

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 | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • 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 | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • 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. Aarthi 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. Aarthi 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 ;