

33rd Annual Report 2017 - 2018



SALGUTI
Industries Ltd.

Adding Value



CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri S. Vishnu Vardhan Reddy	:	Managing Director (DIN : 00051641)
Smt S. Rajita Reddy	:	CFO & Whole Time Director (DIN : 00051603)
Sri Ravi Rajender Reddy	:	Independent Director (DIN : 02262067)
Smt Uma Reddy Raavi	:	Independent Director (DIN : 02291409)
Sri Draksharam Nagaraj	:	Independent Director (DIN : 02306564)

REGISTERED OFFICE

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

FACTORY (PLASTICS)

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

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

WEBSITE

www.salguti.com

BANKERS

Andhra Bank, Bank of Baroda and Oriental Bank of Commerce

STATUTORY AUDITORS

M/s. P C N & Associates

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

Chartered Accountants

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

SHARE TRANSFER AGENTS

Aarhi Consultants Pvt. Ltd. ,

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

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

E-mail : info@aarhiconsultants.com

LISTED ON :

BSE Limited, Mumbai

Company CIN : L25209TG1984PLC005048



NOTICE

Notice is hereby given that the 33rd Annual General Meeting of Salguti Industries Limited will be held on Saturday, the 29th day of September, 2018 at 2.00 p.m. at Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044 to consider the following business :

ORDINARY BUSINESS

1. To Receive, Consider and Adopt the Financial Statements of the Company for the year ended 31st March, 2018 including audited Balance Sheet and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (“the Board”) and Auditors thereon.
2. To appoint a Director in place of Smt. S. Rajitha Reddy, who retires by rotation and being eligible offers herself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution.

To appoint Auditors and to fix their remuneration

To ratify the re-appointment of Statutory Auditors and Fix Their Remuneration

“RESOLVED THAT in partial modification of the ordinary resolution passed at the 32nd Annual General Meeting held on 27th September, 2017 and in accordance with the amended Section 139 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 including any Statutory enactments or modifications thereof, the approval of the members be and is hereby accorded to continue the appointment of M/s. P C N & Associates., (FRN: 016016S), (formerly known as M/s. Chandra Babu Naidu & Co.,) Chartered Accountants, Hyderabad as Statutory Auditors of the Company at such remuneration as may be decided by the Board of Directors as per the recommendation of the Audit Committee, and the said appointment shall not be subject to ratification at every subsequent Annual General meeting”.

BY THE ORDER OF BOARD OF DIRECTORS

Sd/-

S.VISHNU VARDHAN REDDY
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 01-09-2018



NOTES

1. An Statement relating to the appointment of Directors is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Sunday, 23rd September, 2018 to Saturday, 29th September, 2018 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. The relevant details of Directors seeking re-appointment under item no. 2 of this Notice are provided in the Annual Report.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form', available on the website of the Share Transfer Agent of the Company [www. aarthiconsultants.com](http://www.aarthiconsultants.com), to M/s. Aarthi Consultancy Private Limited. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
6. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
7. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 1st September 2018, are entitled to the Annual Report, and, on 22nd September 2018 i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. Members who have acquired shares after the Authorize of the Annual Report and before the book closure may approach the Share Transfer



Agent of the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 10.00 a.m. on 26th September 2018 and will end at 5.00 p.m. on 28th September 2018. The Company has appointed Mr. Anil Dubba, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

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

- (i) The voting period begins at 10.00 a.m. on 26th September 2018 and will end at 5.00 p.m. on 28th September 2018. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd September 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below :

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

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



- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for "Salguti Industries Limited" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option 'YES/NO' for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders & Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xx) The e-voting module shall be disabled by CDSL after 5.00 p.m. on 28th September 2018.
- (xxi) The results shall be declared on or before 3rd October 2018. The results along with the Scrutinizer’s Report, shall also be placed on the website of the Company.
9. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Aarhi Consultants Private Limited / Investor Service Department of the Company immediately.
10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Aarhi Consultants Private Limited / Investor Service Department of the Company.
11. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
12. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED

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

1.	Name	:	Smt. S Rajitha Reddy
	Age	:	56 Years
	Qualifications	:	B. Com, A.C.A.
	Experience	:	30 Years in Company Matters
	Other Directorships (in Public Companies)	:	M/s. SPRING FIELDS AGROTECH LIMITED M/s. SALGUTI TEXTILES LTD



DIRECTORS' REPORT

To
The Members,
SALGUTI INDUSTRIES LIMITED

Your Directors have pleasure in presenting the 33rd Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2018.

FINANCIAL RESULTS REVIEW AND PROSPECTS

Your company has recorded a total income of Rs. 10,245.75 lakhs for the year ended 31st March, 2017 against total income of Rs. 11,646.47 Lakhs last year. The company has recorded a net profit of 18.43 lakhs for the current year against net loss of Rs.40.01 lakhs for the last year.

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

(Rupees in Lakhs)

Particulars	2017 – 18	2016 – 17
Total Turnover	10,245.75	11,646.47
Expenditure including Finance Cost	9,621.20	11,018.32
Profit before Tax	18.43	(47.87)
Less: Provision for Tax	5.69	-
Less: Provision for deferred Income Tax	26.49	(7.86)
Net Profit (after deferred tax)	358.63	50.73
Discounted Operations	(467.72)	(64.48)
Total Comprehensive Income after Tax	(109.10)	(13.75)

THE COMPANY'S PRODUCTS / SERVICES

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

DIVIDEND

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

BUSINESS RISK MANAGEMENT

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

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



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

DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

EXTRACT OF ANNUAL RETURN

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

DEMAT SUSPENSE ACCOUNT UNCLAIMED SHARES

As on 31st March 2018, there were no Equity Shares of Shareholders were lying in the Escrow Account due to non-availability of the correct particulars.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

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

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

1) Conservation of Energy:

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

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

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



- (b) (i) Technology Absorption, adaptation and innovation:- Indigenous Technology is involved for the manufacturing the products of the Company.
- (ii) Research and Development (R & D): No research and Development has been carried out.
- (c) Foreign exchange earnings: Nil
- (d) Foreign exchange out go: Rs. 16,47,697/- (23790 USD)

PARTICULARS OF EMPLOYEES

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

STATUTORY AUDITORS

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

In this regard, Board of Directors of the Company (on recommendation of Audit Committee) in its meeting held on 1st September 2018, has, proposed to ratify the re-appointment of the said Statutory Auditors from the conclusion from this AGM till the conclusion of next AGM.

BOARD AND COMMITTEES PERFORMANCE EVALUATION

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

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

The Board met on the following dates during the financial year 2017-2018.

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

30th May 2017, 29th August 2017, 1st September 2017, 14th September 2017, 14th December 2017, 8th February 2018, and 14th February 2018.

DIRECTORS & INDEPENDENT DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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



- b. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2018 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, 2018, the Company does not have any material listed/unlisted subsidiary companies as defined as per the provisions of SEBI (LODR) Regulations 2015. The policy on determining material unlisted subsidiary of the Company is approved by the Board of Directors of the company.

Vigil Mechanism

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

Familiarisation programme for Independent Directors

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

Material changes and commitments affecting the financial position.

During the period under review, the Board of Directors of the Company, at its meeting held on 8th February 2018 approved the Company to sell/dispose off the property (Textile Division) of the Company the structures standing thereon and/or any part or portion thereof along with Land & Building including electrification thereof on a slump sale basis on an "as is where is" basis or in any other manner as the Board may deem fit in the interest of the Company situated at Gollapalle



Village, Jedcharlla Gramapanchayat, Mahaboobnagar, Telangana, together with all specified tangible and intangible assets in relation to the Undertaking. The Company has accorded the approval of the members through the postal ballot result of which is declared on 13th March 2018 and due compliance relating to intimation to Stock Exchange and Registrar of Companies were made. The net proceeds from the sale of the Undertaking will be utilized to repay the existing loans and reduce interest burden, or enhancement of working capital of the Company or general business purpose.

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 2018 till the signing of this Annual Report, which has significant impact on the business of the Company.

Disclosure about cost Audit

The requirement of maintaining the cost Audit Records are not applicable to the Company **Disclosure about ESOP and Sweat Equity Share**

There are securities issued on ESOP basis / Sweat Equity.

Familiarisation programme for Independent Directors

Pursuant to the provisions of SEBI (LODR) Regulations 2015, the Company has formulated a programme for familiarising the Independent Directors with the company, their roles, rights,



responsibilities in the company, nature of the industry in which the company operates, business model of the company etc through various initiatives.

Key Managerial Personnel

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

Related Party Transaction

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

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

Internal Financial Controls

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

Secretarial Audit

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

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

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

Remuneration Policy

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

Significant and Material Orders Passed by the Regulators or Courts

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



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

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

PERSONNEL

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board
SALGUTI INDUSTRIES LIMITED

Place : Hyderabad
Date : 1st September, 2018

Sd/-
S.Vishnu Vardhan Reddy
Managing Director

Sd/-
S.Rajita Reddy
Whole-Time Director



MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

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

I. COMPANY'S PRODUCTS / SERVICES

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

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

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS:

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



FORM No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To,
The Members,
SALGUTI INDUSTRIES LIMITED

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

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

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2018 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.

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

Decisions at the Board Meetings, as represented by the management, were taken unanimously. We further report that as per the explanations given to us and the representations made by the Management and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

Hyderabad
1st September, 2018

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

**'Annexure A'**

To,
The Members,
Salguti Industries Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The Company has not provided us the details regarding the Labour Laws Compliances and we could not give our comment on that.
8. The Company has not appointed a Full time Company Secretary as required under the Provisions of Companies Act 2013 and Applicable SEBI Regulations., and also the Company has not appointed the Chief Executive Officer as Key Managerial Personnel as required under the provisions of Companies Act 2013. We were informed that the Managing Director is acting as the Compliance officer of the Company.
9. We were informed that Mrs. Rajitha Reddy S - Whole Time Director is acting as the CFO of the Company , But we observed that no remuneration is paid to her during the period under review.
10. We were informed by the Management of the Company that the Company do not have any Subsidiaries / Associate Companies.

Sd/-

Anil Dubba

Company Secretary

ACS No: 32736, CP No: 20834

Hyderabad
1st September, 2018



Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st, March 2018
 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
 (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

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



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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	2682725	---	2682725	35.60	2682725	---	2682725	35.60	---
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	2371875	---	2371875	31.47	2371875	---	2371875	31.47	---
e) Banks / FI									
f) Any other									---
(2) Foreign									
a) Individual									
b) Bodies Corp.									---
c) QIB									
Total shareholding of Promoter (A)	5054600	----	5054600	67.07	5054600	----	5054600	67.07	----
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									---
b) Banks / FI									---
c) Central Govt									---
d) State Govt(s)	250000	----	250000	3.32	250000	----	250000	3.32	-----
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									



h) Foreign Venture Capital Funds										
i) Others (specify)										
Sub-total (B)(1):-										---
2. Non-Institutions										
a) Bodies Corp.	5100	441200	446300	5.92	214600	231300	445900	5.92		---
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	241580	1333900	1575480	20.90	241580	1333900	1575480	20.90		---
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	206000	206000	2.73	0	206000	206000	2.73		---
c) Others (specify)						0				
Non Resident Indians	2200	2000	4200	0.06	2200	2000	4200	0.06		---
Overseas Corporate Bodies										---
Foreign Nationals										
Clearing Members	520	---	520	0.01	520	---	520	0.01		---
Trusts										
Foreign Bodies – D R										
Sub-total (B)(2):-	458900	1773200	2232100	29.62	458900	1773200	2232100	29.62		---
Total Public Shareholding (B)=(B)(1)+ (B)(2)	708900	1773200	2482100	32.93	708900	1773200	2482100	32.93		---
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	5763500	1773200	7536700	100	5763500	1773200	7536700	100		---



ii) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	SALGUTI FINANCE & INVESTMENTS (P) LTD.,	1454375	19.3	0	1454375	19.3	0	0
2.	VISHNU VARDHAN REDDY SALGUTI	892400	11.84	0	892400	11.84	0	0
3.	RAJITHA REDDY SALGUTI	492700	6.54	0	492700	6.54	0	0
4.	SALGUTI TEXTILES PVT LTD.,	472500	6.27	0	472500	6.27	0	0
5.	PRAJWAL R SALGUTI	366300	4.86	0	366300	4.86	0	0
6.	SALGUTI BUILDERS PVT LTD.,	227500	3.02	0	227500	3.02	0	0
7.	KRISHNA REDDY MALLEPALLY	213800	2.84	0	213800	2.84	0	0
8.	SULOCHANA MALLEPALLY	203050	2.69	0	203050	2.69	0	0
9.	RAJESHWARAMMA SALGUTI	179200	2.38	0	179200	2.38	0	0
10.	GOPAL REDDY SALGUTI	171800	2.28	0	171800	2.28	0	0
11.	M/S.KISSAN OIL REFINARIES (P) LTD.,	117500	1.56	0	117500	1.56	0	0
12.	JURALA POWER PROJECTS PVT LTD	50000	0.66	0	50000	0.66	0	0
13.	GADWAL POWER PROJECTS PVT LTD	50000	0.66	0	50000	0.66	0	0
14.	G. HANUMANTH REDDY	34250	0.45	0	34250	0.45	0	0
15.	VENKATESHWARA REDDY SALUGUTI	24000	0.32	0	24000	0.32	0	0
16.	B RAVINDER REDDY	----	----	0	----	----	0	0
17.	RAGHUVARDHAN REDDY MASTIPOOR	12000	0.16	0	12000	0.16	0	0
18.	MUTYALA VENKATAIAH	10500	0.14	0	10500	0.14	0	0
19.	SAVITHA R MALLEPALLI	----	----	0	----	----	0	0
20.	SUDHEER R MALLEPALLI	27500	0.36	0	27500	0.36	0	0
21.	B JYOTHI REDDY	23125	0.31	0	23125	0.31	0	0
22.	K RAVENDER REDDY	----	----	0	----	----	0	0
23.	K INDRA REDDY	30500	0.40	0	30500	0.40	0	0
24.	MUNDLA LAKSHMIKAR REDDY	1600	0.02	0	1600	0.02	0	0


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

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

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

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


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

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



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

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

B. Remuneration to other directors: **NIL**

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	----	----	----	----
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	----	----	----	----
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	----	----	----	----
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	----	----	----	----
2	Stock Option	----	----	----	----
3	Sweat Equity	----	----	----	----
4	Commission	----	----	----	----
	- as % of profit	----	----	----	----
	others, specify...	----	----	----	----
5	Others, please specify	----	----	----	----
	Total	----	----	----	----



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					



REPORT ON CORPORATE GOVERNANCE

5. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

6. Board of Directors

- 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). The composition of the Board is in conformity with the provisions of SEBI (LODR) Regulations 2015 and meets the stipulated requirements.
- 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, 2018.
- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 8 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

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



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

30th May 2017, 29th August 2017, 1st September 2017, 14th September 2017, 14th December 2017, 8th February 2018, and 14th February 2018.

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

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

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

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

7. Audit Committee

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



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

III) The previous Annual General Meeting of the Company was held on 27th September 2017 and **Sri. Draksharam Nagaraj**, Chairman of the Audit Committee, attended previous AGM.

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

S.No.	Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
1	Sri Draksharam Nagaraj	Chairman	4	4
2	Sri Ravi Rajender Reddy	Member	4	4
3	Smt. Uma Reddy Raavi	Member	4	4

IV) During the financial year four Audit Committee meetings were held on :
30th May 2017, 29th August 2017, 1st September 2017, 14th September 2017,
14th December 2017, 8th February 2018, and 14th February 2018.

The necessary quorum was present at all the meetings.

8. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Committee is given below :

S.No.	Name of the Director	Chairman / Member
1	Sri. Draksharam Nagaraj	Chairman
2	Sri. Ravi Rajender Reddy	Member
3	Smt. Uma Reddy Raavi	Member



9. REMUNERATION OF DIRECTORS:

Details of remuneration paid to Directors are given below:

Name of the Director	Relation-ship with other Directors	Business relation-ship with Company if any	Loans and advances from Company	Remuneration	Paid during the Year 2017-18		
					Sitting Fees	Salary	Commis-sion
Sri S. Vishnu Vardhan Reddy	Related Smt. Rajitha Reddy	Promoter Director	NIL	---	1,20,000	---	1,20,000
Smt. S. Rajita 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.

10. STAKEHOLDERS RELATIONSHIP / INVESTORS GRIEVANCE COMMITTEE:

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

The Committee consists of the following Directors :

S.No.	Name of the Director	Chairman / Member
1	Sri. Draksharam Nagaraj	Chairman
2	Sri. Ravi Rajender Reddy	Member
3	Smt. Uma Reddy Raavi	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, 2018 were: NIL.



INDEPENDENT DIRECTORS

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

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

AGM	YEAR	VENUE	Date	Time
32nd	2016-2017	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.	27.09.2017	10.00 A.M.
31st	2015-2016	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.	29.09.2016	11.00 A.M.
30th	2014-2015	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.	29.09.2015	2.00 P.M.

Postal ballot:

During the year under review, the company has sought the approval of the members of the company by conducting postal ballot for the dispose of its property relating to Textile Division and the result of the Postal Ballot was declared on 13th March 2018.

12. DISCLOSURES

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

13. NOTES ON DIRECTORS APPOINTMENT/RE-APPOINTMENT:

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

14. MEANS OF COMMUNICATIONS

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

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



15. GENERAL SHAREHOLDER INFORMATION:

(I) Annual General Meeting

Date : 29th September, 2018

Time : 2.00 p.m.

Venue : Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.

(II) Financial Calendar 1st April 2018 to 31st March 2019 (Tentative Schedule)

Quarter ending June 30, 2018 : On or before 14th August 2018

Quarter ending September 30, 2018 : 1st / 2nd week of November 2018

Quarter ending December 31, 2018 : 1st / 2nd week of February 2019

Quarter ending March 31, 2019 : On or before 30th May 2019

Annual General Meeting for : Before end of September, 2019

FY ended 31st March, 2019

(III) Date of Book Closure : 23rd September 2018 to 29th September 2018

(IV) Listing on Stock Exchanges :

1. The BSE Limited (BSE)

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

(V) Stock Code

The BSE Limited (BSE) : 526554 / SALGUTI

Dematerialization of Securities : ISIN: INE 159C01012

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

During the financial year the shares of the company were traded on BSE Limited, the following Market Price High & Low during each Month in the Last Financial Year 2017-18 as follows:

BSE (in Rs.)		
Month & Year	High	Low
Apr-17	26.00	20.45
May-17	23.65	22.55
Jun-17	23.60	18.90
Jul-17	22.50	21.00
Aug-17	19.95	17.10
Sep-17	16.90	13.15
Oct-17	15.20	12.50
Nov-17	15.00	14.25
Dec-17	13.54	11.20
Jan-18	20.00	11.51
Feb-18	20.00	18.00
Mar-18	19.00	18.05

**(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. Aarhi Consultants Private Limited
1-2-285, Domalguda, Hyderabad – 500 029.
Ph: 040-2763 8111; 040-2763 4445
Fax: 040-2763 2184
Website: www.aarhiconsultants.com
Email: info@aarhiconsultants.com

(IX) Share Transfer System

Documents will be accepted at

M/s. Aarhi Consultants Private Limited
1-2-285, Domalguda, Hyderabad – 500 029.
Ph: 040-2763 8111; 040-2763 4445
Fax: 040-2763 2184
Website: www.aarhiconsultants.com
Email: info@aarhiconsultants.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. Aarhi 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 31.03.2018

The details are mentioned elsewhere in the Annual Report.

(XI) Statement Showing Shareholding Pattern as on 31.03.2018

The details are mentioned elsewhere in the Annual Report.

(XII) Dematerialization of shares & liquidity

The Company's shares are compulsory traded in dematerialized form and are available for trading on both the Depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Company representing 76.95% of the company's share capital are dematerialized as on 31st March 2018.

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



(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, 3rd Floor, Road No. 3, Banjara Hills, Hyderabad - 500 034.
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16. OTHER DISCLOSURES AS PER THE PROVISIONS OF SEBI(LODR) REGULATIONS 2015

i. Code of Conduct

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

Certificate of Code of Conduct for the year 2017-18

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 2017-18.

Place : Hyderabad
Date : 01-09-2018

Sd/-
S.Vishnu Vardhan Reddy
Managing Director

**ii. Disclosure of Accounting Treatment**

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

iii. Non executive directors' compensation and disclosures

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

iv. CEO/CFO Certification

The CEO and CFO certification of the financial statements for the year 2017-18 is provided elsewhere in this Annual Report.

For and on behalf of the Board
SALGUTI INDUSTRIES LIMITED

Place: Hyderabad
Date: 1st September, 2018

Sd/-
S.Vishnu Vardhan Reddy
Managing Director

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



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

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

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2018 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: 01-09-2018

Sd/-
S.Vishnu Vardhan Reddy
Managing Director

Sd/-
S. Rajitha Reddy
Chief Financial Officer



CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To,
The Members,
Salguti Industries Limited
Hyderabad

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of M/s Salguti Industries Limited (“the company”) for the year ended 31st March, 2018 as stipulated under the provisions of SEBI (LODR) Regulations 2015.

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

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

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

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

Sd/-
M. Naveen
Partner
Membership No. 237316

Place: Hyderabad
Date: 01-09-2018

INDEPENDENT AUDITOR'S REPORT

**To the Members of
SALGUTI INDUSTRIES LIMITED**

Report on the IndAS Standalone Financial Statements

We have audited the accompanying IndAS Standalone Financial Statements of **SALGUTI INDUSTRIES LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under. This responsibility 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; design, implementation and maintenance of adequate internal financial controls, that are 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.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Standalone Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Standalone Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS Standalone Financial Statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Standalone Financial Statements:

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we further report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid IndAS Standalone Financial Statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.
 - e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - g) With respect to 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 has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

**for P C N & Associates.,
Chartered Accountants
Firm Registration No: 016016S**

**M Naveen
Partner
Membership No. 237316**

**Place: Hyderabad
Date: 30.05.2018**

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 IndAS Financial Statements for the year ended 31st March 2018, we report that:

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) According to the information and explanation given to us and on verification of documents provided to us, we are of the opinion that the title deeds of immovable properties are held in the Company.
- ii. In our opinion the inventories have been physically verified during the year by the Management at reasonable intervals. As explained to us, inventory has 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.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31 March, 2018 and therefore reporting under clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed maintenance of Cost Records under sub-section (1) of section 148 of "the Act" in respect of business of the company

and hence the provision of clause 3(vi) of the Order is not applicable with regard to maintenance of cost records.

- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and service tax, and other material Statutory dues except Professional tax (Telangana government) amounting to 1,33,073/- as applicable, with the appropriate authorities in India.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employee Staff Insurance, Service Tax, Sales Tax, Income-tax and other material statutory dues in arrears except Professional tax (Telangana government) as at 31st March, 2018 for a period of more than 6 months from the date they became payable.

(b) According to the information and explanations given to us, there are statutory dues, which have not been deposited with appropriate authorities on account of dispute as per the details given below.

In respect of Income Tax matters:

Name of the Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,65,95,181/ -	A.Y. 2014-15	CIT(Appeals)

- 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. During the year the Company has not raised moneys by way of initial public offer or further public offer. According to the information and explanations provided to us, the company has not taken any term loan during the year and hence the provision of clause 3(ix) of the Order relating to application of term loan funds is not applicable to the company.
- x. During the course of our examination of the books of account, we have neither come across any instance of fraud by the company or any fraud on the company by its officers or employees, either noticed or reported during the year, nor we have been informed of any such case by the Management.

- xi. According to the information and explanations provided to us, we are of the opinion that the company has provided and paid the managerial remuneration in accordance with the provisions of section 197 of "the Act".
- xii. The company is not a Nidhi Company and hence the provisions of clause 3(xii) of the Order, relating to compliance with maintenance of net owned funds and deposits, are not applicable to the company.
- xiii. According to the information and explanations provided to us, the transactions entered into by the company, during the year, with the related parties are in compliance with section 177 and 188 of "the Act". The details of the related party transactions as required by the applicable Indian Accounting Standards have been disclosed by the company in the financial statements.
- xiv. During the year under audit, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence the provisions of clause 3(xiv) of the Order, relating to compliance with section 42 of "the Act", are not applicable to the company.
- xv. According to the information and explanations provided to us, during the year the company has not entered into any non-cash transactions with the directors or persons concerned with him. Hence the provision of clause 3(xv) of the Order, relating to compliance with provisions of section 192 of "the Act", is 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**

**Place: Hyderabad
Date: 30.05.2018**

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls over Financial Reporting under clause (i) of the Sub-section 3 of the Section 143 of the Companies Act, 2013 ('The Act')

We have audited the internal financial controls over financial reporting of SALGUTI INDUSTRIES LIMITED ('the company') as of 31st march 2018 in conjunction with our audit of IND AS Standalone 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our Audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act 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 ICAI. These standards and guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion and the company's internal financial control 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 IndAS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes these policies and procedures that (1) pertain to the maintenance of records that, in reasonable detailed, 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 IndAS Financial Statements in accordance with generally accepted principles, and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the IndAS Financial Statements.

Inherent Limitation of Internal Financial Controls over Financial Reporting

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

Opinion

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

**for P C N & Associates.,
Chartered Accountants
Firm Registration No: 016016S**

**M Naveen
Partner
Membership No. 237316**

**Place: Hyderabad
Date: 30.05.2018**



SALGUTI INDUSTRIES LIMITED

1-2-288/6/4, Domalguda, Banjara Hills, Hyderabad - 500 029.

CIN:-L25209TG1984PLC005048

BALANCE SHEET AS AT 31.03.2018

(Amounts in Rs.)

Particulars	Note No.	As on 31-03-2018 ₹	As on 31-03-2017 ₹	As on 01-04-2016 ₹
ASSETS				
Non - Current Assets				
Property, Plant, Equipment	3	112,271,936	256,528,096	314,007,738
Investment Property				
Other Intangible Assets				
Financial Assets				
Loans	4	17,530,096	16,718,333	15,760,287
Investments			-	-
Others (Specify)		-	1,059,311	2,671,863
Other non current assets	5	3,396,266	3,157,011	3,161,764
		133,198,298	277,462,751	335,601,652
Current Assets				
Inventories	6	195,316,012	228,677,815	224,318,483
Financial Assets				
Trade receivables	7	180,269,001	168,988,853	212,464,544
Cash and cash equivalents	8	2,836,179	594,558	604,117
Others (to be specified)				
Current Tax Assets (Net)	9	8,287,914	13,302,377	26,357,712
Other current assets	10	41,229,371	133,180,700	97,639,882
		427,938,478	544,744,303	561,384,738
		561,136,776	822,207,054	896,986,390



Particulars	Note No.	As on 31-03-2018 ₹	As on 31-03-2017 ₹	As on 01-04-2016 ₹
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	75,367,000	75,367,000	75,367,000
Other equity	12	19,482,970	30,392,619	31,767,673
		94,849,970	105,759,619	107,134,673
LIABILITIES				
Non- Current liabilities				
Financial liabilities				
(i) Borrowings	13	115,533,511	232,353,714	265,618,017
(ii) Trade Payables				
(iii) Other Financial Liabilities				
Provisions				
Deferred tax liabilities (Net)	14	8,802,263	43,063,212	40,414,714
Other non - current liabilities				
Current liabilities				
Financial liabilities				
(i) Borrowings	15	204,019,945	237,887,086	240,631,359
(ii) Trade Payables	16	108,037,905	149,559,346	172,535,604
(iii) Other Financial Liabilities	17	26,856,000	45,890,000	59,829,342
Other Current Liabilities	18	2,916,212	3,646,314	5,937,211
Provisions	19	120,969	3,478,307	4,885,470
Current Tax Liabilities (net)	20	-	569,456	-
		341,951,031	441,030,509	483,818,986
		561,136,776	822,207,054	896,986,390

Summary of significant accounting policies

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

As per our report of even date attached

For P C N & Associates

(Formerly known as Chandra Babu Naidu & Co.)

Chartered Accountants

Firm Registration Number : 016016S

M. Naveen

Partner

Membership No.: 237316

Place: Hyderabad

Date: 30-05-2018

S. Vishnu Vardhan Reddy

Managing Director

DIN : 00051641

For Salguti Industries Limited

S. Rajita Reddy

CFO & Whole -Time Director

DIN : 00051603



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2018

Particulars	Note No.	Year Ended 31-03-2018 ₹	Year Ended 31-03-2017 ₹
Revenue			
Sale of Products	21	812,744,558	852,669,057
Other Income	22	379,735	934,308
Total Income		813,124,293	853,603,365
Expenses			
Cost of Material Consumed	23	602,285,937	544,854,464
Purchase of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	3,585,733	453,627
Other Operating Expenses	25	72,384,840	191,155,027
Employee Benefit Expenses	26	50,002,777	30,177,905
Finance costs	27	57,666,945	49,491,911
Other expenses	28	7,502,240	7,687,965
Depreciation / Amortisation and Depletion Expense	3	18,094,160	21,491,566
Total Expenses		811,522,632	845,312,465
Profit/(loss) before Tax		1,601,661	8,290,900
Provision for Tax		-	569,456
MAT credit entitlement		-	-
Deferred Tax	14	(34,260,949)	2,648,498
Tax expense:		(34,260,949)	3,217,954
Profit from Continuing operations		35,862,609	5,072,946
Discontinued Operations			
Profit from Discontinued operations before tax	29	(46,772,258)	(6,448,000)
Tax expense of Discontinued operations		-	-
		(46,772,258)	(6,448,000)
Profit/(Loss) for the period		(10,909,649)	(1,375,054)
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		-	-
i. Items that will not be reclassified to Statement of Profit and Loss		-	-
ii. Income tax relating to items that will not be reclassified to Statement of Profit and Loss		-	-
iii. Items that will be reclassified to Statement of Profit and Loss		-	-
iv. Income tax relating to items that will be reclassified to Statement of Profit and Loss		-	-
Total comprehensive income for the period		(10,909,649)	(1,375,054)
VII. Earning per equity share for profit from Continuing operations			
(1) Basic		4.76	0.67
(2) Diluted		4.76	0.67
VII. Earning per equity share for profit from Discontinuing operations			
(1) Basic		(6.21)	(0.86)
(2) Diluted		(6.21)	(0.86)
VII. Earning per equity share for profit from Discontinuing operations and Discontinuing Operations			
(1) Basic		(1.45)	(0.18)
(2) Diluted		(1.45)	(0.18)

The notes referred to above form an integral part of the financial statements.
As per our report of even date attached.

For P C N & Associates
(Formerly known as Chandra Babu Naidu & Co.)
Chartered Accountants
Firm Registration Number : 016016S

M. Naveen
Partner
Membership No.: 237316
Place: Hyderabad
Date: 30-05-2018

S. Vishnu Vardhan Reddy
Managing Director
DIN : 00051641

For Salguti Industries Limited

S. Rajita Reddy
CFO & Whole -Time Director
DIN : 00051603

SALGUTI INDUSTRIES LIMITED

Notes to the Standalone Financial Statements

For The Year Ended 31st March, 2018

1. CORPORATE INFORMATION

The Salguti Industries Limited incorporated on 20th October 1984 as a Private Limited Company and converted in to Public Company on 17th August 1992. It has listed in Bombay stock exchange (Bse) in the year 2000. SIL (M/s. Salguti Industries Limited) has started the manufacturing unit in Plastic Division in small scale in the year 1986, gradually the capacities have been increased and the company has graduated to medium scale by 1994. SIL is one of the leading manufacturers of HDPE/PP woven sacks in India now. SIL has diversified in to Textiles manufacturing industry in the year of 2006, now in the FY 2017-18 the company hived off it's textiles division. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. 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.

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

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GAAP”.

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

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

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.

(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

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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) Exemptions from retrospective application

i) Fair value as deemed cost exemption

The Company has elected to measure items of property, plant and equipment at its carrying value at the transition date.

Cumulative translation differences

The Company has elected to apply Ind AS 21 - The Effects of changes in Foreign Exchange Rate prospectively. Accordingly all cumulative gains and losses recognized are reset to zero by transferring it to retained earnings.

(e) 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;

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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.

2.2. Revenue Recognition

Recognition of Revenue from Sale of Products (Plastics and Textiles):

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 sale of products is 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. Revenue from operations includes sale of products, services, service tax, excise duty, GST and adjusted for discounts (net).

Recognition of Revenue from Job Work Contracts:

Revenue from Job Work Contracts is recognized when the performance of agreed contractual task has been completed.

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2.3. 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

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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.

2.4. Earnings per share

ii) Basic earnings per share:

Basic earnings per share are calculated by dividing:

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

iii) Diluted earnings per share

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

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

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2.5. 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.

2.6. 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

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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.

2.7. 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.

2.8. 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.

2.9. Contributed Equity

Equity shares are classified as equity.

2.10. 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.

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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.

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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.

2.11. 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.

2.12. 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

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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.

2.13. 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.

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2.14. 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.

2.15. 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

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- Income Taxes

2.16. **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.

2.17. **Exemptions from retrospective application**

2.17.1 **Fair value as deemed cost exemption**

The Company has elected to measure items of property, plant and equipment and intangible assets at its carrying value at the transition date except for certain class of assets which are measured at fair value as deemed cost.

2.18 Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate line of business that has been disposed off or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable

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and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operation. The post-tax profit or loss of the discontinued operation together with the gain or loss recognised on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.



Notes to Financial Statements as at March 31, 2018

NOTE NO. 1 : SHARE CAPITAL

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
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	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	75,367,000
Total issued, subscribed and fully paid-up share capital	75,367,000	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 the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31-Mar-18		As at 31 Mar 2017		As at 01 Apr 2016	
	No.of Shares	Amount	No.of Shares	Amount	No.of Shares	Amount
Equity shares						
Ordinary equity shares						
Shares at the beginning of the year	7,536,700	75,367,000	7,536,700	75,367,000	7,536,700	75,367,000
Issued during the year	-	-	-	-	-	-
Shares outstanding as at end of the period	7,536,700	75,367,000	7,536,700	75,367,000	7,536,700	75,367,000

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

Name of the Shareholders	As at 31-Mar-18		As at 31 Mar 2017		As at 01 Apr 2016	
	No.of Shares	% of holding	No.of Shares	% of holding	No.of Shares	% of holding
Ordinary equity shares						
1. S. Rajitha Reddy	492,700	6.54%	492,700	6.54%	492,700	6.54%
2. Salguti Finance And Investments	1,454,583	19.30%	1,454,583	19.30%	1,454,583	19.30%
3. S. Vishnuvardhan Reddy	660,000	8.76%	660,000	8.76%	660,000	8.76%
4. Salguti Textiles Limited	472,500	6.27%	472,500	6.27%	472,500	6.27%



Notes to Financial Statements as at March 31, 2018

4 LOANS

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
Security Deposits	17,530,096	16,718,333	15,760,287
	17,530,096	16,718,333	15,760,287

5 OTHER NON-CURRENT ASSETS

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
Advances Otherthan capital advances			
Security Deposits		-	-
Other Advances (Specify nature)	-	-	-
Other Advances	1,707,892	1,707,892	1,712,645
Other (Specify nature)			
Gratuity Fund	1,688,374	1,449,119	1,449,119
	3,396,266	3,157,011	3,161,764

6 INVENTORIES

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
Raw materials	20,157,220	49,933,290	45,120,331
Work-in-progress	165,305,252	151,356,625	155,578,674
Finished goods	9,853,540	27,387,900	23,619,478
Total	195,316,012	228,677,815	224,318,483

7 TRADE RECEIVABLES

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
Outstanding for a period exceeding six months from the date they are due for payment			
Unsecured and considered good	8,324,300	7,268,900	9,584,200
Other Receivables			
Unsecured and considered good	171,944,701	161,719,953	202,880,344
	180,269,001	168,988,853	212,464,544



Notes to Financial Statements as at March 31, 2018

8 CASH AND CASH EQUIVALENTS

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
Cash & Cash Equivalents :			
Balances with Banks			
In Current Accounts	990,179	508,402	71,685
Cash on hand	1,846,000	86,156	532,432
	2,836,179	594,558	604,117

9 CURRENT TAX ASSETS

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
a) GST Input	861,369	347,070	347,070
b) VAT Receivable	5,985,191	12,523,857	25,626,015
c) TDS Receivable	1,441,354	431,450	384,627
	8,287,914	13,302,377	26,357,712

10 OTHER CURRENT ASSETS

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
a) Security Deposits	14,608,765	15,093,071	15,658,156
b) Advances to Employees	1,690,999	8,852,984	5,820,567
c) Advances to Suppliers	23,261,134	75,945,782	69,306,153
d) Other Advances	1,668,474	33,288,863	6,855,006
	41,229,371	133,180,700	97,639,882

12 OTHER CURRENT ASSETS

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
Securities Premium			
As per last Balancesheet	15,000,000	15,000,000	15,000,000
Investment Allowance Reserve			
As per last Balancesheet	602,497	602,497	602,497
Subsidy			
As per last Balancesheet	-	-	-
Retained Earnings/ (Surplus)			
Surplus/(deficit) in the statement of profit and loss:			
Balance as at the beginning of the year	14,790,122	16,165,176	(4,208,480)
Add: change to profit / (loss) for the year	(10,909,649)	(1,375,054)	(4,001,142)
Add:	-	-	24,374,798
Balance as at the end of the year	3,880,473	14,790,122	16,165,176
Total	19,482,970	30,392,619	31,767,673



Notes to Financial Statements as at March 31, 2018

LOANS

NON-CURRENT LIABILITIES

13 BORROWINGS

Particulars	As at 31-03-2018	Current	As at 31-03-2017
	₹	As at 31-03-2017	₹
Term Loans			
i) From Banks	22,305,347	82,290,496	115,908,188
Less: Current Maturities	15,120,000	30,100,000	37,784,000
	7,185,347	52,190,496	78,124,188
ii) From other parties			
Loans from APSFC	16,075,051	36,141,245	54,084,337
Less: Current Maturities	11,736,000	15,790,000	21,372,000
	4,339,051	20,351,245	32,712,337
Loans from related parties	79,520,032	129,236,572	118,586,360
Loans from Others	24,489,081	30,575,401	36,195,132
	104,009,113	159,811,973	154,781,492
	115,533,511	232,353,714	265,618,017

14 DEFERRED TAX LIABILITY (NET)

Particulars	As at 31-03-2018	Current	As at 31-03-2017
	₹	As at 31-03-2017	₹
Opening Deferred Tax liability	43,063,211	40,414,713	41,200,323
Add/Less: Deferred Tax Liability/(Asset) for the year (Due to SLM and WDV Difference)	(34,260,948.70)	2,648,498.00	(785,610)
Defered Tax Liability/(Asset) - (Net)	8,802,262	43,063,211	40,414,713

15 BORROWINGS

Particulars	As at 31-03-2018	Current	As at 31-03-2017
	₹	As at 31-03-2017	₹
Loans repayable on Demand	204,019,945	237,887,086	240,631,359
Unsecured,			
Loans from related parties repayable on demand	-	-	-
	204,019,945	237,887,086	240,631,359



Notes to Financial Statements as at March 31, 2018

16 TRADE PAYABLE

Particulars	As at 31-03-2018	Current	As at 31-03-2017
	₹	As at 31-03-2017	₹
Trade Payables	108,037,905	149,559,346	172,535,604
	108,037,905	149,559,346	172,535,604

17 OTHER FINANCIAL LIABILITIES

Particulars	As at 31-03-2018	Current	As at 31-03-2017
	₹	As at 31-03-2017	₹
Current Maturities of Long-term debt	26,856,000	45,890,000	59,156,000
Interest accrued		-	673,342
Others (specify nature)			
	26,856,000	45,890,000	59,829,342

18 OTHER CURRENT LIABILITIES

Particulars	As at 31-03-2018	As at 31-03-2017	As at 31-03-2017
	₹	₹	₹
Other(specify nature)			
Outstanding Expenses Payable	2,788,212	3,521,814	5,699,532
Audit Fees payable	118,000	114,500	114,500
Directors Remuneration Payable	10,000	10,000	10,000
TDS Payable	-	-	113,179
	2,916,212	3,646,314	5,937,211

19 PROVISIONS

Particulars	As at 31-03-2018	As at 31-03-2017	As at 31-03-2017
	₹	₹	₹
Provisions for Employee Benefits			
PF Payable	60,861	80,679	88,831
ESI Payable	24,346	29,785	33,442
Salaries Payable	-	3,349,561	4,598,332
GST Payable		-	
Others			
Statutory Liabilities	35,762	18,282	164,865
	120,969	3,478,307	4,885,470



Notes to Financial Statements as at March 31, 2018

20 CURRENT TAX LIABILITIES

Particulars	As at 31-03-2018 ₹	As at 31-03-2017 ₹	As at 31-03-2017 ₹
Provision For Income Tax	-	569,456	-
Less: TDS receivable for 17-18	-	-	-
	-	569,456	-

21 OPERATING INCOME

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
"Sale of Products" (HDPE/PP WOVEN SACKS/HDPE FABRIC/COTTON AND BLEND FABRIC)"	812,590,901	852,669,057
Other Operating Income	153,657	-
	812,744,558	852,669,057

22 OTHER INCOME

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
Interest Income	369,687	934,308
Other Income	10,048	-
	379,735	934,308

23 COST OF MATERIAL CONSUMED

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
Opening Stock of Raw Materials	49,933,290	45,120,331
Add: Purchases During the year	572,509,867	549,667,423
Less: Closing Stock of Raw material	20,157,220	49,933,290
	602,285,937	544,854,464



Notes to Financial Statements as at March 31, 2018

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

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
Finished Goods		
Finished goods at the beginning of the year	27,387,900	23,619,478
Less: Finished goods at the end of the year	9,853,540	27,387,900
Sub Total (A)	17,534,360	(3,768,422)
Work in Progress		
Finished goods at the beginning of the year	151,356,625	155,578,674
Less: Finished goods at the end of the year	165,305,252	151,356,625
Sub Total (B)	(13,948,627)	4,222,049
Increase or Decrease in Inventories - (A - B)	3,585,733	453,627

25 OTHER MANUFACTURING EXPENSES

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
a) Consumption of Stores & Spares	5,405,713	14,006,887
b) Power & Fuel	41,513,445	43,894,441
c) Foreign Exchange (Gain/Loss)	-	-
d) Repairs & Maintenance	1,414,057	2,327,526
e) Repairs to Machinery	-	1,432,561
f) Insurance	467,527	1,396,221
g) Rates & Taxes (Excluding Income Tax)	1,760,595	2,753,846
h) Transportation	4,951,660	10,081,798
i) Other Manufacturing Expenditure	16,871,843	115,261,747
Total	72,384,840	191,155,027

26 EMPLOYEES BENEFIT EXPENSES

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
(a) Salaries & Wages	47,677,920	27,585,996
(b) Contribution to Provident & Other Funds	925,954	1,081,990
(c) Staff Welfare Expenses	1,398,903	1,509,919
Total	50,002,777	30,177,905



Notes to Financial Statements as at March 31, 2018

27 FINANCE COSTS

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
a) Interest Expenses		
- Interest on Term Loan	14,366,700	8,781,801
- Interest on Working Capital loans	33,787,030	27,452,791
- Interest on Vehicle Loan	128,349	-
- Loan Processing Charges & Bank Charges	7,094,129	4,476,451
b) Other Borrowing costs	2,290,737	8,780,868
Total	57,666,945	49,491,911

28 ADMINISTRATIVE EXPENSES

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
a) Communication Expenses	162,462	330,300
b) Business Promotion Expenses	989,616	1,976,083
c) Conveyance	1,141,617	1,698,729
d) Office Maintenance	45,724	42,567
e) Printing & Stationery Expenses	172,713	158,413
f) Security Charges	713,796	1,716,741
g) Managerial Remuneration	120,000	120,000
h) Consultancy Charges	-	554,800
i) AGM Fees	51,917	72,255
j) General Expenses	2,118,909	853,577
k) Donation	105,000	-
k) Payment to auditors		
i) As Auditor	165,000	164,500
l) Accounts Written Off	656,175	-
m) Un Amortised Expenses Written Off	1,059,311	-
Total	7,502,240	7,687,965

29 DISCONTINUED OPERATIONS

Particulars	For the period ended 31-03-2018 ₹	For the period ended 31-03-2017 ₹
Revenue	40,905,634	171,906,000
Expenses	38,384,174	163,889,000
Finance Cost	6,409,553	11,868,000
Other Exp	4,262,198	2,597,000
Depreciation	-	-
Loss on Sale of Textiles Division	38,621,967	-
Profit before Income Tax	(46,772,258)	(6,448,000)
Income tax expense	-	-
Profit after Income Tax	(46,772,258)	(6,448,000)



NOTES ON ACCOUNTS

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

i) Quantitative information with regard to.

Particulars	Year ended 31-03-2018		Year ended 31-03-2017	
	Quantity (MT)	Amount (Rs.) in Lakhs	Quantity (MT)	Amount (Rs.) in Lakhs
a) Turnover	8288.16	8127.44		
a. Plastics	282.00	409.66	8485.43	8526.69
b. Textiles			968.18	1704.23
b) Details of Raw Material consumed	9123.64	5997.44		
a. Plastics Granules	0.00	0.00	8280.08	5434.06
b. Cotton			952.55	1019.55
c) Capacity & Production				
i) Installed Capacity	10400.00	Nil		
a. Plastics	Nil	Nil	10400	Nil
b. Textiles			1750	Nil
ii) Actual Production	8926.00	Nil		
a. Plastics			8360	Nil
b. Textiles			943	Nil

26. Details of Deferred Tax Liability as on 31-03-2018 on account of timing difference is as under:

Deferred Tax Liabilities	As on 31-03-2018 (In Rupees)	As on 31-03-2017 (In Rupees)
Opening Balance	4,30,63,212	4,04,14,714
Add: Adjustment for timing difference of Depreciation as per Companies Act, and Income Tax Act,	(3,42,60,949)	26,48,498
Closing Balance	88,02,263	4,30,63,212

**27. 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
Salguti Builders Private Limited	Common Directors
Salguti Textiles Limited	Common Directors
Salguti Mu.....	Common Controlled Company

(b) Transactions during the year with related Parties :

Name of the Party	Nature of Relationship	Nature of Transaction	2017-18 (In Rupees)	2016-17 (In Rupees)
S. Vishnu Vardhan Reddy	Managing Director	Remuneration	1,20,000	1,20,000
S. Rajitha Reddy	CFO & Whole Time Director	Remuneration	Nil	Nil
		Unsecured Loan	30,00	

28. FOREIGN EXCHANGE INFLOW AND OUTFLOW:

Particulars	Year 2017 - 18	Year 2016 - 17
	In Rupees	In Rupees
OUTFLOW On Account of Advance for Raw Material & Machinery	16,47,697 \$ 23970 USD	48,58,253 -
INFLOW On Export of Goods	-	93,95,530

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

(a)

		As at 31-03-2018	As at 31-03-2017
Letter of Credit	Inland LC	5,88,00,000	5,41,21,459

(b) The company is having income tax liability for the A.Y 2014-15 of amount Rs.2,65,95,181/- in income tax Appeals.



30. Earnings Per Share :

Particulars	FY 2017 – 18	FY 2016 – 17
Net profit after tax	(1,09,09,649)	(13,75,054)
Weighted Average Numbers of shares	75,36,700	75,36,700
Basic EPS (Rs.)	(1.45)	(0.18)
Diluted EPS (Rs.)	(1.45)	(0.18)

31. During the year the Company is liable to pay an amount of Rs.33,70,265/- pertaining to 2002-2003, towards Sales Tax Deferment Amount, which was not paid by the Company as the Company was having refund to be received from the VAT Authorities. The Company has made an application to the sales tax authorities to adjust the refund against the sales tax liability for the current year. However, as on 31st March, 2017 this application is pending and no amount was adjusted against the liability.

32. Discontinued Operations:

The company has hived off Textiles division which accounted for 17% revenue and plant located at Gollapally Village, Jadcherla Mandal, Mahaboobnagar Dist. Details of revenues and expenses related this division are as follows:

Particulars	For the period ended	
	31st Mar 2018	31st Mar 2017
Revenue	4,09,05,634	17,19,06,000
Expenses	3,83,84,174	16,38,89,000
Finance Cost	64,09,553	1,18,68,000
Other Exp	42,62,198	25,97,000
Loss on Sale of Textiles Division	3,86,21,967	-
Profit before Income Tax	(4,67,72,258)	(64,48,000)
Income tax expense	-	-
Profit after Income Tax	(4,67,72,258)	(64,48,000)

In the above Rs. 4.67Cr loss, "Rs 3.86 Cr" loss is capital loss which is incurred due to sale of total Textile division.

33. Depreciation on Fixed Assets

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

34. Segment Reporting:

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

35. Closing Balances of Debtors and Creditors are subject to Confirmation.

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 conform to Current Year Classification.



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

Signatures to Note No. 1 to 38

AS PER OUR REPORT OF EVEN DATE
For P C N ASSOCIATES
(Formerly Chandra babu Naidu & Co.,
CHARTERED ACCOUNTANTS
Firm Registration No: 0160165

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

Sd/-
M. NAVEEN
PARTNER
Membership No. 237316

Sd/-
S.VISHNUVARDHAN REDDY
MANAGING DIRECTOR

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

PLACE : HYDERABAD
DATE : 30-05-2018



SALGUTI INDUSTRIES LIMITED

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

Proxy form

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

CIN: L25209TG1984PLC005048

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

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

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

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

1. Name :

Address :

E-mail Id :

Signature :, or failing him

2. Name :

Address :

E-mail Id :

Signature :, or failing him

3. Name :

Address :

E-mail Id :

Signature :



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual general meeting of the company, to be held on the Saturday, 29th Day of September 2018, at 2.00 p.m. at Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution
Ordinary Business	
1.	To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018 the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2	To appoint a Director in place of Smt. S Rajitha Reddy who retires by rotation and being eligible offers herself for reappointment.
3.	To appoint Statutory Auditors of the Company and fix their remuneration.

Signed this day of 2018.

Signature of Shareholder

Signature of Proxy holder (s)

Affix
Revenue
Stamp

Note:

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



SALGUTI INDUSTRIES LIMITED

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

33rd Annual General Meeting – Saturday – 29th September 2018

Attendance Slip

Folio No. / DPID and Client ID No :

No. of shares

Name and address of First/sole shareholder :

I, hereby record my presence at the 33rd Annual General Meeting of the Company to be held on Saturday, 29th Day of September, 2018 at 2.00 p.m. at Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.

Name of the Member/Proxy
(Block Letters)

Signature of the Member/Proxy

Notes :

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

**PRINTED MATTER
BOOK - POST**

If undelivered Please return to :



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