

**32nd Annual Report
2016 - 2017**





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.

FACTORY (TEXTILES) :

Plot No: 310/311,
Gollapally Village,
Jadcherla Mandal,
Mahaboobnagar Dist.

WEBSITE

www.salguti.com

BANKERS

Andhra Bank, Bank of Baroda and Oriental Bank of Commerce

STATUTORY AUDITORS

M/s. P. Murali & Co.,
Chartered Accountants
6-3-655/2/3, Somajiguda, Hyderabad -500 082. Ph : 23326666 Fax : 040-23392474

SHARE TRANSFER AGENTS

Aarathi Consultants Pvt. Ltd. ,
1-2-285, Domalguda, Hyderabad - 500 029.
Ph : 040 - 27642217, 27638111 Fax : 040 - 27632184
E-mail : info@aarthiconsultants.com

LISTED ON :

BSE Limited, Mumbai

Company CIN : L25209TG1984PLC005048



NOTICE TO MEMBERS

NOTICE is hereby given that the 32nd Annual General Meeting of M/s. Salguti Industries Limited will be held on Wednesday, the 27th day of September, 2017 at 10.00 a.m. at Sundaraiah Vignana Kendram, (Mini Hall) Bagh Lingampalli, 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, 2017 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

"RESOLVED THAT pursuant to Section 139(2) of the Companies Act 2013 & subject to Companies (Audit & Auditors) Rules 2014, approval of the Members of the Company be and is hereby accorded to the Board to appoint M/s. Chandra Babu Naidu & Co., (FRN: 016016S), Chartered Accountants, Hyderabad as Statutory Auditors of the Company from the Conclusion of this Annual General Meeting for a term of Five Years subject to ratification at every Annual General Meeting and fix their remuneration".

SPECIAL BUSINESS

4. To Re-appoint Mr. S Vishnu Vardhan Reddy as Managing Director of the Company
"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act 2013 and the Rules made there-under (including any statutory modification(s) re-enactments thereof for the time being in force) read with Schedule V of the Companies Act, 2013, and subject to approval of the Central Government or other Government authority, if any, and pursuant to approval of the Board of Directors and subject to such other approvals and consents as may be necessary, approval of the members be and is hereby accorded to reappoint **Mr. Vishnu Vardhan Reddy as Managing Director** of the Company for a period of five years w.e.f. 1st October 2017 on existing remuneration and terms & conditions.
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".
5. To Re-appoint Mrs. S Rajitha Reddy as Whole-Time Director of the Company
"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act 2013 and the Rules made there-under (including any statutory modification(s) re-enactments thereof for the time being in force) read with Schedule V of the Companies Act, 2013, and subject to approval of the Central Government or other Government authority, if any, and pursuant to approval of the Board of Directors and subject to such other approvals and consents as may be necessary, approval of the members be and is hereby accorded to reappoint **Mrs. S Rajitha Reddy as Whole-Time Director** of the Company for a period of five years w.e.f. 1st October 2017 on existing remuneration and terms & conditions.
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".

BY THE ORDER OF BOARD OF DIRECTORS

Sd/-

S.VISHNU VARDHAN REDDY
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 01-09-2017

**NOTES**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) 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 Thursday, 21st September, 2017 to Wednesday, 27th September, 2017 (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, 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 25th August 2017, are entitled to the Annual Report, and, on 20th September 2017 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 24th September 2017 and will end at 5.00 p.m. on 26th September 2017. The Company has appointed Ms. Sarada Putcha, 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 24th September 2017 and will end at 5.00 p.m. on 26th September 2017. 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 20th September 2017, 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	<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"> • 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 26th September 2017.

(xxi) The results shall be declared on or before 3rd October 2017. The results along with the Scrutinizer’s Report, shall also be placed on the website of the Company.

9. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Aarathi Consultants Private Limited / Investor Service Department of the Company immediately.
10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Aarathi Consultants Private Limited / Investor Service Department of the Company.
11. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the registration counter.
12. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED

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

1.	Name	:	Smt. S Rajitha Reddy
	Age	:	54 Years
	Qualifications	:	B. Com, A.C.A.
	Experience	:	28 Years in Company Matters
	Other Directorships (in Public Companies)	:	M/s. SPRING FIELDS AGROTECH LIMITED M/s. SALGUTI TEXTILES LTD
2.	Name	:	Sri. Vishnu Vardhan Reddy
	Age	:	60 Years
	Qualifications	:	Possess Master Degree in Business Administration
	Experience	:	30 Years in Company Matters
	Other Directorships (in Public Companies)	:	M/s. Spring Fields Agrotech Limited M/s. Salguti Textiles Ltd.



EXPLANATORY STATEMENT

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

Item No. 4 :

Re-Appointment of Sri S. Vishnu Vardhan Reddy as Managing Director of the Company.

Pursuant to the provisions of Section 196, 197, 203 of the Companies Act 2013 and the Rules made thereunder and subject to approval of the Central Government or other Government authority, Sri. S Vishni Vardhan Reddy, (DIN: 00051641) is proposed to be re-appointed as Managing Director of the Company for a period of five years w.e.f. 1st October 2017.

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

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

None of the Directors and Key Managerial Persons of the Company except Smt. S Rajitha Reddy, being the relative of appointee, is concerned or interested in this resolution.

Item No. 5 :

Re-Appointment of Smt. S. Rajitha Reddy as Whole-Time Director of the Company.

Pursuant to the provisions of Section 196, 197, 203 of the Companies Act 2013 and the Rules made thereunder and subject to approval of the Central Government or other Government authority, Smt. S. Rajitha Reddy, (DIN: 00051603) is proposed to be re-appointed as Whole-Time Director of the Company for a period of five years w.e.f. 1st October 2017.

Hence, the above resolution at item no.5 is submitted to the meeting for the approval by the members of the Company.

The Board of Directors re-commends the above resolution at item no.5 for the members' approval in the Annual General Meeting

None of the Directors and Key Managerial Persons of the Company except Sri S. Vishnu Vardhan Reddy, being the relative of the proposed appointee, is concerned or interested in this resolution.



DIRECTORS' REPORT

To
The Members,
SALGUTI INDUSTRIES LIMITED

Your Directors have pleasure in presenting the 32nd Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2017.

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.47.87 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	2016 – 17	2015 – 16
Total Turnover	10,245.75	11,646.47
Expenditure	9,621.20	11,018.32
Finance Cost	613.46	696.30
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)	(13.75)	(40.01)

THE COMPANY'S PRODUCTS / SERVICES

- **Plastic Division** : Our Company is Manufacturing HDPE/PP Woven sacks for packing of Fertilizers & Cement.
- **Textile Division** : Manufacturing Cotton grey fabric for garments, Bed Linen and Furnishings.

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 2017, 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: Rs. 93,95,530/-
- (d) Foreign exchange out go: Rs. 48,58,253/-

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 existing Statutory Auditors. The term of the existing Auditors M/s. P Murali & Co., expires for the FY 2016-17, i.e till the conclusion of ensuing Annual General meeting to be held on 27th September 2017.

In this regard, Board of Directors of the Company (on recommendation of Audit Committee) in its meeting held on 29th August 2017, has, subject to approval of shareholders in the ensuing Annual General meeting to be held on 27th September 2017, approved the appointment of M/s. Chandra Babu Naidu & Co., (FRN: 016016S), Chartered Accountants, as the Statutory Auditors of the Company for a period of Five Years w.e.f from the Conclusion of this Annual General Meeting, subject to ratification at every Annual General Meeting.

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 2016-2017.

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

30th May 2016, 13th August 2016, 1st September 2016, 14th November 2016, and 14th February 2017.

DIRECTORS & INDEPENDENT DIRECTORS

At the 29th Annual General Meeting of the Company held on 27th September 2014, the Members of the Company had appointed Independent Directors of the Company, for a period of 5 years. 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, 2017 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, 2017, 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.

Key Managerial Personnel

Smt. S. Rajitha Reddy Chief Financial Officer was appointed 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, 2017

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.
- * **Textile Division:** Manufacturing Cotton grey fabric for garments, Bed Linen and Furnishings.

II. OPPORTUNITIES AND THREATS

TEXTILE SECTOR

Opportunities:

1. Growth rate of Domestic Textile Industry is 6-8% per annum.
2. Large, Potential Domestic and International Market.
3. Product development and Diversification to cater global needs.
4. Elimination of Quota Restriction leads to greater Market Development.
5. Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
6. Emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft and other segments of the industry.
7. Greater Investment and FDI opportunities are available.

Threats:

1. Competition from other developing countries, from Vietnam and Bangladesh.
2. Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
3. Elimination of Quota system will lead to fluctuations in Export Demand.
4. Threat for Traditional Market for Powerloom and Handloom Products and forcing them for product diversification.
5. Geographical Disadvantages.
6. International labor and Environmental Laws.
7. To balance the demand and supply.
8. To make balance between price and quality.

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, 2017

(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, 2017 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, 2017 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.

Sd/-
Sarada Putcha
Company Secretary

Hyderabad
1st September, 2017

FCS No: 21717, CP No: 8735

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.

Sd/-
Sarada Putcha
Company Secretary

Hyderabad
1st September, 2017

FCS No: 21717, CP No: 8735



Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st, March 2017
 [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. Aarthi 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	Textiles	6302	24.36
2	Plastics	303503009	75.64

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-2017]				No. of Shares held at the end of the year [As on 31-March-2016]				% 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	244000	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	5054600	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):	NA			
	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

8. 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.

9. Board of Directors

- The Company has 6 (six) Directors with Non-Executive Chairman, out of 6 (SIX) Directors, 3 (three) are Non-Executive Independent Directors, 2 (two) are Executive Directors (including Managing Director), and Chairman of the Company is Non-Executive. 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, 2017.
- 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 2016, 13th August 2016, 1st September 2016, 14th November 2016, and 14th February 2017.

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

Name of the Director	No. of Board Meetings held	No. of Meetings attended	Presence at AGM
Sri S. Vishnu Vardhan Reddy	5	5	Yes
Smt. S. Rajita Reddy	5	5	Yes
Sri Ravi Rajender Reddy	5	5	No
Smt. Uma Reddy Raavi	5	5	No
Sri Draksharam Nagaraj	5	5	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.

10. Audit Committee

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



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

III) The previous Annual General Meeting of the Company was held on 29th September 2016 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 2016, 13th August 2016, 1st September 2016, 14th November 2016, and 14th February 2017.

The necessary quorum was present at all the meetings.

11. 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



12. 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	Rem uneration	Paid during the Year 2015-16		
					Sitting Fees	Salary	Commis-sion
Sri S. Vishnu Vardhan Reddy	Related 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.

13. 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, 2017 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.

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

AGM	YEAR	VENUE	Date	Time
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.
29th	2013-2014	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.	27.09.2014	11.00 A.M.

Postal ballot:

During the year under review, the company has not sought the approval of the members of the company by conducting postal ballot.

15. 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.

16. 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.

17. 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.



18. GENERAL SHAREHOLDER INFORMATION:

(I) Annual General Meeting

Date : 27th September, 2017
 Time : 10.00 a.m.
 Venue : Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044.

(II) Financial Calendar 1st April 2017 to 31st March 2018 (Tentative Schedule)

Quarter ending June 30, 2017 : On or before 14th September 2017
 Quarter ending September 30, 2017 : 1st / 2nd week of November 2017
 Quarter ending December 31, 2017 : 1st / 2nd week of February 2018
 Quarter ending March 31, 2018 : On or before 30th May 2018
 Annual General Meeting for FY ended 31st March, 2018 : Before end of September, 2018

(III) Date of Book Closure : 21st September 2017 to 27th September 2017

(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 2016-17 as follows:

BSE (in Rs.)		
Month & Year	High	Low
Apr-16	17.70	16.25
May-16	17.85	16.90
Jun-16	23.10	17.85
Jul-16	21.00	18.05
Aug-16	23.00	17.90
Sep-16	23.00	21.80
Oct-16	22.00	19.80
Nov-16	23.10	21.00
Dec-16	26.25	22.20
Jan-17	25.90	17.60
Feb-17	26.50	22.00
Mar-17	27.60	21.70



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

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

(VIII) Transfer Agents

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

(IX) Share Transfer System

Documents will be accepted at

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

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

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

(X) Statement Showing Distribution Schedule as on 31.03.2017

Sl. No.	CATEGORY	HOLDERS	HOLDERS PERCENT-AGE	SHARES	AMOUNT	AMOUNT PERCENT-AGE
1	1 - 5000	2498	78.41	565816	5658160	7.51
2	5001 - 10000	301	9.45	260030	2600300	3.45
3	10001 - 20000	300	9.42	537892	5378920	7.14
4	20001 - 30000	18	0.56	47450	474500	0.63
5	30001 - 40000	10	0.31	34800	348000	0.46
6	40001 - 50000	15	0.47	74195	741950	0.98
7	50001 - 100000	12	0.38	85117	851170	1.13
8	100001 & Above	32	1	5931400	59314000	78.7
	Total :	3186	100	7536700	75367000	100



(XI) Statement Showing Shareholding Pattern as on 31.03.2017

Category code	Category of Shareholder	No. of Shareholders	Total Number of shares	Number of shares held in demat form	Total shareholding as a percentage of total number of shares	
					As a Percentage of (A+B)	As a Percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
(A)	Shareholding of Promoter and Promoter Group					
1	Indian	15	2682725	2682725	35.60	35.60
(a)	Individuals/Hindu Undivided Family					
(c)	Bodies Corporate	6	2371875	2371875	31.47	31.47
(e-ii)	Trusts					
	Sub Total (A)(1)	21	5054600	5054600	67.07	67.07
2	Foreign					
(a)	Individuals (Non Resident Individuals/ Foreign Individuals)					
(b)	Bodies Corporate					
	Sub Total (A)(2)	21	5054600	5054600	67.07	67.07
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)					
(B)	Public Shareholding					
1	Institutions					
(a)	Mutual Funds/UTI					
(b)	Financial Institutions/Banks					
(c)	Central Government/State Government(s)	1	250000	250000	3.32	3.32
	Sub Total (B)(1)	1	250000	250000	3.32	3.32
B2	Non-Institutions					
(a)	Bodies Corporate	23	445806	214506	5.92	5.92
(b)	Individuals					
(I)	Individual shareholders holding nominal share capital upto Rs.1 lakh	3145	1616078	261778	21.44	21.44
(II)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	3	166000	0	2.20	2.20
(d)	Any Others(Specify)					
(d-i)	Non Resident Individuals	7	4200	2200	0.06	0.06
(d-ii)	Overseas Corporate Bodies					
(d-v)	Clearing Members	2	16	16	0.00	0.00
	Sub Total (B)(2)	3180	2232100	478500	29.62	29.62
	Total Public Shareholding (B)=(B)(1)+(B)(2)	3181	2482100	728500	32.94	32.94
	Total (A)+(B)	3202	7536700	5783100	100.00	100.00



(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 2017.

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	Plot No.310/311, Gollapally Village, Jadcherla 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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12. OTHER DISCLOSURES AS PER THE PROVISIONS OF SEBI(LODR) REGULATIONS 2015

i. Code of Conduct

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

Certificate of Code of Conduct for the year 2016-17

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 2016-17.

Place : Hyderabad
Date : 01-09-2017

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 2016-17 is provided elsewhere in this Annual Report.

For and on behalf of the Board
SALGUTI INDUSTRIES LIMITED

Place: Hyderabad
Date: 1st September, 2017

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 2017 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: 01-09-2017

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, 2017 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. Murali & Co.,
Chartered Accountants
Firm Registration No: 007257S

Place: Hyderabad
Date: 01-09-2017

Sd/-
A. Krishna Rao
Partner
Membership No. 020085



INDEPENDENT AUDITORS' REPORT

To,
The Members,
SALGUTI INDUSTRIES LIMITED

Report on the Financial Statements:

We have audited the accompanying financial statements of Salguti Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these 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 there under.

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 financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 the 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 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 financial statements:

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2017, its loss and its cash flows 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 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, statement of Profit & 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 financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in SBN's during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the company.

For P.MURALI & Co.,
CHARTERED ACCOUNTANTS
Firm Registration No: 007257S

Sd/-

A. KRISHNA RAO
PARTNER

Membership No. 020085

PLACE : HYDERABAD
DATE : 30-05-2017

***Annexure A to the Auditors Report***

Annexure referred to in paragraph 1 of Our Report of even date to the members of M/s. SALGUTI INDUSTRIES LIMITED on the accounts of the company for the year ended 31st March, 2017 Under “Report on other Legal & Regulatory Requirements”

- i.
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals; as informed to us no material discrepancies between the book records and the physical inventory have been noticed on such verification. In our opinion, frequency of verification is reasonable.
 - (c) According to the information and explanation given to us and on the basis of our examination of records of the company, the title deeds of the immovable properties are held in the name of the company.
- ii.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details & situation of inventory.
 - (b) 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 in respect of loans, investments, guarantees and security, provisions of section 185 and 186 of companies act, 2013 has been complied with.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act,2013 and the rules framed there under.
- vi. In respect of the Company, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013.
- vii.
 - (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues of income tax and other material statutory dues, as applicable, with the appropriate authorities in India ;
 - (b) According to the information and explanations given to us, and based on the records examined by us, there are no undisputed dues which are pending beyond 6 months from the date they become payable.
 - (c) According to the information and explanations given to us and based on the records of the company examined by us, there are no material dues of Income Tax and any other material statutory dues which have not been deposited on account of any dispute except the below mentioned one:



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 information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to financial institutions and banks.
- ix. According to information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company and hence not commented upon.
- x. During the course of examination of books of accounts and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have been informed of such cases by the management.
- xi. According to information and explanations given to us and to the best of our knowledge and belief, managerial remuneration has been paid or provided in accordance with the provision of section 197 read with Schedule V of the Companies Act, 2013.
- xii. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the company and hence not commented upon.
- xiii. According to information and explanations given to us and to the best of our knowledge and belief, The Company has not entered transactions with related parties during the year as such the provisions of sec.177 and 188 are not applicable to the company.
- xiv. The company has not made any preferential allotment of private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the order are not applicable to the company.
- xv. According to information and explanations given to us and to the best of our knowledge and belief the company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause 3(xv) of the order are not applicable to the company.
- xvi. According to information and explanations given to us and to the best of our knowledge and belief the company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934.

For P. MURALI & Co.,
CHARTERED ACCOUNTANTS
 Firm Registration No: 007257S

Sd/-
 A. KRISHNA RAO
 PARTNER
 Membership No. 020085

PLACE : HYDERABAD
 DATE : 30th May 2017

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

“Annexure B” referred to in paragraph 2(f) under “ Report on other legal and Regulatory Requirements” section of report on financial statements of even date to the members of M/s. SALGUTI INDUSTRIES LIMITED on the financial statement for the year ended 31st March 2017.

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

We have audited the internal financial controls over financial reporting of SALGUTI INDUSTRIES LIMITED ('the company') as of 31st March 2017 in conjunction with our audit of 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

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

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

Inherent Limitation of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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. MURALI & Co.,
CHARTERED ACCOUNTANTS
Firm Registration No: 007257S

Sd/-
A. KRISHNA RAO
PARTNER
Membership No. 020085

PLACE : HYDERABAD
DATE : 30th May 2017



BALANCE SHEET AS AT 31.03.2017

Particulars	Note No	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	7,53,67,000	7,53,67,000
(b) Reserves and Surplus	2	3,03,92,618	3,17,67,672
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	3	23,23,53,714	26,56,18,017
(b) Deferred Tax Liabilities (Net)	4	4,30,63,212	4,04,14,714
(4) Current Liabilities			
(a) Short-Term Borrowings	5	23,78,87,086	24,06,31,359
(b) Trade Payables	6	14,95,59,347	17,25,35,607
(c) Other Current Liabilities	7	4,95,36,314	6,57,66,553
(d) Short-Term Provisions	8	40,47,763	48,85,470
	Total	82,22,07,054	89,69,86,390
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible & Intangible Assets	9	25,65,28,096	31,40,07,739
(b) Long-Term Loans and Advances	10	1,98,75,344	1,89,22,051
(c) Other Non Current Assets	11	10,59,311	26,71,863
(2) Current assets			
(a) Inventories	12	22,86,77,815	22,43,18,483
(b) Trade Receivables	13	16,89,88,853	21,24,64,544
(c) Cash and Bank Balances	14	5,94,558	6,04,116
(d) Short Term Loans and Advances	15	13,31,80,700	9,76,39,881
(e) Other Current Assets	16	1,33,02,377	2,63,57,712
	Total	82,22,07,054	89,69,86,390

Significant Accounting Policies &

The accompanying Notes are Integral part of Financial Statements

AS PER OUR REPORT OF EVEN DATE

On behalf of the Board

For P.Murali & Co.,

For SALGUTI INDUSTRIES LIMITED

Chartered Accountants

Sd/-

Sd/-

Firm Registration No: 007257S

S.VISHNUVARDHAN REDDY

S. RAJITA REDDY

Sd/-

Managing Director

CFO & Whole-Time Director

A. Krishna Rao

Partner

Membership No. 020085

Place : Hyderabad

Date : 30-05-2017


STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2017

Particulars	Note No	Year Ending 31-03-2017 ₹	Year Ending 31-03-2016 ₹
Revenue from Operations	17	102,45,75,363	116,46,46,895
Other Income	18	9,34,308	20,28,620
Total Revenue		102,55,09,671	116,66,75,515
Expenses:			
Cost of materials consumed	19	64,53,61,138	92,01,77,891
Increase in Inventory (Finished goods & WIP)	20	4,53,627	(98,40,510)
Employee Benefit Expenses	21	5,64,21,905	5,43,90,944
Other Operating Expenses	22	22,20,75,027	9,33,15,202
Administrative Expenses	23	87,66,965	1,04,73,567
Financial Costs	24	6,13,46,542	6,96,30,207
Depreciation and Amortization Expense	9	2,92,41,566	3,33,14,966
Total Expenses		102,36,66,770	117,14,62,268
Profit / (Loss) Before Tax		18,42,901	(47,86,753)
Tax Expense:			
(1) Current tax		5,69,456	-
(2) Deferred tax		26,48,498	(7,85,610)
Profit / (Loss) After Tax		(13,75,054)	(40,01,143)
Earning per equity share:			
(1) Basic EPS		(0.18)	(0.53)
(2) Diluted EPS		(0.18)	(0.53)

Significant Accounting Policies

The accompanying Notes are integral part of Financial Statements

AS PER OUR REPORT OF EVEN DATE

On behalf of the Board

For P.Murali & Co.,

For SALGUTI INDUSTRIES LIMITED

Chartered Accountants

Sd/-

Sd/-

Firm Registration No: 007257S

S.VISHNUVARDHAN REDDY

S. RAJITA REDDY

Managing Director

CFO & Whole-Time Director

Sd/-

A. Krishna Rao

Partner

Membership No. 020085

Place : Hyderabad

Date : 30-05-2017



CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2017

Particulars	Year Ended 31st March, 2017 ₹	Year Ended 31st March, 2016 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	18,42,901	(47,86,753)
Add : Adjustment for		
-- Depreciation and Amortization Expenses	2,9241,566	3,33,14,966
-- Financing Charges	6,13,46,542	6,96,30,207
Operating Profit Before Working Capital Changes	9,24,31,009	9,81,58,421
Working Capital changes		
Add / (Less) : (Increase) / Decrease in		
-- Trade Receivables	4,34,75,691	(58,44,415)
-- Inventories	(43,59,332)	2,46,52,772
-- Short Term Loans and Advances	(3,55,40,819)	(6,50,83,085)
-- Other current assets	1,30,55,335	(66,36,720)
-- Trade Payables	(2,29,76,260)	4,44,94,496
-- Other current liabilities	(1,62,30,239)	(89,174)
--Short term borrowings	(27,44,273)	26,94,770
--Short term provisions	(8,37,707)	6,00,397
Cash Generated from Operations	6,62,73,407	9,29,47,462
Less : Income tax Paid	5,69,456	--
NET CASH FLOWS FROM OPERATING ACTIVITIES	6,57,03,950	9,29,47,462
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(57,73,41,272)	(20,74,773)
(Increase) / Decrease in Capital Work in Progress	--	--
(Increase) / Decrease in Miscellaneous Expenditure	--	--
(Increase) / Decrease in Investments	--	--
-- Repayment of Loans and advances	(9,53,293)	12,90,980
NET CASH FLOWS FROM INVESTING ACTIVITIES	(57,82,94,565)	(7,83,793)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
-- Increase in Share Capital	--	--
-- Increase in Capital Subsidy	--	--
-- Secured Loans taken	(3,32,64,303)	(2,29,90,054)
-- Financing Charges	(6,13,46,542)	(6,96,30,207)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(9,46,10,845)	(9,26,20,261)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(60,72,01,459)	(4,56,592)
Opening Cash and Equivalents	6,04,116	10,60,712
Closing Cash and Equivalents	5,94,558	6,04,116

Significant Accounting Policies &
The accompanying Notes are Integral part of Financial Statements
AS PER OUR REPORT OF EVEN DATE

<p>For P.Murali & Co., Chartered Accountants Firm Registration No: 007257S Sd/- A. Krishna Rao Partner Membership No. 020085 Place : Hyderabad Date : 30-05-2017</p>	<p>On behalf of the Board For SALGUTI INDUSTRIES LIMITED Sd/- S.VISHNUVARDHAN REDDY Managing Director</p>	<p>Sd/- S. RAJITA REDDY CFO & Whole Time Director</p>
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SIGNIFICANT ACCOUNTING POLICIES

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. 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. SIL has diversified in to Textiles manufacturing industry in the year of 2006. SIL (M/s. Salguti Industries Limited) has started the manufacturing unit in Plastic Division in small scale in the year 1986.

BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (India GAAP) under historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under section 133 of the companies act, 2013, read with Rule 7 of the companies (Accounts) Rules, 2014 and guidelines lines issued by the securities and exchange board of India (SEBI). Accounting policies have been consistently applied.

USE OF ESTIMATES:

The preparation of financial statements is in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful lives of fixed assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

(a) Accounting Convention and Revenue Recognition:

The Financial Statements have been prepared on a going concern basis. The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

Sales are accounted inclusive of Excise duty and Sales tax and net of sales returns.

(b) Cash Flow Statement : AS-3

The Company has prepared Cash Flow Statement as per the AS-3.

The cash flow statement is prepared by using "indirect method" set out in Accounting Standard (AS-3) "Cash Flow Statement" and presents the cash flows by operating, investing, and financing activities of the Company. Cash and Cash Equivalents Presented in the Cash Flow Statement consist of Cash on hand and unencumbered, liquid Bank Balances

(c) Retirements Benefits:

The Company has not made any provision for Gratuity to its employees. It is recognizing the gratuity expenditure on payment basis which is not in accordance with AS-15.

(d) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition of Fixed Assets is inclusive of freight, duties, taxes and incidental expenses there to. Capital Work-in-Progress includes cost of Fixed Assets under installation /construction on the date of Balance sheet, any unallocated expenditure and Interest during construction period on loans taken to finance the Fixed Assets. Advances paid towards acquisition of assets are also included under capital work in progress.

**(e) Depreciation and amortization:**

Depreciation on Fixed Assets is provided on straight-line method on pro-rata basis and as per useful life as prescribed under Part C of Schedule II of the Companies Act, 2013.

Preliminary expenses are amortized over a period of 5 years.

(f) Investments:

Long term investments are stated at cost. However, provision for diminution is made to recognise any decline, other than temporary, in the value of long term investments. Current Investments are stated at the lower of cost and fair value.

(g) Borrowing Cost :

Borrowing cost relating to acquisition/ construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing cost that are attributable to the projects are charged to the respective projects. All other borrowing costs, not eligible for inventorisation/ capitalisation, are charged to revenue.

(h) Inventories:

Inventories are valued as under.

- i) Raw materials, stores and spares - at cost.
- ii) Finished Goods and work-in-progress - at cost or net realizable value whichever is lower. Cost includes cost of direct material, labor, Factory overhead.
- iii) Scrap - at net realizable value.

(i) Taxes on Income :

a) Provision for tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.

b) Provision for current income tax is made on the tax liability calculated on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing Tax Laws.

c) Deferred tax resulting from timing differences between the book and the tax profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets/ liabilities are reviewed as at each balance sheet date.

(j) Provisions, Contingent liabilities and contingent Assets:

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. (In line with AS-29)

(k) Earnings per Share:

The earnings considered in ascertaining the Earning Per Share comprise of Net Profit after Tax. The number of shares used in computing Basic Earnings Per Share is the Weighted Average number of shares outstanding during the year, as per **AS-20**.

(l) Related Party Disclosures:

The Company as required by **AS-18** furnishes the details of Related Party.



Notes to Financial Statements for the year ended March 31, 2017

NOTE NO. 1 : SHARE CAPITAL

Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I. Equity Share Capital		
(a) Authorised (No. of Shares 12000000 - Current Year) (No. of Shares 12000000 - Previous Year)	120,000,000 -	120,000,000 -
(b) Issued (No. of Shares 7536700 - Current Year) (No. of Shares 7536700 - Previous Year)	75,367,000 -	75,367,000 -
(c) Subscribed & Paid Up (No. of Shares 7536700 - Current Year) (No. of Shares 7536700 - Previous Year)	75,367,000 -	75,367,000 -
(d) Subscribed & not fully paid up (e) Par Value per share Rs. 10/-	-	-
Total Equity Share capital	75,367,000	75,367,000
II. A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :	No. of Shares	
Equity Shares of Rs.10 Each, Fully paid up		
At the Beginning	7,536,700	7,536,700
Issued during the year - Cash Issue	-	-
At the end	7,536,700	7,536,700
III. Details of Shareholder holding more than 5% shares of the company:	% of Share Holding	
Equity Shares of Rs. 10 each Held By		
S. Rajitha Reddy -No. Of Shares (C.Y) 492700, (P.Y) 492700	6.53%	6.53%
Salguti Finance & Investments -No. Of Shares (C.Y) 1454375, (P.Y) 1454375	19.30%	19.30%
S. Vishnuvardhan Reddy -No. Of Shares (C.Y) 660000, (P.Y) 660000	8.76%	8.76%
Salguti Textiles Limited -No. Of Shares (C.Y) 472500, (P.Y) 472500	6.27%	6.27%
NOTE NO. 2 : RESERVES AND SURPLUS		
Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
RESERVES AND SURPLUS		
a) Securities Premium	15,000,000	15,000,000
b) Investment Allowance Reserve	602,497	602,497
c) Subsidy	24,374,798	24,374,798
b) Surplus :		
Opening Balance - Profit and Loss Account	(8,209,623)	(4,208,480)
Add: Transfer from Profit & Loss Account	(1,375,054)	(4,001,143)
Less : Amount transferred Pursuant to Provisions Schedule II of Companies Act 2013	-	-
Total Reserves and Surplus	30,392,618	31,767,672



NOTE NO. 3 : LONG TERM BORROWINGS		
Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
Long Term Borrowings		
i) Secured Loans		
From Banks		
- Andhra Bank	26,554,764	34,735,416
- Bank of Baroda	40,698,912	55,178,397
- Oriental Bank of Commerce	15,036,820	25,994,375
Less : Current Maturities of Long Term Debt	30,100,000	37,784,000
Subtotal	52,190,496	78,124,188
APSFC Term Loans	36,141,245	54,084,337
Less : Current Maturities of Long Term Debt	15,790,000	21,372,000
Subtotal	20,351,245	32,712,337
	72,541,741	110,836,525
ii) Un Secured Loans		
From Directors and their relatives	129,236,572	118,586,360
From Others	30,575,401	36,195,132
	159,811,973	154,781,492
Total	232,353,714	265,618,017
Notes: Loans from Banks & Financial Institutions		
1. Term Loans taken by company from Andhra Bank, Bank of Baroda, Oriental Bank of Commerce are secured by way of hypothecation of plant and machinery, and buildings, and mortgage of Directors Agricultural land of S. Vishnu Vardhan Reddy and S.Rajitha Reddy & personal Guarantee of Directors of the company.		
2. Corporate Loan Sanction by APSFC on 16th November, 2013 of Rs. 250 Lakhs repayable in 55 monthly installments of Rs.4.54 lakhs each with 14% interest. Period of loan 5 Years including moratorium of 6 months.		
3. Interest Free Unsecured loan taken from Directors and their relatives.		
4. The Rajapur Unit was sanctioned Sales Tax Deferment issued by the Commissioner of Industries, Hyderabad in the year 1997-98. Hence Sales Tax collected in the previous year is debited to Profit and Loss account and the same was shown under unsecured loans. (Unsecured Loans includes Rs. 328.90 Lakhs (Previous year Rs. 328.90 Lakhs) Sales Tax Deferment amount. (Refer Note No. 31)		
NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)		
Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
Opening Deferred tax Liability	40,414,714	41,200,323
Add: Deferred Tax Liability for the year		
(Due to SLM and WDV Difference)	2,648,498	(785,610)
Gross Deferred Tax Liability	-	-
Deferred Tax Liability/ (Asset) - Net	43,063,212	40,414,714



NOTE NO. 5 : SHORT TERM BORROWINGS		
Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
Short term Borrowings		
a) Cash Credits and Working Capital Demand Loan from Banks		
Secured From Banks		
- Andhra Bank	68,017,611	84,201,163
- Bank of Baroda	82,850,678	74,624,349
- Oriental Bank of Commerce	87,018,797	81,805,847
Notes:		
1. Cash Credit / Working capital loan from Andhra Bank, Bank of Baroda, Oriental Bank of Commerce is secured by way of hypothecation of all current assets of the company on pari passu basis.		
Total Short Term Borrowings	237,887,086	240,631,359
NOTE NO. 6 : TRADE PAYABLES		
Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
a) Trade Payables	149,559,347	172,535,607
Total Trade Payables	149,559,347	172,535,607
NOTE NO. 7 : OTHER CURRENT LIABILITES		
Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
a) Current maturities of long term debt - Term Loan	45,890,000	59,156,000
b) Interest Payable	-	673,342
c) Outstanding Expenses Payable	3,521,814	5,699,532
d) Audit Fee Payable	114,500	114,500
e) Directors Remuneration Payable	10,000	10,000
f) TDS Payable	-	113,179
Total Other Current Liabilities	49,536,314	65,766,553
NOTE NO. 8 : SHORT TERM PROVISIONS		
Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
a) Provisions for employee benefits		
PF Payable	80,679	88,831
ESI Payable	29,785	33,442
Salaries Payable	3,349,561	4,598,332
b) Others		
Statutory Liabilities	18,282	164,865
Provision for Taxation	5,69,456	-
Total Short Term Provisions	4,047,763	4,885,470



NOTE NO 9 : TANGIBLE ASSETS AS AT 31-03-2017											
Description of Asset	Gross Block				Depreciation / Amortization				Net Block		
	As on 01-04-2016	Additions during the year	Sales during the year	As on 31-03-2017	Dep. As on 01-04-2016	Dep. for the Year 2016-2017	Adjustments during the year	Total Depreciation	Net Block as on 31-03-2017	Net Block as on 31-03-2016	
Land & Site Development	1,296,186	-	-	1,296,186	-	-	-	-	1,296,186	1,296,186	
Furniture & Fixtures	1,368,806	-	-	1,368,806	1,082,516	108,279	-	1,190,794	286,290	401,791	
Computers	3,436,808	-	-	3,436,808	3,348,996	53,634	-	3,402,630	87,812	196,640	
Vehicles	4,027,101	-	-	4,027,101	3,825,746	-	-	3,825,746	201,355	238,131	
Electrical Installations and Equipment	22,156,145	-	-	22,156,145	12,905,060	2,894,449	-	15,799,509	9,251,085	12,460,535	
Buildings	95,452,920	745,555	-	96,198,475	25,058,461	2,842,380	-	27,900,841	70,394,459	73,241,775	
Plant & Machinery	451,678,079	4,485,375	82,144,652	374,018,802	219,187,528	23,342,825	44,581,770	197,948,582	176,070,220	255,800,323	
Unamortised Expenses	8,062,761	-	-	8,062,761	5,390,898	1,612,552	-	7,003,450	1,059,311	4,284,415	
Total	579,416,045	5,230,930	82,144,652	502,502,323	265,408,306	29,241,566	44,581,770	250,068,102	257,587,407	343,635,380	



Notes to Financial Statements for the year ended March 31, 2017

NOTE NO. 10 : LONG TERM LOANS AND ADVANCES

S.No.	Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I	a) Security Deposit	16,718,333	15,760,287
	b) Gratuity fund	1,449,119	1,449,119
	c) Other Advances	1,707,892	1,712,645
	Total Long Term Loans and Advances	19,875,344	18,922,051

NOTE NO. 11 : OTHER NON CURRENT ASSETS

S.No.	Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I	a) Unamortised Expenses	1,059,311	2,671,863
	Total Other Non-Current Assets	1,059,311	2,671,863

NOTE NO. 12 : INVENTORIES

S.No.	Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I	a) Raw materials	49,933,290	45,120,331
	b) Work - in - progress	151,356,625	155,578,674
	c) Finished goods	27,387,900	23,619,478
	Total Inventories	228,677,815	224,318,483

NOTE NO. 13 : TRADE RECEIVABLES

S.No.	Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, Considered Good	7,268,900	9,584,200
	Other Receivables		
	Unsecured, Considered Good	161,719,953	202,880,344
	Total Trade Receivables	168,988,853	212,464,544

NOTE NO. 14 : CASH AND BANK BALANCES

S.No.	Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I	Cash and Cash Equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	508,402	71,685
	b) Cash on Hand	86,156	532,432
	Total Cash and Cash Equivalents	594,558	604,116



Notes to Financial Statements for the year ended March 31, 2017

NOTE NO. 15 : SHORT TERM LOANS AND ADVANCES

S.No.	Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I	a) Security Deposit	15,093,071	15,658,156
	b) Advances to Employees	8,852,984	5,820,567
	c) Advances to Suppliers	75,945,782	69,306,153
	d) Other Advances	33,288,863	6,855,006
	Total Short Term Loans and Advances	133,180,700	97,639,881

NOTE NO. 16 : OTHER CURRENT ASSETS

S.No.	Particulars	As on 31-03-2017 ₹	As on 31-03-2016 ₹
I	b) Advance Income tax	347,070	347,070
	c) VAT Receivable	12,523,857	25,626,015
	d) TDS Receivable	431,450	384,627
	Total Other Current Assets	13,302,377	26,357,712

NOTE NO. 17 : REVENUE FROM OPERATIONS

S.No.	Particulars	Year Ended 31-03-2017 ₹	Year Ended 31-03-2016 ₹
I	Revenue from operations		
	(a) Sale of Products		
	(i) HDPE/PP WOVEN SACKS/HDPE FABRIC/COTTON AND BLEND FABRIC	1,023,092,057	1,164,283,133
	(b) Other Operating Income	1,483,306	363,762
	Total Revenue from Operations	1,024,575,363	1,164,646,895

NOTE NO. 18 : OTHER INCOME

S.No.	Particulars	Year Ended 31-03-2017 ₹	Year Ended 31-03-2016 ₹
I	(a) Interest Income	934,308	2,028,620
	Total Other Income	934,308	2,028,620

NOTE NO. 19 : COST OF MATERIALS CONSUMED

S.No.	Particulars	Year Ended 31-03-2017 ₹	Year Ended 31-03-2016 ₹
I	Opening Stock of Raw Materials	45,120,331	79,613,613
	Add : Purchases During the year	650,174,097	885,684,609
	Less: Closing Stock of Raw material	49,933,290	45,120,331
	Total Cost Of Material Consumed	645,361,138	920,177,891



Notes to Financial Statements for the year ended March 31, 2017

NOTE NO. 20 : CHANGE IN INVENTORIES & WIP.

S.No.	Particulars	Year Ended 31-03-2017 ₹	Year Ended 31-03-2016 ₹
I	Finished Goods		
	Finished goods at the beginning of the year	23,619,478	31,300,850
	Less : Finished goods at the end of the year	27,387,900	23,619,478
	Sub Total (A)	(3,768,422)	7,681,372
	Work in Progress		
	Work in progress at the beginning of the year	155,578,674	138,056,792
	Less : work in progress at the end of the year	151,356,625	155,578,674
	Sub Total (B)	4,222,049	(17,521,882)
	(Increase) / Decrease in Inventories (A+B)	453,627	(9,840,510)

NOTE NO. 21 : EMPLOYEE BENEFIT EXPENSES

S.No.	Particulars	Year Ended 31-03-2017 ₹	Year Ended 31-03-2016 ₹
I	(a) Salaries & Wages	53,829,996	50,969,247
	(b) Contribution to Provident & Other Funds	1,081,990	1,862,515
	(c) Staff Welfare Expenses	1,509,919	1,559,182
	Total Employee Benefit Expenses	56,421,905	54,390,944

NOTE NO. 22 : OTHER OPERATING EXPENSES

S.No.	Particulars	Year Ended 31-03-2017 ₹	Year Ended 31-03-2016 ₹
I	(a) Consumption of Stores & Spares	14,006,887	362,946
	(b) Power & Fuel	67,379,441	70,472,164
	(c) Foreign Exchange (Gain)/Loss	-	(147,260)
	(d) Repairs & Maintenance	2,327,526	1,358,728
	(e) Repairs to Machinery	1,432,561	520,457
	(f) Insurance	1,396,221	1,911,701
	(g) Rates & Taxes (excluding Income Tax)	2,753,846	1,650,143
	(h) Transportation	11,599,798	10,988,700
	(i) Other Manufacturing Expenditure	121,178,747	6,197,623
	Total Other Operating Expenses	222,075,027	93,315,202



Notes to Financial Statements for the year ended March 31, 2017

NOTE NO. 23 : ADMINSTRATIVE EXPENSES

S.No.	Particulars	Year Ended 31-03-2017 ₹	Year Ended 31-03-2016 ₹
I	(a) Telephone, Postage and Others	330,300	444,260
	(b) Business Promotion Expenses	1,976,083	4,343,137
	(c) Conveyance	1,698,729	978,571
	(d) Office Maintenance	42,567	22,296
	(e) Printing & Stationery Expenses	158,413	205,493
	(f) Security Charges	1,716,741	2,109,413
	(g) Managerial Remuneration	120,000	120,000
	(h) Consultancy Charges	554,800	133,200
	(i) AGM Fees	72,255	118,380
	(j) General Expenses	1,932,577	1,884,317
	(k) Payment to Auditors		
	(i) As Auditor	164,500	114,500
		8,766,965	10,473,567

NOTE NO. 24 : FINANCE COST

S.No.	Particulars	Year Ended 31-03-2017 ₹	Year Ended 31-03-2016 ₹
I	(a) Interest Expenses		
	- Interest on Term Loan	14,181,223	33,327,810
	- Interest on CC Loan	33,908,000	30,686,090
	- Loan processing Charges & Bank Charges	4,476,451	1,907,480
	(b) Other Borrowing costs	8,780,868	3,708,827
	Total Finance Cost	61,346,542	69,630,207



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 31-03-2017		Year ended 31-03-2016	
	Quantity (MT)	Amount (Rs.) in Lakhs	Quantity (MT)	Amount (Rs.) in Lakhs
a) Turnover				
a. Plastics	8485.43	8526.69	8560.00	8809.26
b. Textiles	968.18	1704.23	1462.00	2837.21
b) Details of Raw Material consumed				
a. Plastics Granules	8280.08	5434.06	8682.00	7504.43
b. Cotton	952.55	1019.55	1446.00	1697.35
c) Capacity & Production				
i) Installed Capacity				
a. Plastics	10400	Nil	10400	Nil
b. Textiles	1750	Nil	2600	Nil
ii) Actual Production				
a. Plastics	8360	Nil	8636	Nil
b. Textiles	943	Nil	1431	Nil

26. Details of Deferred Tax Liability as on 31-03-2017 on account of timing difference is as under:

Deferred Tax Liabilities	As on 31-03-2017 (In Rupees)	As on 31-03-2016 (In Rupees)
Opening Balance	4,04,14,714	4,12,00,324
Add: Adjustment for timing difference of Depreciation as per Companies Act, and Income Tax Act,	26,48,498	(7,85,610)
Closing Balance	4,30,63,212	4,04,14,714

**27. Related Party Disclosures:****(a) Related Parties**

Name of the Related Party	Nature of Relationship
S. Gopal Reddy	Chairman
S. Vishnu Vardhan Reddy	Managing Director
S. Rajitha Reddy	Whole Time Director
Salguti Builders Private Limited	Common Directors
Salguti Textiles Limited	Common Directors

(b) Transactions during the year with related Parties :

Name of the Party	Nature of Relationship	Nature of Transaction	2016-17 (In Rupees)	2015-16 (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

28. FOREIGN EXCHANGE INFLOW AND OUTFLOW:

Particulars	Year 2016 - 17	Year 2015 - 16
	In Rupees	In Rupees
OUTFLOW On Account of Advance for Raw Material & Machinery	48,58,253	9,01,258
INFLOW On Export of Goods	93,95,530	1,02,98,166

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

		As at 31-03-2017	As at 31-03-2016
Letter of Credit	Inland LC	5,41,21,459	6,18,00,000

(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 2016 - 17	FY 2015 - 16
Net profit after tax	(13,75,054)	(40,01,143)
Weighted Average Numbers of shares	75,36,700	75,36,700
Basic EPS (Rs.)	(0.18)	(0.53)
Diluted EPS (Rs.)	(0.18)	(0.53)



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. Disclosure on Specified Bank Notes (SBNs)

During the year, the company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308 (E), dated March 31, 2017. The details of the SBNs held and transacted during the period from November 8,2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

	SBNs	Other denomination notes	Total
Closing cash in Hand as on 08.11.2016	4,00,000	29,400	4,29,400
(+) Permitted Receipts			
(-) Permitted Payments			
(-) Amount Deposited in Banks	(1000 x 29 + 500 x 742)		4,00,000
Closing cash in hand as on 30.12.2016		29,400	29,400

Specified Bank Notes(SBNs) mean the bank notes denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no S.O. 3407(E), dated November 08, 2016.

33. Depreciation on Fixed Assets

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

34. Segment Reporting:

As per AS – 17, it is not practicable for the company to identify the Expenditure and Capital employed between the segments.

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. The Company has not appointed Company Secretary for the Financial Year 2016-17.

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

39. 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. MURALI & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No: 007257S

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

Sd/-
A. KRISHNA RAO
PARTNER
Membership No. 020085
PLACE : HYDERABAD
DATE : 30-05-2017

Sd/-
S.VISHNUVARDHAN REDDY
MANAGING DIRECTOR

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



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 :



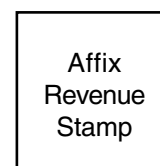
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual general meeting of the company, to be held on the Wednesday, 27th Day of September 2017, at 10.00 a.m. at Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044 and at any adjournment 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 2017 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.
Special Business	
4.	To Re-appoint Mr. S. Vishnuvardhan Reddy as Managing Director of the Company.
5.	To Re-appoint Mrs.S.Rajitha Reddy as Whole-Time Director of the Company.

Signed this day of 2017.

Signature of Shareholder

Signature of Proxy holder (s)



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.

32nd Annual General Meeting – Wednesday – 27th September 2017

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 32nd Annual General Meeting of the Company to be held on Wednesday, September 27, 2017 at 10.00 a.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.