

Admn. Office : 8-2-334/18, 3rd Floor,
Road No. 3, Banjara Hills,
Hyderabad-500 034.
Tel : 23545939, 23543580 Fax : 23544909
CIN No. : L25209AP1984PLC005048



Date: 05-09-2020

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Sub: Annual Report for the Financial Year 2019-2020
Ref: Scrip Code: 526554

As required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the Financial Year 2019-2020. The said Annual Report has also been uploaded on the Company's website at www.salguti.com.

This is for your Information and Records

Thanking you.

For **SALGUTI INDUSTRIES LIMITED**

Rajitha Reddy Salguti
Whole-Time Director
(DIN: 00051603)



Encl: as Above

**35th Annual Report
2019-2020**

SALGUTI INDUSTRIES LIMITED

CORPORATE INFORMATION

<i>Board of Directors</i>	1	Sri. S. Vishnu Vardhan Reddy	:	<i>Managing Director (DIN : 00051641)</i>
	2	Smt. S. Rajita Reddy	:	<i>Whole-Time Director (DIN : 00051603)</i>
	3	Sri. Draksharam Nagaraj	:	<i>Independent Director (DIN : 02306564)</i>
	4	Smt. Indira Reddy Kuknoor	:	<i>Independent Director (DIN : 02435247)</i>
	5	Sri. Lakshmikar Reddy Mundla	:	<i>Independent Director (DIN : 00493922)</i>
<i>Key Managerial Personnel (KMP)</i>	1	Smt. S. Rajita Reddy	:	<i>CFO</i>
	2	Ms.Swati Bagh	:	<i>Company Secretary(w.e.f 15-02-2020)</i>
<i>Address</i>		<u>Regd. Office</u>		<u>Factory (Plastic)</u>
		# 1-2-288/6/4, Domalguda, Hyderabad –500029 Phone:040-23545939, Fax: 040-23544909		<i>Factory (Plastics) – Unit - I</i> Plot No. 154/A2, Sri Venkateswara Indl. Estate, Bollaram, Medak Dist. <i>Factory (Plastics) – Unit - II</i> Survey No. 548/A, Mudireddypalli Village, Balanagar Mandal, Mahaboobnagar Dist.
<i>Website</i>		www.salguti.com		
<i>Bankers</i>		1. Union Bank of India 2. Bank of Baroda 3. Punjab National Bank		
<i>Statutory Auditors</i>		M/s P C N & Associates., Chartered Accountants Plot No. 12, “N Heights” Software Unit Layout, Cyberabad Hyderabad – 500 081		
<i>Share Transfer Agents</i>		M/s. Aarthi Consultants Pvt. Ltd. 1-2-285, Domalguda, Hyderabad-29. Tel: (040) 27642217 / 27638111 Fax: (040) 27632184 Email: info@arthiconsultants.com		
<i>Listed on</i>		<i>BSE Limited (BSE), Mumbai</i>		
<i>CIN</i>		<i>L25209TG1984PLC005048</i>		

NOTICE

Notice is hereby given that the 35th Annual General Meeting of **Salguti Industries Limited** will be held on Tuesday, the 29th day of September, 2020 at 12.30 p.m. through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

ORDINARY BUSINESS:

1. To Receive, Consider and Adopt the Financial Statements of the Company for the year ended 31st March, 2020 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.

SPECIAL BUSINESS(SO:

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

Regularization of Sri. Lakshmikar Reddy Mundla (DIN: 00493922), as Director of the Company:

“**RESOLVED THAT** pursuant to the provisions of Sections 152 and 161 and all other applicable provisions, if any, of The Companies Act, 2013 (“Act”) read with The Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification or re-enactment thereof for the time being in force, Sri. Lakshmikar Reddy Mundla (DIN. 00493922), who was appointed as Additional Director by the Board of Directors of the Company effective from 30-09-2020 and who holds office as such up to the date of the ensuing Annual General Meeting in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

“**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.”

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

Appointment of Sri. Lakshmikar Reddy Mundla (DIN: 00493922), 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, **Sri. Lakshmikar Reddy Mundla (DIN: 00493922)**, 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 appointed as an Independent Director of the Company, with effect from 30th September, 2019 for a period of Five Years.”

“**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.”

Place: Hyderabad
Date: 05.09.2020

By Order of the Board of Directors
Salguti Industries Limited
Sd/-
S. Vishnu Vardhan Reddy
Managing Director
DIN: 00051641

NOTES:

1. In view of the continuing COVID-19 Pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC/OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM 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. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the Scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.salguti.com/> The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business in the Notice is annexed hereto and forms part of this Notice.

9. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection to the Members electronically without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 29-09-2020. Members seeking to inspect such documents can send an email to cssalgutiindustries@gmail.com.
10. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
11. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th September 2020 to Tuesday, 29th September 2020 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
12. Shareholders holding shares in physical form may write to the company/company's R&T agents for any change in their address and bank mandates; Shareholders holding shares in electronic form may inform the same to their depository participants immediately, where applicable.
13. 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 the Company/Registrar and Share Transfer Agents (M/s. Aarathi Consultants Pvt. Ltd.).
14. In consonance with the company's sustainability initiatives and Regulation 36 of the SEBI (LODR) Regulations, 2015, the company is sharing all documents with shareholders in the electronic mode, wherever the same has been agreed to by the shareholders. Further The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Shareholders are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications. Members holding shares in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant share certificates to M/s. Aarathi Consultants Pvt. Ltd., Share Transfer Agents of the Company for their doing the needful.
15. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LADNRO/GN/2018/49 dated November 30, 2018, w.e.f. April 1, 2019 the transfer of securities of listed companies shall not be processed unless the securities are held in the dematerialized form (Demat) with a depository. Hence, the members of the company are requested to dematerialize their shareholding to avail the benefits of dematerialization. Only the requests for transmission and transposition of securities in physical form, will be accepted by the RTA.
16. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
17. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transmission/transposition, Demat/Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.

18. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
19. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories.
20. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 10.00 a.m. on 26th September 2020 and will end at 5.00 p.m. on 28th September 2020. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 23rd September 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The results shall be declared within 48 Hours from the Conclusion of the Annual General Meeting. Mr. Anil Dubba, Practising Company Secretary is appointed as Scrutinizer and The results along with the Scrutinizer's Report shall also be placed on the website of the Company.
- (iii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iv) The shareholders should log on to the e-voting website www.evotingindia.com.
- (v) Click on "Shareholders" module.
- (vi) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login – My easi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (ix) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat

Bank Details OR Date of Birth (DOB)	account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).
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- (x) After entering these details appropriately, click on “SUBMIT” tab.
- (xi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (xii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xiii) Click on the EVSN for the relevant **SALGUTI INDUSTRIES LIMITED** on which you choose to vote.
- (xiv) 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.
- (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xvi) 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.
- (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xviii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xix) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xx) Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to cssalgutiindustries@gmail.com or aarthiconsultants@gmail.com.

2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to cssalgutiindustries@gmail.com or aarthiconsultants@gmail.com.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE ANNUAL GENERAL MEETING (AGM) THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cssalgutiindustries@gmail.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at cssalgutiindustries@gmail.com. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE ANNUAL GENERAL MEETING (AGM) ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 linked in the login should be mailed to 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cssalgutiindustries@gmail.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED

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

I	Particulars	Smt. S Rajitha Reddy (DIN: 00051603)
	Age	57 Years
	Qualification	B. Com, Chartered Accountant
	Date of Original Appointment	20-10-1984
	No of Shares held (as on 31-03-2020)	1032675
	Experience (including experience in Specific Functional Area)	30 Years in Company Matters
	Relationships with other Directors/KMP inter-se	Spouse of Sri.Vishnuvardhan Reddy Salguti (Managing Director)
	No of Board Meetings/Committee Meetings attended during 2019-2020	As detailed in Corporate Governance Report
	Directorships in other Companies	1.Vish Raj Packaging Private Limited 2.Salguti Builders Private Limited 3.Salguti Finance and Investments Private Limited
	Memberships/Chairmanships on other Boards	Nil
	Remuneration Paid sought to be paid and the Remuneration last drawn by such person	As detailed in Corporate Governance Report

II	Particulars	Sri. Lakshmikar Reddy Mundla (DIN: 00493922)
	Age	68 Years
	Qualification	M.Tech
	Date of Original Appointment	30-09-2019
	No of Shares held (as on 31-03-2020)	Nil
	Experience (including experience in Specific Functional Area)	40 Years experience in field of manufacturing Business.
	Relationships with other Directors/KMP inter-se	Nil
	No of Board Meetings/Committee Meetings attended during 2019-2020	As detailed in Corporate Governance Report
	Directorships in other Companies	1.Vijay Sea Foods and Exports Private Limited 2.Vijay- Packaging Systems Limited 3. Deccan Syntex Limited 4.Shreya Containers Limited
	Memberships/Chairmanships on other Boards	Nil
	Remuneration Paid sought to be paid and the Remuneration last drawn by such person	As detailed in Corporate Governance Report

Explanatory Statement

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

Item No. 3 & 4

Sri. Lakshmikar Reddy Mundla (DIN: 00493922) is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors of the Company on 30-09-2019 as an Additional Director-Independent Director (Non-Executive). Pursuant to the provisions of Sections 149, 152 and the Rules made there under read with Schedule IV of the Companies Act, 2013 an Independent director can hold office for a term up to five consecutive years on the board of a company and he/she is eligible for re-appointment on passing of a Special Resolution by the Company subject to maximum of two consecutive terms.

Sri. Lakshmikar Reddy Mundla (DIN: 00493922) is a Engineering Graduate with _40 Years experience in field of Manufacturing . His Professional interests include Leadership, Organisational Change, and Institutional Values.

In the Opinion of the Board Sri. Lakshmikar Reddy Mundla fulfils the conditions for appointment of Independent Director as specified in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is independent of the management. His background and experience and contributions made by her during his tenure, the association of Sri. Lakshmikar Reddy Mundla would be beneficial to the Company and it is desirable to re-appoint Sri. Lakshmikar Reddy Mundla as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years w.e.f. 30-09-2019.

On the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation, his background, experience and contribution made by him during his tenure with the Company, subject to the approval of the Members at the ensuing AGM, Sri. Lakshmikar Reddy Mundla as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years commencing from 30-09-2019. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Sri. Lakshmikar Reddy Mundla for the office of Director of the Company. Copy of the draft letter of appointment of Sri. Lakshmikar Reddy Mundla setting out the terms and conditions of appointment and the names of companies and the committees in which Sri. Lakshmikar Reddy Mundla is a director/member are available for inspection without any fee by the members at the Registered Office of the Company. The details of Sri. Lakshmikar Reddy Mundla as required under the provisions of Regulation 36(3) of the Listing Regulations, 2015 and other applicable provisions are provided in Explanatory Statement to this Notice.

No Director, Key Managerial Personnel or their relatives except Sri. Lakshmikar Reddy Mundla, is interested or concerned in the Resolution.

The Board of Directors recommends Item No.3 as Ordinary Resolution and Item No.4 as Special Resolution set forth in Notice for approval of the Members of the Company.

DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting the 35th Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2020.

FINANCIAL RESULTS REVIEW AND PROSPECTS

Your company has recorded a Total Income of Rs. 8123.81/- lakhs for the year ended 31st March, 2020 against total income of Rs. 8,419.36 Lakhs last year. The company has recorded a Net Loss of Rs 55.38 Lakhs for the current period against Net Profit of Rs. 11.68 Lakhs for the last year

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

Particulars	(Rupees in Lakhs)	
	2019 – 20	2018 – 19
Total Turnover	8123.81	8,419.36
Expenditure including finance cost	(8111.62)	(8499.97)
Profit before Tax	12.19	(80.61)
Less: Provision for deferred Income Tax	67.57	(92.29)
Net Profit (after deferred tax)	(55.38)	11.68
Total Comprehensive Income after Tax	(55.38)	11.68

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

- Thin margins in the industry due to entry of new players very easily.
- Prices controlled by the big players in fertilizer & cement industry who the buyers of the final product –HDPE/PP Bags .
-
-
-
-

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 available on the Company website (<https://www.salguti.com/>)

DEMAT SUSPENSE ACCOUNT UNCLAIMED SHARES

As on 31st March 2020, 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 the provisions of 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.** (i) The steps taken by the company for utilizing the 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: Rs. Nil
- (d) Foreign exchange out go: Rs. Nil

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. Chartered Accountants (FRN: 016016S) 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 9 (Nine) Times on the following dates during the financial year 2019-2020.

30-05-2019, 13-08-2019, 14-08-2019, 02-09-2019, 30-09-2019, 14-11-2019, 13-02-2020, 14-02-2020 and 15-02-2020.

DIRECTORS AND 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 REMUNERATION DETAILS

Remuneration details of the Executive Director(s) are mentioned in this Annual Report at the relevant place. During the period under review. Mrs. Rajitha Reddy has not taken any remuneration even though she is eligible for the same and the resolution was passed in the previous Annual General Meetings.

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, 2020 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, 2020, 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 Smt. Indira Reddy Kuknoor, 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 2020 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.

Key Managerial Personnel (Chief Financial Officer and Company Secretary):

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

Mr. Rohit Dhanpal Soni, a Qualified Member of the ICSI , Whole Time Company Secretary of the Company resigned due to his personal reasons w.e.f. 20th June 2019. Ms. Swati Bagh was appointed w.e.f 15-02-2020 as Whole Time Company Secretary and Compliance Officer of the Company

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 from Anil Dubba, Company Secretary in Practice 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 & National Stock Exchange of India 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
For SALGUTI INDUSTRIES LIMITED

Place: Hyderabad
Date: 05-09-2020

S.Vishnu Vardhan Reddy
Managing Director
DIN: 00051641

S.Rajita Reddy
Whole-Time Director
DIN: 00051603

INDEPENDENT AUDIT REPORT

To
The Members
M/s. Salguti Industries Limited

Report on the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **M/s. Salguti Industries Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, 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 "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 ("") and other accounting principles generally accepted in India including of the financial position of the Company as at March 31, 2020, 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 financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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 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 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 thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and

presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

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

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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

•From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be 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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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.

Chartered Accountants
Firm Registration No: 016016S

M Naveen
Partner
Membership No:237316
UDIN: 20237316AAAAEK4609

Place: Hyderabad
Date: 30-07-2020

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 financial statements for the year ended March 31, 2020, 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 2020 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

- (c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax and any other major

statutory dues which have not been deposited on account of any disputes except the following.

Name of the Authority	Section under which notice was Issued	Assessment Year to which it relates	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 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

M Naveen
Partner
Membership No:237316
UDIN: 20237316AAAAEK4609

Place: Hyderabad
Date: 30-07-2020

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 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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.

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For P C N & Associates
Chartered Accountants
Firm Registration No: 016016S

M Naveen
Partner
Membership No:237316
UDIN: 20237316AAAAEK4609

Place: Hyderabad
Date: 30-07-2020

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:

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

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, 2020

(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 authorized 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, 2020 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2020 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. **However, Whole time Company Secretary and Compliance Officer was appointed w.e.f 15-02-2020)**

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.

Place: Hyderabad
Date: 03-09-2020
UDIN: A032736B000659648

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

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 appointed a Full time Company Secretary as required under the Provisions of Companies Act 2013 and Applicable SEBI Regulations only on 19th October 2018, and penalty will be levied for the previous period, and also the Company has not appointed the Key Managerial Personnel (CFO) only on 30th March 2020, as required under the provisions of Companies Act 2013.
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.

Place: Hyderabad
Date: 03-09-2020

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

REPORT ON CORPORATE GOVERNANCE

1. 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.

2. BOARD OF DIRECTORS

- a) As on 30th March 2020, 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).
- 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, 2020.
- 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	Nil	Nil
Smt. S. Rajita Reddy	Promoter & Executive Director	Nil	Nil
Sri. Draksharam Nagaraj	Non-Executive Independent Director	Nil	Nil
Smt. Indira Reddy Kuknoor	Non-Executive Independent Director	1	Nil

Sri.Lakshmikar Reddy Mundla	Non-Executive Independent Director	3	Nil
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The Board met 9 (Nine) Times on the following dates during the financial year 2019-2020.

30-05-2019,	13-08-2019,	14-08-2019	02-09-2019
30-09-2019	14-11-2019	13-02-2020	14-02-2020
15-02-2020			

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

Name of the Director	No. of Meetings held	No. meetings attended	Presence at AGM
Sri S. Vishnu Vardhan Reddy	9	9	Yes
Smt. S. Rajita Reddy	9	9	Yes
Sri. Draksharam Nagaraj	9	9	No
Smt. Indira Reddy Kuknoor	9	9	Yes
*Sri.Lakshmikar Reddy Mundla	4	4	No

*Appointed w.e.f. 30-09-2019

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.

3. 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:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning financial statements;
 7. 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 28th September 2019 and **Smt. Indira Reddy Kuknoor**, Chairman of the Audit Committee, attended previous AGM.

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

Name of the Director	Designation	No. of Meetings held	No. meetings attended
Smt. Indira Reddy Kuknoor	Chairman	7	7
Sri. Draksharam Nagaraj	Member	7	7
Smt. S. Rajita Reddy	Member	7	7

V) During the financial year, 7 (Seven) Audit Committee meetings were held on:

30-05-2019,	13-08-2019,	14-08-2019	02-09-2019
14-11-2019	13-02-2020	14-02-2020	

The necessary quorum was present at all the meetings.

4. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Committee is given below:

Name of the Director	Chairman/Member	No. of Meetings held	No. meetings attended
Smt. Indira Reddy Kuknoor	Chairman	2	2
Sri. Draksharam Nagaraj	Member	2	2
*Sri. Lakshmikar Reddy Mundla	Member	2	2

*Appointed w.e.f. 30th September, 2019

During the financial year, 2 (Two) Nomination and Remuneration Committee meetings were held on:

30-09-2019,	14-02-2020	-	-
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The necessary quorum was present at all the meetings.

5. 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 2019-20		
					Salary	Commission	Total
Sri Vishnuvardhan Reddy	Related to Smt. Rajitha Reddy	Promoter Director	NIL	--	1,20,000	--	1,20,000
Smt. Rajitha Reddy	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.

6. 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

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, 2020 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.

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

AGM	YEAR	VENUE	DATE	TIME
34 th	2018-2019	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	28.09.2019	12.30 P.M.
33 rd	2017-2018	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	29.09.2018	02.00 P.M.
32 nd	2016-2017	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	27.09.2017	10.00 A.M.

Postal ballot:

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

8. 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) Regulations 2015.

9. 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.

10. 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.

11. GENERAL SHAREHOLDER INFORMATION:

(I) Annual General Meeting

Date : 29th September, 2020
Time : 12.30 P.M
Venue : Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

(II) Financial Calendar 1st April 2020 to 31st March 2021 (Tentative Schedule)

Quarter ending June 30, 2020	: On or before 15 th of September, 2020
Quarter ending September 30, 2020	: On or before 14 th November, 2020
Quarter ending December 31, 2020	: On or before 14 th February, 2021
Quarter ending March 31, 2021	: on or before 30 th May 2021
Annual General Meeting for FY ended 31 st March, 2021	: On or before 30 th September, 2021

(III) Date of Book Closure

24th September 2020 to 29th September 2020

(IV) Listing on Stock Exchanges :

BSE Limited (BSE)

The listing fee has been paid to all the Stock Exchanges where the Company's shares are listed.**(V) Stock Code**

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:

Month & Year	BSE (in Rs.)	
	High	Low
Apr-19	-	-
May-19	-	-
Jun-19	-	-
Jul-19	19.25	17.50
Aug-19	18.05	17.15
Sep-19	16.30	15.50
Oct-19	14.75	13.15
Nov-19	-	-
Dec-19	-	-
Jan-20	-	-
Feb-20	-	-
Mar-20	13.15	13.15

(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.aarthiconsultants.com
 Email: info@[arthiconsultants.com](mailto:info@arthiconsultants.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.aarthiconsultants.com
Email: info@arthiconsultants.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 31.03.2020

SL NO	CATEGORY	HOLDERS	HOLDERS PERCENTAGE	SHARES	AMOUNT	AMOUNT PERCENTAGE
1	1 - 5000	739	69.45	504160	2520800	2.11
2	5001 - 10000	221	20.77	329480	1647400	1.38
3	10001 - 20000	74	6.95	196160	980800	0.82
4	20001 - 30000	2	0.19	10800	54000	0.05
5	30001 - 40000	3	0.28	20400	102000	0.09
6	50001 - 100000	2	0.19	25200	126000	0.11
7	100001 & Above	23	2.16	22814600	114073000	95.46
	Total:	1064	100	23900800	119504000	100

(XI) Statement Showing Shareholding Pattern as on 31.03.2020

Category	Category of shareholder	No.of share holders	No.of fully paid up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter & Promoter Group	12	5054600	67.07
(B)	Public	3182	2482100	32.93
(C)	Non Promoter-Non Public			
(C1)	Shares underlying DRs	0	0	N.A
(C2)	Shares held by Employee Trusts	0	0	0
	Total	3194	7536700	100

(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 79.26% of the company's share capital are dematerialized as on 31st March 2020.

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 **INE159C01012**.

(XIII) Plant Location	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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(XIV) Address for Correspondence	8-2-334/18, 3 rd Floor, Road No.3, Banjara Hills, Hyderabad – 34
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12. 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 2019-20

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 2019-20.

Place: Hyderabad
Date: 05-09-2020

Sd/-
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
For SALGUTI INDUSTRIES LIMITED

Place: Hyderabad
Date: 05-09-2020

Sd/-
S.Vishnu Vardhan Reddy
Managing Director

Sd/-
S.Rajita Reddy
Whole-Time Director

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

I, Mr. Vishnuvardhan Reddy Salguti, 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 2020 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: 05.09.2020

Sd/-
S. Vishnu Vardhan Reddy
Managing Director

Sd/-
S Rajitha Reddy
Chief Financial Officer

SALGUTI INDUSTRIES LIMITED

BALANCE SHEET AS AT 31.03.2020		(Amount in Rs.)	
PARTICULARS	Note No.	As at 31 Mar 2020 (₹)	As at 31 Mar 2019 (₹)
ASSETS			
Non - Current Assets			
Property, Plant, Equipment	3	92,687,776	103,172,478
Capital WIP			
Financial Assets			
Loans & Advances	4	29,707,046	28,237,266
Other non current assets	5	2,201,696	2,201,696
Deferred tax asset			427,088
		124,596,518	134,038,528
Current Assets			
Inventories	6	186,540,048	172,116,453
Financial Assets			
Trade receivables	7	241,666,789	210,795,218
Cash and cash equivalents	8	1,582,777	466,762
Current Tax Assets (Net)	9	6,272,522	3,128,356
Other current assets	10	65,550,168	62,730,768
		501,612,304	449,237,557
		626,208,822	583,276,085
PARTICULARS			
	Note No.	As at 31 Mar 2020 (₹)	As at 31 Mar 2019 (₹)
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	75,367,000	75,367,000
Other equity	12	15,128,358	20,666,060
		90,495,358	96,033,060
LIABILITIES			
Non- Current liabilities			
Financial liabilities			
(i) Borrowings	13	196,825,662	179,955,355
Deferred tax liabilities (Net)	14	6,329,808	-
Current liabilities			
(i) Borrowings	15	175,402,779	180,210,421
(ii) Trade Payables	16	148,748,041	104,990,017
(iii) Other Financial Liabilities	17	-	14,050,887
Other Current Liabilities	18	8,266,830	7,955,835
Provisions	19	140,344	80,509
Current Tax Liabilities (net)		-	-
		332,557,995	307,287,670
		626,208,822	583,276,085

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
Chartered Accountants
Firm Registration Number : 016016S

For and behalf of the Board of Directors
Salguti Industries Limited

M Naveen
Partner
Membership No.:237316
UDIN: 20237316AAAAEK4609

S.Vishnu Vardhan reddy
Managing Director
DIN:00051641

S.Rajitha Reddy
CFO & Whole Time Director
DIN:00051643

Place: Hyderabad
Date: 30-07-2020

SALGUTI INDUSTRIES LIMITED			
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2020			
(Amount in Rs.)			
Particulars	Note No.	Year Ended 31.03.2020 (₹)	Year Ended 31.03.2019 (₹)
Revenue			
Revenue from operations		-	-
Sale of Products	20	809,772,234	841,225,875
Other Income	21	2,608,535	710,094
Total Income		812,380,768	841,935,969
Expenses			
Cost of Material Consumed	22	611,808,957	624,424,228
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(6,967,798)	36,280,416
Other Operating Expenses	24	81,490,687	79,338,392
Employee Benefit Expenses	25	59,932,025	44,904,481
Finance costs	26	43,723,385	41,656,884
Other expenses	27	3,354,324	5,605,922
Depreciation / Amortisation and Depletion Expense	3	17,819,996	17,771,907
Total Expenses		811,161,575	849,982,230
Profit/(loss) Before Tax		1,219,193	(8,046,261)
Provision for Tax		190,194	
MAT credit entitlement		(190,194)	-
Deferred Tax	14	6,756,896	(9,229,351)
Tax expense:		6,756,896	(9,229,351)
Profit from Continuing operations		(5,537,702)	1,183,089
Discontinued Operations			
Profit from Discontinued operations before tax		-	-
Tax expense of Discontinued operations		-	-
		-	-
Profit/(Loss) for the period		(5,537,702)	1,183,089
Other comprehensive income			
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			
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			
		(5,537,702)	1,183,089
Total comprehensive income for the period			
Earning per equity share for profit from Continuing operations			
(1) Basic		(0.73)	0.16
(2) Diluted		(0.73)	0.16
Earning per equity share for profit from Discontinuing operations			
(1) Basic		-	-
(2) Diluted		-	-
Earning per equity share for profit from Discontinuing operations and Discontinuing Operations			
(1) Basic		(0.73)	0.16
(2) Diluted		(0.73)	0.16
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		For and behalf of the Board of Directors	
Chartered Accountants		Salguti Industries Limited	
Firm Registration Number : 016016S			
M Naveen		S.Vishnu Va S.Rajitha Reddy	
Partner		Managing Director CFO & Whole Time Director	
Membership No.237316		DIN:00051641 DIN:00051643	
UDIN: 20237316AAAAEK4609			
Place: Hyderabad			

Date: 30-07-2020

SALGUTI INDUSTRIES LIMITED

Statement of Cash flow for the period ended 31st Mar 2020

Particulars	Year Ended 31.03.2020 (₹)	Year Ended 31.03.2019 (₹)
A. Cash flow from operating activities		
Profit / (Loss) before tax	1,219,193	(8,061,286)
operating activities.		
Depreciation on property, plant and equipment	17,819,996	17,771,907
(Gain)/loss on sale of property, plant and equipment	-	-
Excess Loss	-	-
Interest income	(2,466,327)	(575,718)
Unamortised Expenses Written Off	-	-
Finance costs (including fair value change in financial instruments)	43,723,385	41,656,884
Share of profit of an associate or a joint venture	-	-
Operating Profit before working capital changes	60,296,246	50,791,787
Working capital adjustments		
Decrease/ (increase) in Trade and Other Advances	-	-
Decrease/ (increase) in Inventory	(14,423,595)	23,199,559
Increase/ (decrease) in Trade Payables	43,758,024	(3,047,889)
(Increase) / decrease in Trade Receivables	(30,871,571)	(30,526,218)
Increase/ (decrease) in Short Term Loans and Advances	-	-
Decrease/ (increase) in Balances with Revenue Authorities	-	-
Decrease/ (increase) in Current assets	(2,819,400)	(21,501,395)
Decrease/ (increase) in other Non-Current assets	0	1,194,570
Decrease/ (increase) in Current Tax Assets	(3,144,166)	5,174,583
(Decrease)/ increase in Current Tax liabilities	-	-
Decrease/ (increase) in Short Term Provisions	59,835	(40,460)
Increase/ (decrease) Other Current Liabilities	(13,739,892)	(2,656,437)
Increase/ (decrease) in Short term borrowings	(4,807,642)	(23,809,524)
Sub Total	34,307,840	(1,221,423)
Income tax paid	-	-
Net cash flows from operating activities (A)	34,307,840	(1,221,423)
B. Cash flow from Investing activities		
Payment for purchase and construction of property, plant and equipment	(7,335,294)	(8,672,449)
Proceeds from sale of property, plant and equipment	-	-
Proceeds from sale of financial instruments	-	-
Interest received	2,466,327	575,718
Refund/ (Investment) in bank deposits for more than 3 months	-	-
Loans given	(1,469,780)	(10,707,170)
Repayment of loans given	-	-
Net cash flows from / (used in) investing activities (B)	(6,338,746)	(18,803,901)
C. Cash flow from financing activities		
Proceeds from issue of share capital	-	-
Proceeds from long term loans and borrowings	16,870,306	59,312,790
Interest payment	(43,723,385)	(41,656,884)
Net Cash flows from / (used in) Financing activities (C)	(26,853,079)	17,655,907
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1,116,015	(2,369,417)
Opening Balance of Cash	466,762	2,836,179
Closing Balance	1,582,777	466,762
Components of Cash and Cash Equivalents		
Cash on Hand	1,462,067	374,218
Balances with bank in current account	120,711	92,544
Balance at the end of the year	1,582,777	466,762

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
Chartered Accountants
Firm Registration Number : 016016S

For and behalf of the Board of Directors
Salguti Industries Limited

M Naveen
Partner
Membership No.:237316
UDIN: 20237316AAAAEK4609

S.Vishnu Vardhan reddy
Managing Director
DIN:00051641

S.Rajitha Reddy
CFO & Whole Time Director
DIN:00051643

Place: Hyderabad
Date: 30-07-2020

Significant Accounting Policies

Note No.01: CORPORATE INFORMATION

M/s.Salguti Industries Limited incorporated on 20th October 1984 as a Private Limited Company and converted into 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 into 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 to the Financial Statements .

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

i) 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.

ii) 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.

3 .Property,Plant and Equipment

FIXED ASSETS										
DESCRIPTION OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Block as at 01/04/2019	Additions during the year	Sales during the year	Total Block as at 31/03/2020	Upto 31-03-2019	For the year	Adjustments during the year	Total as at 31/03/2020	As at 31/03/2020	As at 31/03/2019
Land & Site Development	203,256	-	-	203,256	-	-	-	-	203,256	203,256
Furniture & Fixtures	492,638	-	-	492,638	492,638	-	-	492,638	-	-
Computers	2,629,362	18,500	-	2,647,862	2,614,117	7,819	-	2,621,936	25,926	15,245
Vehicles	3,556,991	-	-	3,556,991	3,556,991	-	-	3,556,991	-	-
Electrical Installations and Equipment	8,281,155	-	-	8,281,155	8,281,155	-	-	8,281,155	-	-
Office equipment	105,380	-	-	105,380	18,886	20,022	-	38,908	66,472	86,494
Buildings	36,878,788	1,920,236	-	38,799,024	13,401,126	1,116,814	-	14,517,940	24,281,084	23,477,662
Plant & Machinery	263,676,500	5,396,558	-	269,073,058	184,286,679	16,675,341	-	200,962,020	68,111,038	79,389,821
Unamortised Expenses										
Total	315,824,070	7,335,294	-	323,159,364	212,651,592	17,819,996	-	230,471,588	92,687,776	103,172,478

4 Loans & Advances

(Amounts in Rs.)

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Deposits (Including Security deposits)	29,707,046	28,237,266
Total	29,707,046	28,237,266

5 Other Non-Current Assets

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Advances Otherthan capital advances		
Gratuity Fund	2,201,696	2,201,696
Total	2,201,696	2,201,696

6 Inventories

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Raw materials	40,693,874	33,238,077
Work-in-progress	141,753,794	137,716,216
Finished goods	4,092,380	1,162,160
Total	186,540,048	172,116,453

7 Trade Receivables

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured and considered good		8,943,340
Other Receivables		
Unsecured and considered good	241,666,789	201,851,878
Total	241,666,789	210,795,218

8 Cash and Cash Equivalents

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
<u>Cash & Cash Equivalents :</u>		
Balances with Banks		

In Current Accounts/(Bank Overdraft)	120,711	92,544
Cash on hand	1,462,067	374,218
Total	1,582,777	466,762

9 Current Tax Assets

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
a) GST Input	2,516,603	441,194
b) VAT Receivable	-	404,559
c) TDS Receivable	2,703,625	1,783,035
d) Interest receivable	1,052,294	499,568
Total	6,272,522	3,128,356

10 Other Current Assets

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
a) Security Deposits	50,000	-
b) Advances to Employees	1,701,545	3,544,816
c) Advances to Suppliers	38,006,055	35,196,610
d) Other Advances	3,296,304	622,000
e) MAT Credit	5,126,232	4,936,038
f) Other receivables	17,370,032	18,431,304
Total	65,550,168	62,730,768

12 Other Equity

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Securities Premium		
As per last Balancesheet	15,000,000	15,00

		0,000
Investment Allowance Reserve As per last Balancesheet	602,497	602,497
Subsidy As per last Balancesheet	24,374,798	24,374,798
Retained Earnings/ (Surplus) Surplus/(deficit) in the statement of profit and loss: Balance as at the beginning of the year	(19,311,235)	(20,494,325)
Add: change to profit / (loss) for the year	(5,537,702)	1,183,090
Add:		-
Balance as at the end of the year	(24,848,937)	(19,311,235)
Total	15,128,358	20,666,060

13 Borrowings

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Term Loans		
i) From Banks/Financial institutions		
Less: Current Maturities	-	-
ii) From other parties		
Loans from APSFC	726,385	5,223

Less: Current Maturities	-	,131
		3,096,000
	726,385	2,127,131
Loans from related parties	86,931,015	155,218,781
Loans from Others	109,168,262	33,564,331
	196,099,277	188,783,112
Total	196,825,662	190,910,243

14 Deferred Tax Liability /(Asset)(Net)

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Opening Deferred Tax liability	(427,088)	8,802,262
Add/Less: Deferred Tax Liability/(Asset) for the year (Due to SLM and WDV Difference)	6,756,896	(9,229,351)
Deferred Tax Liability/(Asset) - (Net)	6,329,808	(427,088)

15 Borrowings

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Loans repayable on Demand	175,402,779	180,210,421
Unsecured, Loans from related parties repayable on demand	-	-
Total	175,402,779	180,210,421

16 Trade Payables

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Trade Payables	148,748,041	104,990,017
Total	148,748,041	104,990,017

17 Other Financial Liabilities

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Current Maturities of Long-term debt	-	3,096,000
Interest accrued	-	-
Total	-	3,096,000

18 Other Current Liabilities

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Outstanding Expenses Payable	8,160,630	7,837,835
Audit Fees payable	106,200	118,000
Total	8,266,830	7,955,835

19 Provisions

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Statutory Liabilities	140,344	80,509
Total	140,344	80,509

SALGUTI INDUSTRIES LIMITED

Notes to Financial Statement as at 31st Mar, 2020

11 Share Capital:

(Amounts in Rs.)

Particulars	As at 31-03-2020	As at 31-03-2019
	(₹)	(₹)
Authorised Capital 1,20,00,000 (March 31, 2017: 1,20,00,000) Equity shares of Rs. 10/- each	120,000,000	120,000,000
Issued, subscribed & fully paid up Capital 75,36,700 (March 31, 2017: 75,36,700) Equity shares of Rs. 10/- each	75,367,000	75,367,000
Total issued, subscribed and fully paid-up share capital	75,367,000	75,367,000

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 as at the beginning and at the end of the reporting Period:

Particulars	As at 31-Mar-2020		As at 31-Mar-2019	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares				
Ordinary equity shares				
Shares at the beginning of the year	75,367,000	75,367,000	75,367,000	753,670,000
Issued during the year	-	-	-	-
Shares outstanding as at end of the period	75,367,000	75,367,000	75,367,000	753,670,000

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

Name of the Shareholder	As at 31-Mar-2020		As at 31-Mar-2019	
	No. of Shares	% of holding	No. of Shares	% of holding
	Ordinary equity shares			
1. S. Rajitha Reddy	492,700	0.65%	492,700	0.65%
2. Salguti Finance And Investments	1,454,583	1.93%	1,454,583	1.93%
3. S. Vishnuvardhan Reddy	660,000	0.88%	660,000	0.88%
4. Salguti Textiles Limited	472,500	0.63%	472,500	0.63%

**SALGUTI
INDUSTRIES
LIMITED**

Notes to Financial Statements as at 31st Mar, 2020

20 Revenue from operations

(Amounts in Rs.)

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Sale of Products (HDPE/PP WOVEN SACKS/HDPE FABRIC/COTTON AND BLEND FABRIC)	809,772,234	841,225,875
Total	809,772,234	841,225,875

21 Other Income

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Interest Income	2,466,327	575,718
Other Income	142,207	134,376
Total	2,608,535	710,094

22 COST OF MATERIALS CONSUMED

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Opening Stock of Raw Materials	33,238,077	20,157,220
Add: Purchases During the year	619,264,754	637,505,085
Less: Closing Stock of Raw material	40,693,874	33,238,077
Total	611,808,957	624,424,228

23 CHANGES IN INVENTORY

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
Finished Goods		
Finished goods at the beginning of the year	1,162,160	9,853,540
Less: Finished goods at the end of the year	4,092,380	1,162,160
Sub Total (A)	(2,930,220)	8,691,380

Work in Progress		
Finished goods at the beginning of the year	137,716,216	165,305,252
Less: Finished goods at the end of the year	141,753,794	137,716,216
Sub Total (B)	(4,037,578)	27,589,036
Increase or Decrease in Inventories - (A - B)	(6,967,798)	36,280,416

24 Other Operating Expenses

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
a) Consumption of Stores & Spares	3,422,957	4,103,826
b) Power & Fuel	48,722,072	40,159,024
c) Foreign Exchange (Gain/Loss)		-
d) Repairs & Maintenance	4,039,833	2,885,429
e) Vehicle Maintenance	25,360	82,709
f) Insurance	763,261	931,309
g) Rent, Rates & Taxes (Excluding Income Tax)	354,643	65,300
h) Transportation	14,128,450	12,781,653
i) Other Manufacturing Expenditure	10,034,110	18,329,142
Total	81,490,687	79,338,392

25 Employee Benefit Expenses

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
(a) Salaries & Wages	58,279,577	42,939,072
(b) Contribution to Provident & Other Funds	613,183	85,310
(c) Staff Welfare Expenses	1,039,265	1,880,099
Total	59,932,025	44,904,481

26 Finance Costs

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
a) Interest Expenses		
- Interest on Term Loan	395,467	6,736,698
- Interest on Working Capital loans	23,546,741	25,448,682

- Interest on Vehicle Loan	152,966	193,122
- Loan Processing Charges & Bank Charges	6,047,084	3,224,853
b) Other Borrowing costs	13,581,126	6,053,529
Total	43,723,385	41,656,884

27 Other Expenses

Particulars	As at 31-03-2020 (₹)	As at 31-03-2019 (₹)
a) Communication Expenses	79,845	94,394
b) Business Promotion Expenses	1,135,807	474,131
c) Conveyance	502,965	874,393
d) Office Maintenance	18,106	35,746
e) Printing & Stationery Expenses	92,658	93,106
f) Security Charges	423,000	401,558
g) Managerial Remuneration	110,000	120,000
h) Consultancy & professional Charges	183,914	30,251
i) AGM Fees	98,671	110,220
j) General Expenses	582,858	2,720,703
k) Donation	8,500	-
l) Payment to auditors		
i) As Auditor	118,000	118,000
m) Inspection fee	-	533,420
Total	3,354,324	5,605,922

Notes to Financial Statements

28. 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 31-03-2020		Year ended 31-03-2019	
	Quantity (MT)	Amount (In Lakhs)	Quantity (MT)	Amount (In Lakhs)
a) Turnover				
a. Plastics	8846.46	8097.72	8,828.61	8,412.26
b. Textiles				

b) Details of Raw Material consumed				
a. Plastics Granules	9752.68	6118.09	9,180.10	6,244.24
b. Cotton				
c) Capacity & Production				
i) Installed Capacity				
a. Plastics	10400.00	Nil	10400.00	Nil
b. Textiles	Nil	Nil	Nil	Nil
ii) Actual Production				
a. Plastics	9558.00	Nil	8948.00	Nil
b. Textiles	Nil	Nil	Nil	Nil

29. Details of Deferred Tax Liability as on 31-03-2020 on account of timing difference is as under :

Deferred Tax Liabilities	As on 31-03-2020 (In Rupees)	As on 31-03-2019 (In Rupees)
Opening Balance	(4,27,088)	88,02,263.00
Add: Adjustment for timing difference of Depreciation as per Companies Act and Income Tax Act,	67,56,896	(92,29,350.57))
Closing Balance	63,29,808	(4,27,088.00)

30. 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
NagarajDraksharam	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 INR.)

Name of the Party	Nature of Relationship	Nature of Transaction	2019-20	2018-19
S. Vishnu Vardhan Reddy	Managing Director	Remuneration	1,20,000	1,20,000
S. Rajitha Reddy	CFO & Whole Time Director	Remuneration	NIL	NIL
NagarajDraksharam	Independent Director	Remuneration	NIL	NIL
Indira Reddy Kuknoor	Independent Director	Remuneration	NIL	NIL

(C) Balances as at 31st March, 2020 (Amount in INR (lakhs))

Name of the Party	Nature of Relationship	Nature of Transaction	As at 31st March 2020
S. Vishnu Vardhan Reddy	Managing Director	Loans and Advances Received	274.23
S. Rajitha Reddy	CFO & Whole Time Director	Loans and Advances Received	461.00
Salguti Builders Private Limited	Commonly Controlled Organisation	Loans and Advances Received	5.52
Salguti Finance & Investments (p) Ltd.,	Commonly Controlled Organisation	Loans and Advances Received	70.41
S.Prajwal Reddy	Related party	Loans and Advances Received	8.75
S.Rajeswaramma	Related party	Loans and Advances Received	1.50
S.F.I.(P) Ltd	Commonly Controlled Organisation	Loans and Advances Received	7.23
Apoorva Reddy Salguti	Related party	Loans and Advances Received	40.67

31. Foreign Exchange Inflow and Outflow:

Particulars	Year 2019-20	Year 2018-19
OUTFLOW		
On account of Advance for Raw material and Machinery	-	19,93,420 INR (\$28,600 USD)
INFLOW		
On Export of Goods	NA	NA

32. Contingent Liabilities:

(a).

Particulars	Type	As at 31-03-2020 (RS.)	As at 31-03-2019 (RS.)
Letter of Credit	Inland LC	7,59,00,000	7,60,00,000

(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

33. Earnings Per Share : (Amount in INR)

Particulars	FY 2019-20	FY 2018-19
Net profit after tax	(55,37,702)	11,83,090
Weighted Average Numbers of shares	75,36,700	75,36,700
Basic EPS (Rs.)	(0.73)	0.16
Diluted EPS (Rs.)	(0.73)	0.16

34. Depreciation on Fixed Assets

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

35. Segment Reporting

Segment Reporting is not applicable as the company operates in only one segment viz. Plastic business.

36. 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.

37. Previous year's numbers have been regrouped, rearranged, recasted, wherever necessary to confirm to Current Year Classification.
38. The numbers have been rounded off to the nearest rupee.

As per our report of even date For and on behalf of the Board of Directors
For P C N & Associates **SALGUTI INDUSTRIES LIMITED**
Chartered Accountants
Firm Registration No: 016016S

M Naveen **S.VISHNUVARDHAN REDDY** **S. RAJITA REDDY**
Partner **Managing Director** **CFO & Whole Time Director**
Membership No. 237316
UDIN:20237316AAAAEK4609

Place: Hyderabad
Date: 30-07-2020

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

M.NAVEEN

PATHNER

UDIN 20237316AAAAFE9287

PLACE : HYDERABAD

DATE :05-09-2020