our audit of the IND AS financial statements of the Company for the year ended on that date.

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

The Company's management 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 ('ICAI'). 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 the 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 auditors' judgment, including the assessment of the risks of material misstatement of the IND AS financial statements, whether due to fraud or error.

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

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

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



AS financial statements for external purposes in accordance with generally accepted accounting principles including Indian Accounting Standards. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of IND AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the IND AS financial statements.

#### **Inherent Limitation of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

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

**For P C N & Associates**  
CHARTERED ACCOUNTANTS  
Firm Registration No: 016016S

Sd/-  
M. NAVEEN  
PARTNER  
Membership No. 237316

PLACE : HYDERABAD  
DATE : 30-05-2019





## BALANCE SHEET AS AT 31.03.2019

(Amounts in Rs.)

Particulars	Note No.	As on 31-03-2019 ₹	As on 31-03-2018 ₹
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant, Equipment	3	103,172,478	112,271,936
Financial Assets			
Loans	4	28,237,266	17,530,096
Other non current assets	5	2,201,696	3,396,266
Deferred tax Asset (Net)	14	427,088	-
		<b>134,038,528</b>	<b>133,198,298</b>
<b>Current Assets</b>			
Inventories	6	172,116,453	195,316,012
<b>Financial Assets</b>			
Trade receivables	7	210,795,218	180,269,001
Cash and cash equivalents	8	466,762	2,836,179
Current Tax Assets (Net)	9	3,128,356	8,287,914
Other current assets	10	62,730,768	41,229,371
		<b>449,237,558</b>	<b>427,938,478</b>
		<b>583,276,085</b>	<b>561,136,776</b>
<b>Particulars</b>			
	<b>Note No.</b>	<b>As on 31-03-2019 ₹</b>	<b>As on 31-03-2018 ₹</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	75,367,000	75,367,000
Other equity	12	20,666,060	19,482,970
		<b>96,033,060</b>	<b>94,849,970</b>
<b>LIABILITIES</b>			
<b>Non- Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	13	179,955,355	115,533,511
Deferred tax liabilities (Net)	14	-	8,802,262
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	15	180,210,421	204,019,945
(ii) Trade Payables	16	104,990,017	108,037,906
(iii) Other Financial Liabilities	17	14,050,887	26,856,000
Other Current Liabilities	18	7,955,835	2,916,212
Provisions	19	80,509	120,969
		<b>307,287,670</b>	<b>341,951,032</b>
		<b>583,276,086</b>	<b>561,136,776</b>

**Summary of significant accounting policies**

**The accompanying notes are an integral part of the financial statements.**

As per our report of even date attached

**For P C N & Associates**

(Formerly known as Chandra Babu Naidu & Co.)

Chartered Accountants

Firm Registration Number : 016016S

**M. Naveen**

Partner

Membership No.: 237316

Place: Hyderabad

Date: 30-05-2019

**S. Vishnu Vardhan Reddy**

Managing Director

DIN : 00051641

**For and on behalf of the Board of Directors**

**For Salguti Industries Limited**

**S. Rajita Reddy**

CFO & Whole -Time Director

DIN : 00051603



## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2019

Particulars	Note No.	Year Ended 31-03-2019	Year Ended 31-03-2018
<b>Revenue</b>			
Sale of Products	20	841,225,875	812,744,558
Other Income	21	710,094	379,735
<b>Total Income</b>		<b>841,935,969</b>	<b>813,124,293</b>
<b>Expenses</b>			
Cost of Material Consumed	22	624,424,228	602,285,937
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	36,280,416	3,585,733
Other Operating Expenses	24	79,338,392	72,384,840
Employee Benefit Expenses	25	44,904,481	50,002,777
Finance costs	26	41,656,884	57,666,945
Other expenses	27	5,605,922	7,502,240
Depreciation / Amortisation and Depletion Expense	2	17,771,907	18,094,160
<b>Total Expenses</b>		<b>849,982,229</b>	<b>811,522,632</b>
<b>Profit/(loss) Before Tax</b>		<b>(8,046,260)</b>	<b>1,601,661</b>
Provision for Tax		-	-
MAT credit entitlement		-	-
Deferred Tax	14	(9,229,351)	(34,260,949)
<b>Tax expense:</b>		<b>(9,229,351)</b>	<b>(34,260,949)</b>
<b>Profit from Continuing operations</b>		<b>1,183,090</b>	<b>35,862,609</b>
<b>Discontinued Operations</b>			
Profit from Discontinued operations before tax	28	-	(46,772,258)
Tax expense of Discontinued operations		-	-
		-	<b>(46,772,258)</b>
<b>Profit/(Loss) for the period</b>		<b>1,183,090</b>	<b>(10,909,649)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss		-	-
Income tax related to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Income tax related to items that will be reclassified to profit or loss		-	-
i. Items that will not be reclassified to Statement of Profit and Loss			
ii. Income tax relating to items that will not be reclassified to Statement of Profit and Loss			
iii. Items that will be reclassified to Statement of Profit and Loss			
iv. Income tax relating to items that will be reclassified to Statement of Profit and Loss			
<b>Total comprehensive income for the period</b>		<b>1,183,090</b>	<b>(10,909,649)</b>
<b>Earning per equity share for profit from Continuing operations</b>			
(1) Basic		0.16	4.76
(2) Diluted		0.16	4.76
<b>Earning per equity share for profit from Discontinuing operations</b>			
(1) Basic		-	(6.21)
(2) Diluted		-	(6.21)
<b>Earning per equity share for profit from Discontinuing operations and Discontinuing Operations</b>			
(1) Basic		0.16	(1.45)
(2) Diluted		0.16	(1.45)

### Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

#### For P C N & Associates

(Formerly known as Chandra Babu Naidu & Co.)

Chartered Accountants

Firm Registration Number : 016016S

#### M. Naveen

Partner

Membership No.: 237316

Place: Hyderabad

Date: 30-05-2019

#### S. Vishnu Vardhan Reddy

Managing Director

DIN : 00051641

#### For and on behalf of the Board of Directors

For Salguti Industries Limited

#### S. Rajita Reddy

CFO & Whole -Time Director

DIN : 00051603



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2019

Particulars	Year Ended 31st March, 2019 ₹	Year Ended 31st March, 2018 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit / (Loss) before tax</b>	(8,046,260)	(45,170,598)
<b>Adjustments to reconcile profit before tax to net cash from / (used in) operating activities.</b>		
Depreciation on property, plant and equipment	17,771,907	18,094,160
(Gain)/loss on sale of property, plant and equipment	-	38,621,967
Excess Loss	-	(26,659,967)
Interest income	(575,718)	-
Unamortised Expenses Written Off	-	1,059,311
Finance costs (including fair value change in financial instruments)	41,656,884	64,076,498
Share of profit of an associate or a joint venture	-	-
<b>Operating Profit before working capital changes</b>	<b>50,806,812</b>	<b>50,021,372</b>
<b>Working capital adjustments</b>		
Decrease/ (increase) in Trade and Other Advances		
Decrease/ (increase) in Inventory	23,199,559	33,361,803
Increase/ (decrease) in Trade Payables	(3,047,889)	(41,521,441)
(Increase) / decrease in Trade Receivables	(30,526,217)	(11,280,148)
Increase/ (decrease) in Short Term Loans and Advances		
Decrease/ (increase) in Balances with Revenue Authorities		
Decrease/ (increase) in Current assets	(21,501,396)	91,951,329
Decrease/ (increase) in other Non-Current assets	1,194,570	-
Decrease/ (increase) in Current Tax Assets	5,159,558	5,014,463
(Decrease)/ increase in Current Tax liabilities	-	(569,456)
Decrease/ (increase) in Short Term Provisions	(40,460)	(3,357,338)
Increase/ (decrease) Other Current Liabilities	(7,765,490)	(19,764,102)
Increase/ (decrease) in Short term borrowings	(23,809,524)	(33,867,141)
Sub Total	(6,330,476)	69,989,340
Income tax paid	-	-
<b>Net cash flows from operating activities (A)</b>	<b>(6,330,476)</b>	<b>69,989,340</b>
<b>B. Cash flow from Investing activities</b>		
Payment for purchase and construction of property, plant and equipment	(8,672,449)	-
Proceeds from sale of property, plant and equipment		114,200,000
Interest received	575,718	-
Refund/ (Investment) in bank deposits for more than 3 months Loans given	(10,707,170)	(1,051,018)
<b>Net cash flows from / (used in) investing activities (B)</b>	<b>(18,803,901)</b>	<b>113,148,982</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of share capital		
Proceeds from long term loans and borrowings		(116,820,203)
Interest payment	(41,656,884)	(64,076,498)
<b>Net Cash flows from / (used in) Financing activities (C)</b>	<b>22,764,961</b>	<b>(180,896,701)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(2,369,416)</b>	<b>2,241,621</b>
Opening Balance of Cash	2,836,179	594,558
Closing Balance	466,763	2,836,179
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	374,218	1,846,000
Balances with bank in current account	92,544	990,179
<b>Balance at the end of the year</b>	<b>466,762</b>	<b>2,836,179</b>

### Summary of significant accounting policies

**Significant Accounting Policies and Notes forming part of Accounts are integral part of the Financial Statements**

As per our report of even date attached

#### For P C N & Associates

(Formerly known as Chandra Babu Naidu & Co.)

Chartered Accountants

Firm Registration Number : 016016S

**M. Naveen**

Partner

Membership No.: 237316

Place: Hyderabad

Date: 30-05-2019

**S. Vishnu Vardhan Reddy**

Managing Director

DIN : 00051641

**For and on behalf of the Board of Directors**

**For Salguti Industries Limited**

**S. Rajita Reddy**

CFO & Whole -Time Director

DIN : 00051603



## SIGNIFICANT ACCOUNTING POLICIES

### **CORPORATE INFORMATION**

M/s. Salguti Industries Limited incorporated on 20th October 1984 as a Private Limited Company and converted in to Public Company on 17th August 1992. It has listed in Bombay Stock Exchange (BSE) in the year 2000. SIL (M/s. Salguti Industries Limited) has started the manufacturing unit in Plastic Division in small scale in the year 1986, gradually the capacities have been increased and the Company has graduated to medium scale by 1994. SIL is one of the leading manufacturers of HDPE/PP Woven Sacks in India now. SIL has diversified in to Textiles manufacturing industry in the year of 2006. SIL (M/s. Salguti Industries Limited) has started the manufacturing unit in Plastic Division in small scale in the year 1986.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

### **Note No. 02: Significant Accounting Policies**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation, measurement and significant accounting policies

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

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Basis of Preparation**

##### **Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

#### **(b) Historical Cost Convention**

The financial statements have been prepared on a historical cost basis wherever applicable.

#### **(c) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques that are appropriate in the circumstances for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.



- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

#### **(d) Current vis-a-vis non-current classification**

The assets and liabilities reported in the Balance Sheet are classified on a “current/non-current basis”, with separate reporting of assets held for sale and liabilities. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the balance sheet date; current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year. The deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **Revenue Recognition**

##### **Recognition of Revenue from Sale of Products**

Revenue from sale of products is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of products is not recognized on the grounds of prudence, until realized in respect of delayed payments as recovery of amounts are not certain.

Revenue from operations includes sale of products, services and are measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and Excluding taxes or duties collected on behalf of the government, and Includes Non-refundable Taxes or duties collected on behalf of Government.

#### **Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

**Deferred income tax** is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **Earnings per share**

#### **ii) Basic earnings per share:**

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company;
- By the weighted average number of equity shares outstanding during the financial year.

#### **iii) Diluted earnings per share**

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### **Property, plant and equipment**

- Freehold land is carried at historical cost. All other items of Property, plant and equipment are stated at historical cost which includes capitalised borrowing cost, less depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits can be derived.
- Benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

### **Depreciation methods, estimated useful lives and residual value:**

- Depreciation is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful life of the following class of assets as prescribed in Part C of Schedule II to the Companies Act,
- Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.



## **Inventories**

### **Consumables, Stores and Spares**

Inventories are valued at cost or net realizable value, whichever is lower. Costs include all non-refundable duties and all charges incurred in bringing the goods to the present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **Trade Receivables:**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company has not created any provision for impairment during the year.

### **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### **Contributed Equity**

Equity shares are classified as equity.

### **Financial liabilities:**

#### **i) Classification as debt or equity**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

#### **ii) Initial recognition and measurement:**

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 and financial guarantee contracts.

#### **iii) Subsequent measurement:**

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

#### **Borrowings:**

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest rate method.

#### **Trade and other payables:**

These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Those payable are classified as current



liabilities if payment is due within one year or less otherwise they are presented as non-current liabilities. Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

**Derecognition:**

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**Provisions**

Provisions for legal claims, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expense.

**Employee benefits**

**i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**ii) Post-employment obligations**

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, ESI. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.



**Foreign currency translation****i) Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of its primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupees (INR), which is the company's functional and presentation currency.

**ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

**Critical accounting estimates and judgements**

The presentation of financial statements under Ind AS requires management to take decisions and make estimates and assumptions that may impact the value of revenues, costs, assets and liabilities and the related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation
- Useful life of Property Plant and Equipment
- Expected credit loss of financial assets
- Income Taxes

**Related Party Transactions:**

The Company furnishes the Disclosure of transactions with related parties, as required by Ind AS 24 "Related Party Disclosures" as prescribed by Companies (Indian Accounting Standard) Rules 2015. Related parties as defined under Ind AS 24 have been identified on the basis of representation made by the management and information available with the company.



Notes to financial statements for the year ended March 31, 2019  
2. Property, Plant and Equipment

DESCRIPTION OF ASSET	FIXED ASSETS						NET BLOCK	
	GROSS BLOCK			DEPRECIATION			As at 31-03-2019	As at 31-03-2018
	Block as at 01-04-2018	Additions During the Year	Sales During the Year	Total Block as at 31-03-2019	Upto 31-03-2018	For the Year	Adjustments During the Year	Total as at 31-03-2019
Land & Site Development	203,256	-	-	203,256	-	-	-	203,256
Furniture & Fixtures	492,638	-	-	492,638	492,638	-	-	492,638
Computers	2,612,212	17,150	-	2,629,362	2,612,212	1,905	-	2,614,117
Vehicles	3,556,991	-	-	3,556,991	3,546,039	10,952	-	3,556,991
Electrical Installations and Equipment	8,281,155	-	-	8,281,155	7,914,491	366,664	-	8,281,155
Office equipment	-	105,380	-	105,380	-	18,886	-	18,886
Buildings	36,878,788	-	-	36,878,788	12,311,467	1,089,659	-	13,401,126
Plant & Machinery	255,126,581	8,549,919	-	263,676,500	168,002,838	16,283,841	-	184,286,679
Unamortised Expenses								
<b>Total</b>	<b>307,151,621</b>	<b>8,672,449</b>	<b>-</b>	<b>315,824,070</b>	<b>194,879,685</b>	<b>17,771,907</b>	<b>-</b>	<b>212,651,592</b>
								<b>103,172,478</b>
								<b>112,271,936</b>



## Notes to Financial Statements as at March 31, 2019

## 3 LOANS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Deposits (Including Security deposits)	28,237,266	17,530,096
<b>Total</b>	<b>28,237,266</b>	<b>17,530,096</b>

## 4 OTHER NON - CURRENT ASSETS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>Advances Otherthan capital advances</b>		
Other Advances	-	1,707,892
Gratuity Fund	2,201,696	1,688,374
<b>Others</b>		
Unamortised expenses	-	-
<b>Total</b>	<b>2,201,696</b>	<b>3,396,266</b>

## 5 INVENTORIES

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Raw materials	33,238,077	20,157,220
Work-in-progress	137,716,216	165,305,252
Finished goods	1,162,160	9,853,540
<b>Total</b>	<b>172,116,453</b>	<b>195,316,012</b>

## 6 TRADE RECEIVABLES

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured and considered good	8,943,340	8,324,300
<b>Other Receivables</b>		
Unsecured and considered good	201,851,878	171,944,701
<b>Total</b>	<b>210,795,218</b>	<b>180,269,001</b>



## Notes to Financial Statements as at March 31, 2019

## 7 CASH AND CASH EQUIVALENTS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>Cash &amp; Cash Equivalents :</b>		
Balances with Banks		
In Current Accounts/(Bank Overdraft)	92,544	990,179
Cash on hand	374,218	1,846,000
<b>Total</b>	<b>466,762</b>	<b>2,836,179</b>

## 8 CURRENT TAX ASSETS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
a) GST Input	441,194	861,369
b) VAT Receivable	404,559	5,985,191
c) TDS Receivable	1,783,035	1,441,354
d) Interest receivable	499,568	
<b>Total</b>	<b>3,128,356</b>	<b>8,287,914</b>

## 9 OTHER CURRENT ASSETS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
a) Security Deposits	-	14,608,765
b) Advances to Employees	3,544,816	1,690,999
c) Advances to Suppliers	35,196,610	23,261,134
d) Other Advances	622,000	1,668,474
e) Other receivable	23,367,342	-
<b>Total</b>	<b>62,730,768</b>	<b>41,229,371</b>



## Notes to Financial Statements as at March 31, 2019

## NOTE NO. 10 : SHARE CAPITAL

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>Authorised Capital</b> 1,20,00,000 (March 31, 2017: 1,20,00,000) Equity shares of Rs. 10/- each	120,000,000	120,000,000
<b>Issued, subscribed &amp; fully paid up Capital</b> 75,36,700 (March 31, 2017: 75,36,700) Equity shares of Rs. 10/- each	75,367,000	75,367,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>75,367,000</b>	<b>75,367,000</b>

**a Terms/ rights attached to the equity shares :**

- i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each, holder of equity shares is entitled to one vote per share.
- ii) The Company did not declare any dividend during the accounting period under reporting.
- iii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to the number of equity shares held by the share holders.
- iv) No shares have been issued for consideration other than cash during the immediately preceding five years from the end of the reporting period.

**b Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:**

Particulars	As at 31-Mar-19		As at 31 Mar 2018	
	No.of Shares	Amount	No.of Shares	Amount
<b>Equity Shares</b>				
Ordinary equity shares				
Shares at the beginning of the year	7,536,700	75,367,000	7,536,700	75,367,000
Issued during the year	-	-	-	-
<b>Shares outstanding as at end of the period</b>	<b>7,536,700</b>	<b>75,367,000</b>	<b>7,536,700</b>	<b>75,367,000</b>

**c Details of Shareholders holding more than 5% Shares in the Company**

Name of the Shareholders	As at 31-Mar-18		As at 31 Mar 2017	
	No.of Shares	% of holding	No.of Shares	% of holding
<b>Ordinary equity shares</b>				
1. S. Rajitha Reddy	492,700	6.54%	492,700	6.54%
2. Salguti Finance And Investments	1,454,583	19.30%	1,454,583	19.30%
3. S. Vishnuvardhan Reddy	660,000	8.76%	660,000	8.76%
4. Salguti Textiles Limited	472,500	6.27%	472,500	6.27%



## Notes to Financial Statements as at March 31, 2019

## 11 OTHER EQUITY

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>Securities Premium</b>		
As per last Balance sheet	15,000,000	15,000,000
<b>Investment Allowance Reserve</b>		
As per last Balancesheet	602,497	602,497
<b>Subsidy</b>		
As per last Balancesheet	24,374,798	24,374,798
<b>Retained Earnings/ (Surplus)</b>		
<b>Surplus/(deficit) in the statement of profit and loss:</b>		
Balance as at the beginning of the year	(20,494,325)	(9,584,676)
Add: change to profit / (loss) for the year	1,183,090	(10,909,649)
Add:	-	-
<b>Balance as at the end of the year</b>	<b>(19,311,235)</b>	<b>(20,494,325)</b>
<b>Total</b>	<b>20,666,060</b>	<b>19,482,970</b>

## 12 BORROWINGS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>Term Loans</b>		
<b>i) From Banks/Financial institutions</b>	76,103,963	22,305,347
Less: Current Maturities	10,954,887	15,120,000
	65,149,076	7,185,347
<b>ii) From other parties</b>		
Loans from APSFC	5,223,131	16,075,051
Less: Current Maturities	3,096,000	11,736,000
	2,127,131	4,339,051
Loans from related parties	79,114,818	79,520,032
Loans from Others	33,564,331	24,489,081
	112,679,149	104,009,113
	<b>179,955,355</b>	<b>115,533,511</b>



## Notes to Financial Statements as at March 31, 2019

## 13 DEFERRED TAX LIABILITY / (ASSET) (NET)

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Opening Deferred Tax liability	8,802,262	43,063,211
Add/Less: Deferred Tax Liability/(Asset) for the year ( Due to SLM and WDV Difference)	(9,229,351)	(34,260,949)
<b>Deferred Tax Liability/(Asset) - (Net)</b>	<b>(427,088)</b>	<b>8,802,262</b>

## 14 BORROWINGS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Loans repayable on Demand Unsecured, Loans from related parties repayable on demand	180,210,421	204,019,945
	-	-
<b>Total</b>	<b>180,210,421</b>	<b>204,019,945</b>

## 15 TRADE PAYABLES

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Trade Payables	104,990,017	108,037,906
<b>Total</b>	<b>104,990,017</b>	<b>108,037,906</b>

## 16 OTHER FINANCIAL LIABILITIES

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Current Maturities of Long-term debt	14,050,887	26,856,000
Interest accrued	-	-
<b>Total</b>	<b>14,050,887</b>	<b>26,856,000</b>

## 17 OTHER CURRENT LIABILITIES

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Other(specify nature)		
Outstanding Expenses Payable	7,827,835	2,788,212
Audit Fees payable	118,000	118,000
Directors Remuneration Payable	10,000	10,000
TDS Payable	-	-
<b>Total</b>	<b>7,955,835</b>	<b>2,916,212</b>



## Notes to Financial Statements as at March 31, 2019

## 18 PROVISIONS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Provisions for Employee Benefits		
PF Payable	-	60,861
ESI Payable	-	24,346
Salaries Payable	-	-
Others		
Statutory Liabilities	80,509	35,762
<b>Total</b>	<b>80,509</b>	<b>120,969</b>

## 19 OPERATING INCOME

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Sale of Products	841,225,875	812,590,901
Other Operating Income	-	153,657
<b>Total</b>	<b>841,225,875</b>	<b>812,744,558</b>

## 20 OTHER INCOME

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Interest Income	575,718	369,687
Other Income	134,376	10,048
<b>Total</b>	<b>710,094</b>	<b>379,735</b>

## 21 COST OF MATERIALS CONSUMED

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Opening Stock of Raw Materials	20,157,220	49,933,290
Add: Purchases During the year	637,505,085	572,509,867
Less: Closing Stock of Raw material	33,238,077	20,157,220
<b>Total</b>	<b>624,424,228</b>	<b>602,285,937</b>





## Notes to Financial Statements as at March 31, 2019

## 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
<b>Finished Goods</b>		
Finished goods at the beginning of the year	9,853,540	27,387,900
Less: Finished goods at the end of the year	1,162,160	9,853,540
<b>Sub Total (A)</b>	8,691,380	17,534,360
<b>Work in Progress</b>		
Finished goods at the beginning of the year	165,305,252	151,356,625
Less: Finished goods at the end of the year	137,716,216	165,305,252
<b>Sub Total (B)</b>	27,589,036	(13,948,627)
<b>Increase or Decrease in Inventories - (A - B)</b>	<b>36,280,416</b>	<b>3,585,733</b>

## 23 OTHER MANUFACTURING EXPENSES

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
a) Consumption of Stores & Spares	4,103,826	5,405,713
b) Power & Fuel	40,159,024	41,513,445
c) Foreign Exchange (Gain/Loss)	-	-
d) Repairs & Maintenance	2,885,429	1,414,057
e) Vehicle Maintenance	82,709	-
f) Insurance	931,309	467,527
g) Rent, Rates & Taxes (Excluding Income Tax)	65,300	1,760,595
h) Transportation	12,781,653	4,951,660
i) Other Manufacturing Expenditure	18,329,142	16,871,843
<b>Total</b>	<b>79,338,392</b>	<b>72,384,840</b>

## 24 EMPLOYEE BENEFIT EXPENSES

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
(a) Salaries & Wages	42,939,072	47,677,920
(b) Contribution to Provident & Other Funds	85,310	925,954
(c) Staff Welfare Expenses	1,880,099	1,398,903
<b>Total</b>	<b>44,904,481</b>	<b>50,002,777</b>



## Notes to Financial Statements as at March 31, 2019

## 25 FINANCE COSTS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
a) Interest Expenses		
- Interest on Term Loan	6,736,698	14,366,700
- Interest on Working Capital loans	25,448,682	33,787,030
- Interest on Vehicle Loan	193,122	128,349
- Loan Processing Charges & Bank Charges	3,224,853	7,094,129
b) Other Borrowing costs	6,053,529	2,290,737
<b>Total</b>	<b>41,656,884</b>	<b>57,666,945</b>

## 26 OTHER EXPENSES

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
a) Communication Expenses	94,394	162,462
b) Business Promotion Expenses	474,131	989,616
c) Conveyance	874,393	1,141,617
d) Office Maintenance	35,746	45,724
e) Printing & Stationery Expenses	93,106	172,713
f) Security Charges	401,558	713,796
g) Managerial Remuneration	120,000	120,000
h) Consultancy & professional Charges	30,251	-
i) AGM Fees	110,220	51,917
j) General Expenses	2,720,703	2,118,909
k) Donation	105,000	
l) Payment to auditors		
i) As Auditor	118,000	165,000
m) Inspection fee	533,420	-
n) Accounts Written Off	656,175	
o) Un Amortised Expenses Written Off	1,059,311	
<b>Total</b>	<b>5,605,922</b>	<b>7,502,240</b>

## 27 DISCONTINUED OPERATIONS

Particulars	As at 31-03-2019 ₹	As at 31-03-2018 ₹
Revenue	-	40,905,634
Expenses	-	38,384,174
Finance Cost	-	6,409,553
Other Exp	-	4,262,198
Loss on Sale of Textiles Division	-	38,621,967
<b>Profit before Income Tax</b>	-	<b>(46,772,258)</b>
Income tax expense	-	-
<b>Profit after Income Tax</b>	-	<b>(46,772,258)</b>



## NOTES TO FINANCIAL STATEMENTS

### 29. Detailed information regarding quantitative particulars under part II of schedule III of the Companies Act, 2013:

i) Quantitative information with regard to.

Particulars	Year ended 31-03-2019		Year ended 31-03-2018	
	Quantity (MT)	Amount (Rs.) in Lakhs	Quantity (MT)	Amount (Rs.) in Lakhs
a) Turnover				
a. Plastics	8828.16	8412.26	8288.16	8127.44
b. Textiles			282.00	409.66
b) Details of Raw Material consumed				
a. Plastics Granules	9180.10	6244.24	9123.64	5997.44
b. Cotton			0.00	0.00
c) Capacity & Production				
i) Installed Capacity				
a. Plastics	10400.00	Nil	10400	Nil
b. Textiles	Nil	Nil	Nil	Nil
ii) Actual Production				
a. Plastics	8948.00	Nil	8926.00	Nil
b. Textiles	Nil		Nil	

### 30. Details of Deferred Tax Liability as on 31-03-2019 on account of timing difference is as under:

Deferred Tax Liabilities	As on 31-03-2019 (In Rupees)	As on 31-03-2018 (In Rupees)
Opening Balance	88,02,263.00	4,30,63,212.00
Add: Adjustment for timing difference of Depreciation as per Companies Act, and Income Tax Act,	(92,29,350.27)	(3,42,60,949.00)
<b>Closing Balance</b>	<b>(4,27,088.00)</b>	<b>88,02,263.00</b>



### 31. Related Party Disclosures:

#### (a) Related Parties

Name of the Related Party	Nature of Relationship
S. Vishnu Vardhan Reddy	Managing Director
S. Rajitha Reddy	Whole Time Director
Nagaraj Draksharam	Independent Director
Indira Reddy Kuknoor	Independent Director
M/s. Salguti Builders Private Limited	Commonly Controlled Organisations
M/s. Salguti Finance & Investments (p) Ltd.	Commonly Controlled Organisations

#### (b) Transactions during the year with related Parties: (Amount in Rs.)

Name of the Party	Nature of Relationship	Nature of Transaction	2018-19 (In Rupees)	2017-18 (In Rupees)
S. Vishnu Vardhan Reddy	Managing Director	Remuneration	1,20,000	1,20,000
S. Rajitha Reddy	CFO & Whole Time Director	Remuneration	Nil	Nil
Nagaraj Draksharam	Independent Director	Remuneration	NIL	NIL
Indira Reddy Kuknoor	Independent Director	Remuneration	NIL	NIL

#### (c) Balances as at 31st March, 2019 (Amount in lakhs)

Name of the Party	Nature of Relationship	Nature of Transaction	As at 31st March 2019
S. Vishnu Vardhan Reddy	Managing Director	Loans and Advances Received	267.77
S. Rajitha Reddy	CFO & Whole Time Director	Loans and Advances Received	426.62
Salguti Builders Private Limited	Commonly Controlled Organisation	Loans and Advances Received	5.524
Salguti Finance & Investments (p) Ltd.,	Commonly Controlled Organisation	Loans and Advances Received	86.29

**32. FOREIGN EXCHANGE INFLOW AND OUTFLOW:**

Particulars	Year 2018 - 19	Year 2017 - 18
	In Rupees	In Rupees
<b>OUTFLOW</b> On Account of Advance for Raw Material & Machinery	19,93,420 INR (\$ 28,600 USD)	16,47,697 INR (\$ 23,970 USD)
<b>INFLOW</b> On Export of Goods	NA	NA

**33. Contingent Liabilities:****(In Rupees)**

(a)

		As at 31-03-2019	As at 31-03-2018
Letter of Credit	Inland LC	7,60,00,000	5,88,00,000

(b) The company is having Contingent Income Tax liability for the A.Y 2014-15 Amounting to Rs.2,65,95,181/- in Income Tax Appeals.

**34. Earnings Per Share : (Amount in INR)**

Particulars	FY 2018 – 19	FY 2017 – 18
Net profit after tax	11,83,090	(1,09,09,649)
Weighted Average Numbers of shares	75,36,700	75,36,700
Basic EPS (Rs.)	0.16	(1.45)
Diluted EPS (Rs.)	0.16	(1.45)

**35. Depreciation on Fixed Assets**

Assets are depreciated over their useful life as per Schedule II of the companies Act, 2013.

**36. Segment Reporting:**

Segment wise information is not furnished as the company operates in only one segment viz. Plastic business.

37. Amount of delayed outstanding dues to Micro and Small Enterprise as per MSME Development Act, 2006, could not be ascertained at the end of the financial year.

38. The Company has not appointed Company Secretary for the Financial Year 2018-19.

39. Previous year's numbers have been regrouped, rearranged, recasted, wherever necessary to conform to Current Year Classification.



40. The numbers have been rounded off to the nearest rupee.

AS PER OUR REPORT OF EVEN DATE  
**For P C N ASSOCIATES**  
(Formerly Chandra Babu Naidu & Co.,  
CHARTERED ACCOUNTANTS  
Firm Registration No: 016016S

FOR AND ON BEHALF OF THE BOARD  
**M/s.SALGUTI INDUSTRIES LIMITED**

Sd/-  
M. NAVEEN  
PARTNER  
Membership No. 237316

Sd/-  
S.VISHNUVARDHAN REDDY  
MANAGING DIRECTOR

Sd/-  
S. RAJITA REDDY  
CFO & WHOLE TIME DIRECTOR

PLACE : HYDERABAD

DATE : 30-05-2019



**SALGUTI INDUSTRIES LIMITED**

Regd. Office: 1-2-288/6/4, Domalguda, Hyderabad -500 029.

***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: L25209TG1984PLC005048

Name of the company : **SALGUTI INDUSTRIES LIMITED**

Regd.Office: 1-2-288/6/4, Domalguda, Hyderabad - 500 029

Name of the member (s) : .....

Registered address : .....

E-mail Id : .....

Folio No/ Client Id : .....

DP ID : .....

I/We, being Member / Members of Salguti Industries Limited hereby appoint

1. Name : .....

Address : .....

E-mail Id : .....

Signature : ....., or failing him

2. Name : .....

Address : .....

E-mail Id : .....

Signature : ....., or failing him

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 34th Annual general meeting of the company, to be held on the Saturday, 28th Day of September 2019, at 12.30 p.m. at Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution
<b>Ordinary Business</b>	
1.	To receive, consider and adopt the Audited Balance Sheet as at 31st March 2019 the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2.	To appoint a Director in place of Smt. S Rajitha Reddy who retires by rotation and being eligible offers herself for reappointment.
<b>Special Business</b>	
3.	To Appointment of Smt. Indira Reddy Kuknoor (DIN: 02435247), as Director of the Company
4.	To Appointment of Smt. Indira Reddy Kuknoor (DIN: 02435247), as Independent Director of the Company
5.	To Appointment of Sri. Draksharam Nagaraj (DIN: 02306564), as Independent Director of the Company

Signed this ..... day of ..... 2019.

Signature of Shareholder .....

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

Affix  
Revenue  
Stamp

**Note:**

- Proxy need not be a member of the Company.
- The Proxy Form duly filled in and signed by the Member(s) across the revenue stamp should reach the Company's Registered Office at least 48 hours before the commencement of the meeting.
- Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.





**SALGUTI INDUSTRIES LIMITED**

Regd. Office: 1-2-288/6/4, Domalguda, Hyderabad -500 029.

**34th Annual General Meeting – Saturday – 28th September 2019**

***Attendance Slip***

Folio No. / DPID and Client ID No :

No. of shares

Name and address of First/sole shareholder :

I, hereby record my presence at the 34th Annual General Meeting of the Company to be held on Saturday, 28th Day of September, 2019 at 12.30 p.m. at Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.

Name of the Member/Proxy  
(Block Letters)

Signature of the Member/Proxy

**Notes :**

- a. Only Member/Proxy can attend the Meeting. No minors would be allowed at the Meeting.
- b. Member/Proxy who wish to attend the Meeting must bring this attendance slip to the Meeting and hand over at the entrance duly filled in and signed.
- c. Member/Proxy should bring his/her copy of the Annual Report for reference at the Meeting.

**PRINTED MATTER  
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*If undelivered Please return to :*



Regd. Office : 1-2-288/6/4, Domalguda  
Hyderabad-500 029.