

# **34th Annual Report 2018 - 2019**





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

### REGISTERED OFFICE

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

Ph : 040-23545939 Fax : 040-23544909

Website : salguti.com

### FACTORY (PLASTICS)

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

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

### WEBSITE

www.salguti.com

### 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

#### Aarthi Consultants Pvt. Ltd. ,

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

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

E-mail : info@aarthiconsultants.com

### LISTED ON :

BSE Limited, Mumbai

**Company CIN : L25209TG1984PLC005048**



## **NOTICE**

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

### **ORDINARY BUSINESS**

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

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

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

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

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

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

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

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

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



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

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

BY THE ORDER OF BOARD OF DIRECTORS

Sd/-

**S.VISHNU VARDHAN REDDY**  
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 02-09-2019



## NOTES

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



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

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

- (i) The voting period begins at 10.00 a.m. on 25th September 2019 and will end at 5.00 p.m. on 27th September 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21st September 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below :

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

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



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



- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) The e-voting module shall be disabled by CDSL after 5.00 p.m. on 27th September 2019.
- (xxi) The results shall be declared on or before 3rd October 2019. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.
9. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. 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

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





## EXPLANATORY STATEMENT

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

### Item No. 3 & 4

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

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

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

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

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

### Item No. 5:

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

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

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

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

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



## **DIRECTORS' REPORT**

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

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

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

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

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

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

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

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

### **DIVIDEND**

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

### **BUSINESS RISK MANAGEMENT**

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

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