

**24th Annual Report  
2008 - 2009**



**SALGUTI**  
Industries Ltd.

Adding Value

**(FORMERLY KNOWN AS SALGUTI PLASTICS LIMITED)**



## SALGUTI INDUSTRIES LIMITED

### BOARD OF DIRECTORS

Sri S.Gopal Reddy	Chairman
Sri S. Vishnu Vardhan Reddy	Managing Director
Smt S. Rajita Reddy	Whole Time Director
Sri V.R. Vasudevan	Director
Sri M. Laxmika Reddy	Director
Sri. C. Karunakar	Director

### BANKERS

Andhra Bank, Bank of Baroda, Oriental Bank of Commerce

### AUDITORS

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

### REGISTERED OFFICE

1-2-288/6/4, Domalguda, Hyderabad - 500 029.  
Ph : 040-27635939, 040-27630629, Fax : 040-27630629  
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.

### SHARE TRANSFER AGENTS

Aarathi Consultants Pvt. Ltd. ,  
1-2-285, Domalguda, Hyderabad - 500 029.  
Ph : 040 - 27634445, Fax : 040 - 27632184

### LISTING AT :

Bombay Stock Exchange Limited



## **NOTICE**

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of Salguti Industries Limited will be held on Tuesday, the 29<sup>th</sup> day of September, 2009 at 12.00 Noon 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 Audited Balance Sheet as on 31<sup>st</sup> March, 2009 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Smt. S. Rajita Reddy, who retires by rotation and being eligible offers herself for reappointment
3. To appoint a Director in place of Sri V.R. Vasudevan who retires by rotation and being eligible offers himself for reappointment
4. To appoint Auditors and fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS  
for M/s.**SALGUTI INDUSTRIES LIMITED**

**S.VISHNU VARDHAN REDDY**  
MANAGING DIRECTOR

PLACE : HYDERABAD

DATE : 01-09-2009

### **NOTES**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- 3) The Register of Members and Share Transfer Books of the company will remain closed from 25<sup>th</sup> September, 2009 to 29<sup>th</sup> of September, 2009. (both days inclusive)
- 4) Members holding shares in physical form are requested to notify/send any change in their address to the Company's Share Transfer Agents, or to the Company at its registered office.



- 5) Shareholders / Proxies should bring duly filled attendance slips sent herewith for attending the meeting along with the copies of Annual Reports to the Annual General Meeting.
- 6) At the ensuing Annual General Meeting Smt. S. Rajita Reddy and Sri V.R. Vasudevan retire by rotation and being eligible offer themselves for reappointment. Pursuant to Clause 49 of the Listing Agreement, brief profile of these Directors is given below:

**ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE  
LISTING AGREEMENT:**

As required under the Listing Agreement, the particulars of Directors who are proposed to be re-appointed are given below:

1. Name : **Smt. S. Rajita Reddy**  
Age : 48 years  
Qualifications : B.Com., A.C.A.  
Experience : 25years  
Other Directorships : Director in Salguti Builders (P) Ltd.
  
2. Name : **Sri. V.R. Vasudevan**  
Age : 72 years  
Qualifications : M.B.A.  
Experience : 35years  
Other Directorships : Director in Pennar Cements Ltd.



## DIRECTORS' REPORT

To  
The Members

Your Directors have great pleasure to present the 24th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2009.

### **PRODUCTION RESULTS :**

Your company has achieved production of 5296 MT in plastics division and 1320.44 MT in textile division during the year 2008-2009.

### **FINANCIAL RESULTS / PERFORMANCE OF THE COMPANY**

	Year Ended 31-03-2009 (Rs. in Lakhs)	Year Ended 31-03-2008 (Rs. in Lakhs)
<b>Turnover</b>	<b>6836.94</b>	<b>4784.68</b>
<b>Other income</b>	<b>119.58</b>	<b>133.51</b>
<b>Profit before Tax</b>	<b>60.22</b>	<b>(11.57)</b>
<b>Provision for Taxation</b>	<b>6.33</b>	---
<b>Profit AfterTax</b>	<b>53.89</b>	<b>(11.57)</b>
<b>Provision for deferred income tax</b>	<b>38.25</b>	<b>46.01</b>
<b>Profit after deferred tax</b>	<b>15.05</b>	<b>(58.24)</b>

### **FUTURE PLANS**

Your Company is proposing to increase the manufacturing capacity at their Plastic Plant Unit II at Mudireddypally Village, Balanagar Mandal, Mahboobnagar Dist, by replacing the old tape plant with higher capacity new tape plant and additional looms.

### **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT :**

Pursuant to Clause 49 of the Listing Agreement, a Management Analysis Report is given below:

#### **A. INDUSTRY OUTLOOK**

##### **I. PLASTIC SECTOR:**

HDPE / PP industry has grown stronger during the previous years with the support of cement and fertilizer industries and food grains sector. Bright future is foreseen for HDPE/PP industry, with the growing demand from cement and fertilizers industry who have expanded their capacities immensely.

##### **II. TEXTILE SECTOR:**

The Indian textile industry is reeling under pressure due to global recession. Better outlook is projected due to the anticipated economic recovery during 2009 - 2010.



## **B. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The company has adequate internal control systems commensurate with the size of its operations and for the purpose of exercising adequate controls on the day-to-day operations. Systems are regularly reviewed to ensure effectiveness.

## **C. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS**

Human resource development is a primary area of focus for the Company. The company recruited senior level and other functional specialists during the year. The Human relations in the organisation have been cordial. The total number of persons employed in the company as on 31 st March, 2008 were 97.

## **ADDITIONAL INFORMATION AS REQUIRED U/S 217(1)(e) OF THE COMPANIES ACT, 1956**

- (a) Conservation of Energy: The company is monitoring the consumption of energy and is identifying areas for conservation of energy.
- (b) (i) Research and Development (R & D) : NIL  
 (ii) Technology Absorption, adaptation and innovation:- No technology either indigenous or Foreign is involved.
- (c) (i) Foreign exchange earnings : NIL  
 (ii) Foreign Exchange out go : Rs.

## **STATEMENT PURSUANT TO LISTING AGREEMENT**

Presently the company's Equity shares are listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and the company paid the Annual Listing Fees upto 2008-09 to the above Stock Exchange.

## **CORPORATE GOVERNANCE**

In order to bring more transparency in the conduct of business, the Stock Exchanges have amended the listing agreement incorporating the code of corporate governance to listed companies. Your Company has always been committed to the best practices in the governance of its affairs. Your company had taken steps and complied with most of the recommendations during the year. For the year under review, the Compliance Report is provided in the Corporate Governance section in this Report. The Auditors' Certificate on compliance with the mandatory requirements of Corporate Governance is given in "Annexure "A" to this Report."

## **PARTICULARS OF EMPLOYEES**

In pursuance of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, the Directors are to report that no employee was in receipt of remuneration of Rs.24,00,000/- or more per annum or Rs. 2,00,000/- or more per month if employed for a part of the year.

**AUDITORS**

M/s. P. Murali & Co., Chartered Accountants, retiring auditors of the Company being eligible offer themselves for appointment as statutory auditors of the Company. M/s. P. Murali & Co., Chartered Accountants have furnished a certificate of their eligibility u/s 224(1B) of the Companies Act, 1956. The members are requested to reappoint the auditors and authorize the Board of Directors of the Company to fix their remuneration.

**DIRECTORS**

Smt. S. Rajita Reddy and Sri V.R. Vasudevan retire by rotation and being eligible offer themselves for reappointment.

**DIRECTORS RESPONSIBILITY STATEMENT**

- i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements 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 and of the Profit or Loss of the company for that period;
- iii) the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis.

**DEPOSITS**

The company has not accepted any fixed deposits as on 31st March 2009.

**ACKNOWLEDGEMENTS**

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the Banks, the Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their sense of appreciation for the sincere services of all employees of the Company.

for and on behalf of the Board  
M/s. SALGUTI INDUSTRIES LIMITED

S. VISHNU VARDHAN REDDY  
MANAGING DIRECTOR

S. RAJITA REDDY  
WHOLE TIME DIRECTOR

PLACE : HYDERABAD.

DATE : 01-09-2009.



## ANNEXURE -"A" TO DIRECTORS REPORT- CORPORATE GOVERNANCE (Pursuant to Clause 49 of the Listing Agreement)

### 1. Company's Philosophy on code of governance :

The company believes that strong corporate governance is indispensable for healthy business growth and to be resilient in a vibrant capital market and is an important instrument of investor protection. The Companies activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly software Company the company stands by transparency in all its dealings and strict regulatory compliance.

The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under clause 49 of the Listing Agreements with the Stock Exchanges. With the adoption of whistle blower policy the company has moved further in its pursuit of excellence in corporate governance.

### 2. BOARD OF DIRECTORS

- a) The Company has 6 Directors with an Executive Chairman, Of 6 Directors, 3 (i.e.50%) are Non-Executive and Independent Directors. The composition of the Board is in conformity with clause 49 of the Listing Agreements entered into with the Stock Exchanges and meets the stipulated requirements.
- b) None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2009.
- c) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 25 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	Relationship with other Directors	No. of Other Directorships	No. of Committees In which member	*Associated with other committees of Public Limited Company	
					Member	Chairman
Sri.S.Gopal Reddy	Promoter/ Executive	Father of S.Vishnuvardhan Reddy	2	Nil	Nil	Nil
Sri S. Vishnuvardhan Reddy	Promoter/ Executive	Son of S. Gopal Reddy	3	Nil	Nil	Nil
Smt.S.Rajitha Reddy	Promoter/ Executive	Wife of S. VishnuvardhanReddy	4	Nil	Nil	Nil
Sri.V.R.Vasudevan	Non-Executive/ Independent	None	1	1	Nil	Nil
Sri.M.Laxmikar Reddy	Non-Executive/ Independent	None	1	1	Nil	Nil
Sri C. Karunakar	Non-Executive/ Independent	None	Nil	1	Nil	Nil





- d) Five Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows: 28<sup>th</sup> April 2008, 30<sup>th</sup> July, 2008, 1<sup>st</sup> September 2008, 31<sup>st</sup> October 2008 and 30<sup>th</sup> January, 2009.

Number of Board meetings held and attendance of the Directors during the Financial Year 2008-2009

Name of the Director	No. of Meetings held	No. meetings attended	Presence at AGM
Sri.S.Gopal Reddy	5	4	Yes
Sri S.Vishnuvardhan Reddy	5	5	Yes
Smt.S.Rajitha Reddy	5	5	Yes
Sri.V.R.Vasudevan	5	3	No
Sri.M.Laxmikar Reddy	5	4	Yes
Sri. C. Karunakar	5	4	No

- e) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company
- c) During the year, information as mentioned in Annexure1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

### 3. AUDIT COMMITTEE:

- I). The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.
- II) The terms of reference of the Audit Committee include a review of;
- a. Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
  - b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
  - c. Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - d. Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
  - e. Reviewing with management the annual financial statements before submission to the Board, focusing on:
    - i Any changes in accounting policies and practices;
    - ii Qualification in draft audit report;
    - iii Significant adjustments arising out of audit;
    - iv The going concern concept;
    - v Compliance with accounting standards;
    - vi Compliance with stock exchange and legal requirements concerning financial statements;
    - vii Any related party transactions
  - f. Reviewing the company's financial and risk management's policies.
  - g. Disclosure of contingent liabilities.
  - h. Reviewing with management, external and internal auditors, the adequacy of internal control systems.



- i. Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
  - j. Discussion with internal auditors of any significant findings and follow-up thereon.
  - k. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - l. Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - m. Reviewing compliances as regards the Company's Whistle Blower Policy.
- III) The previous Annual General Meeting of the Company was held on 27th September 2008 and Mr. M. Laxmikar Reddy, Chairman of the Audit Committee, attended previous AGM.
- IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

Name of the Director	Designation	Nature of Directship
Sri.M.Laxmikar Reddy	Chairman	Non-Executive Independent Director
Sri V.R.Vasudevan	Member	Non-Executive Independent Director
Sri.C. Karunakar	Member	Non-Executive Independent Director

- V) Four Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows: April 28, 2008, July 30, 2008, October 30, 2008 and January 30, 2009.

Attendance during the year 2008-09 :

Name	Number of meetings held during the year	Number of meetings attended during the year
Sri.M.Laxmikar Reddy	4	4
Sri.V.R. Vasudevan	4	3
Sri. C. Karunakar	4	4

The Necessary quorum was present at all the meetings

#### 4. Remuneration Committee

The Company has constituted Remuneration Committee to decide, fix the remuneration payable to the Managing / Whole Time Directors of the company.

However, the Remuneration of the Managing / Whole Time Directors is subject to approval of the board and of the company in the General Meeting and such approvals as may be necessary.

The Remuneration Committee consists of the following Directors.

S.No.	Name of the Director	Designation
1.	Sri.M.Laxmikar Reddy	Chairman
2.	Sri V.R.Vasudevan	Member
3.	Sri. C. Karunakar	Member



### 5. REMUNERATION OF DIRECTORS :

Details of remuneration paid to Directors are given below :

Name of the Director	Relationship with other Directors	Business relationship with Company if any	Loans and advances from Company	Remuneration During 2008-09			
				Paid Rupees			
				Sitting fees	Salary	Commission	Total
Sri S. Vishnuvardhan Reddy	Related to Smt. Rajitha Reddy & Sri S. Gopal Reddy	Promoter Director	Nil	Nil	120000	...	120000
Smt.S.Rajitha Reddy	Related to Sri. S. Vishnu Vardhan Reddy & Sri S. Gopal Reddy	Promoter Director	Nil	Nil	157500	...	157500
Sri S. Gopal Reddy	Related to Smt.S.Rajitha Reddy and Sri.S.Vishnu vardhan Reddy	Promoter Director	Nil	2250	...	...	2250
Sri.V.R.Vasudevan	None	None	NIL	2250	...	...	2250
Sri.M.Laxmika Reddy	None	None	NIL	3000	...	...	3000
Sri.C. Karunakar	None	None	NIL	3000	...	...	3000

### 6. Share Holder's / Investor's Grievance Committee :

The Committee look after 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.S. Gopal Reddy	Chairman
2.	Sri V.R.Vasudevan	Member
3.	Sri. M. Laxmika Reddy	Member

Sri. S.Gopal Reddy, chairman of the committee is also the Compliance Officer.

The total No. of Complaints received and resolved during the year were: Nil

Details of Complaints received / resolved.

Nature of Complaint	Received	Resolved	Pending
Nil	Nil	Nil	Nil
Total Nil	Nil	Nil	Nil

The outstanding complaints as on 31st March, 2009 were : Nil.


**7. Details of Annual General Meetings: Location and time of the last Three AGMs.**

AGM	YEAR	VENUE	DATE	TIME
23rd	2007-2008	Sundaraiah Vignan Kendram (Mini Hall), Baghlingampally Hyderabad.	27.09.2008	11.00. A.M.
22nd	2006-2007	Sundaraiah Vignan Kendram (Mini Hall), Baghlingampally Hyderabad.	28.09.2007	11.00. A.M.
21st	2005-2006	Sundaraiah Vignan Kendram (Mini Hall), Baghlingampally Hyderabad.	16.08.2006	10.00. A.M.

No Special resolutions through postal ballot were passed during the financial year.

**8. Disclosures**

A. Disclosure on materially significant related party transactions i.e. transactions of the company of material nature with its promoters, the directors or the management's, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.

None

B. Details of non-compliance by the company, penalties, Strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

None

**9. NOTES ON DIRECTORS APPOINTMENT/RE-APPOINTMENT:**

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

**10. Means of Communications:**

As per the listing requirements, the company publishes periodical financial results in leading English and regional newspapers for information. The Management Discussion and Analysis (MD & A) forms part of the annual report.

**11. MANAGEMENT DISCUSSION AND ANALYSIS**

Appended to this Report.

**12. General Share Holder Information:**

i) AGM, Date ,Time and Venue : 29th September, 2009 at 12.00 Noon  
at Sundraiah Vignan Kendram (Mini Hall)  
Baghlingampally, Hyderabad - 500 044.



- ii) Financial Calendar : 1st April to 31st March  
 And the financial reporting will be as follows :  
 Quarter ending June, 30, 2009 : Last week of July, 09  
 Quarter ending September 30, 2009 : Last week of October, 09  
 Quarter ending December 31, 2009 : Last week of January, 10  
 Quarter ending March 31, 2010 : Last week of April, 10  
 Annual General Meeting for FY ended : Before end of September, 2010  
 31 st March, 2010
- iii) Date of Book Closure : 25th September, 2009 to 29th September, 2009 (both days inclusive)
- iv) Dividend Payment date(s) : If declared will be paid within the stipulated time as per the Act.
- v) Listing on Stock Exchange : Bombay Stock Exchange Ltd. (BSE)
- vi) Stock Code :  
 The Bombay Stock Exchange Ltd. : 526554  
 Dematerialization of Securities : ISIN : INE159C01012
- vii) Market Price Date: High / Low during each month in last Financial year : During the financial year the shares of the company were not traded. Hence monthly data could not be provided.
- viii) 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 not traded. Hence performance comparison could not be provided
- ix) Registrars and transfer agent : M/s. Aarathi Consultants Ltd.  
 1-2-285, Domalguda, Hyderabad.  
 Ph : 040-2763 8111, 2763 4445  
 Fax : 040-2763 2184  
 Website : www.arthiconsultants.com  
 email : info@arthiconsultants.com
- x) Share Transfer System : M/s. Aarathi Consultants Ltd.  
 Documents will be accepted at 1-2-285, Domalguda, Hyderabad.  
 Ph : 040-2763 8111, 2763 4445  
 Fax : 040-2763 2184  
 Website : www.arthiconsultants.com  
 email : info@arthiconsultants.com

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

The Transfer of shares in physical form is normally processed within 10-12 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) (a) Distribution of Shareholdings as on 31.03.2009

Share Holding of Nominal Value		Share Holders		Share Amount	
Rs.	Rs. (1)	Numbers (2)	% of Total (3)	In Rs. (4)	% of Total (5)
Upto	5,000	2510	69.00	5939000.00	7.88
5,001	10,000	314	9.00	2747000.00	3.64
10,001	20,000	367	10.00	6589000.00	8.74
20,001	30,000	153	4.00	3945000.00	5.23
30,001	40,000	180	5.00	5974000.00	7.93
40,001	50,000	21	1.00	1050000.00	1.39
50,001	1,00,000	22	1.00	1502000.00	1.99
1,00,001	and above	46	1.00	47621000.00	63.19
<b>TOTAL</b>		<b>3613</b>	<b>100.00</b>	<b>75,367,000.00</b>	<b>100.00</b>

xi) (b) Distribution of shareholding as on 31st March 2009.

	CATEGORY (Before Acquisition)	No. of Shares Holding	% of Share
(A)	Shareholding of Promoter and Promoter Group:		
(1)	Indian		
a.	Individuals/Hindu Undivided Family	1721725	22.84
b.	Central Government/State Government		
c.	Bodies Corporate	2371875	31.47
d.	Financial Institutions / Banks		
	Others:		
e.	Mutual funds		
f.	Trusts		
	Sub-Total (A)(1)	4093600	54.32
(2)	Foreign		
a.	Individuals (Non- Residents Individuals / Foreign Individuals)		
b.	Bodies Corporate		
c.	Institutions		
	Others:		
d.	Overseas Corporate Bodies		
	Sub-Total (A)(2)	000	000
	<b>Total Shareholding of Promoter and Promoter Group A = (A)(1)+ (A)(2)</b>	<b>4093600</b>	<b>54.32</b>
(B)	Public Shareholding		
(1)	Institutions		
a.	Mutual funds / UTI		
b.	Financial Institutions / Banks	250000	3.32
c.	Central Government/State Government		
d.	Venture Capital Funds		



e.	Insurance Companies		
f.	Foreign Institutional Investors		
g.	Foreign Venture Capital Investors		
	Others:		
h.	Foreign Companies		
	<b>Sub-Total (B)(1)</b>	<b>250000</b>	<b>3.32</b>
(2)	Non- Institutions		
a.	Bodies Corporate	316600	4.20
b.	Individuals		
	i). Individual Shareholders holding Nominal Share Capital upto Rs. 1 Lakh	2613500	34.68
	ii). Individual Shareholders holding Nominal Share Capital in excess of Rs. 1 Lakh	259000	3.44
	Others:		
c.	Non- Residents Individuals	4000	0.05
d.	Overseas Corporate Bodies		
e.	Trusts		
f.	Employees		
g.	Clearing Members		
	<b>Sub-Total (B)(2)</b>	<b>3193100</b>	<b>42.37</b>
	<b>Total Public Shareholding B = (B)(1) + (B)(2)</b>	<b>3443100</b>	<b>45.68</b>
	<b>TOTAL ( A+B)</b>	<b>7536700</b>	<b>100.00</b>
(C)	<b>Shares held by Custodians and against Depositories Receipts have been issued</b>		
	<b>GRAND TOTAL (A+B+C)</b>	<b>7536700</b>	<b>100.00</b>

**(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 12.93% of the company's share capital are dematerialized as on 31<sup>st</sup> March 2009. The Company's shares are listed and eligible to trade on the above-mentioned Stock Exchanges in electronic form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE159C01012**.

**(XIII) Outstanding GDRs/ADRs./Warrants or any Convertible instruments, conversation date and likely impact on equity.**

The Company has not issued any GDRs./ADRs/ Warrants or any convertible instruments.



**(XIV) Plant Locations**

**(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.

**(Textile)** : Plot No: 310/311,  
Gollapally Village,  
Jadcherla Mandal,  
Mahabubnagar District.

**(XV) Address for Correspondence**

1-2-288/6/4, Domalguda,  
Hyderabad - 500 029.  
Ph: 040-27635939; 040-27630629  
Fax : 040-27630629  
email : salguti.com

for and on behalf of the Board  
M/s. SALGUTI INDUSTRIES LIMITED

S.VISHNU VARDHAN REDDY  
MANAGING DIRECTOR

S.RAJITA REDDY  
WHOLE TIME DIRECTOR

PLACE : HYDERABAD.  
DATE : 01-09-2009.





**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR  
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

I, S. Vishnuvardhan Reddy, Managing Director of M/s. Salguti Industries Limited hereby declare that all the board members and senior managerial personnel have affirmed for the year ended 31 March 2009 compliance with the code of conduct of the company laid down for them.

S. Vishnuvardhan Reddy,  
Managing Director

Place : Hyderabad  
Date : 01.09.2009

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

I, S. 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 31 March 2009 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) Instances of significant fraud of which we have become aware and the involvement or an employee having a significant role in the company's internal control system.

S. Vishnuvardhan Reddy,  
Managing Director

Place : Hyderabad  
Date : 01.09.2009



## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement into by the company with the Stock Exchanges for the financial year ended on March 31, 2009.

The compliance of the conditions of corporate governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us the examination and the information and explanations given to us by the company.

Based on such a review, and to the best of our information and according to the explanation given to us, in our opinion, the company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the Listing Agreement of the Stock exchanges.

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

For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

P.MURALI MOHANA RAO  
PARTNER.

PLACE : HYDERABAD.

DATE : 01-09-2009



## AUDITORS' REPORT

To  
The Members,  
M/s. SALGUTI INDUSTRIES LIMITED,

We have audited the attached Balance Sheet of M/s. SALGUTI INDUSTRIES LIMITED, as at 31st March, 2009 and also the Profit & Loss Account of the company for the year ended on that date annexed thereto and cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) The Balance Sheet and Profit & loss account dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956.
  - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 st March, 2009 from being appointed as director in terms of clause (g) of sub-section 1 of section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 st March, 2009.
    - (b) In the case of the Profit and Loss Account, of the LOSS for the year ended on that date.
- AND
- (c) In case of of cash flow statement, of the cash flows for the year ended on that date

For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD.  
DATE : 01-09-2009

P. MURALI MOHANA RAO  
PARTNER.



## ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained 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 and no material discrepancies between the book records and the physical inventory have been noticed on such verification.  
(c) The Company has not disposed off substantial part of the Fixed Assets during the year.
- II. (a) The Inventory has been physically verified during the year and in our opinion , the frequency of verification is reasonable.  
(b) In our opinion, the procedures of the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  

The Company is maintaining proper records of inventory and as explained to us , no material discrepancies were noticed on physical verification of stocks as compared to book records.
- III. (a) The Company has not either granted or taken any loans, secured or unsecured to / from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.  
(b) As the Company has not either granted or taken any loans covered in the register maintained U/s.301 of the Companies Act 1956, the applicability of the clause regarding interest and other terms and conditions for secured and unsecured Loans and the prima facie prejudicial to the interest of the Company does not arise.  
(c) On the basis of our checking and according to the information and explanations given to us during the course of our audit no loans or advances in the nature of loans have been given by the Company hence the applicability of the clause regarding regular payment of principal amount and interest does not arise.  
(d) No loans have been granted to Companies, Firms & other parties listed in the register U/s.301 of the Companies Act, 1956 , hence overdue amount of more than rupees one lac does not arise and the clause is not applicable.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us , since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s. 301 of the Companies Act, 1956 does not arise.



- (b) According to the information and explanations given to us, as no such contracts or arrangements made by the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.
- VI.** The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII.** In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII.** In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section(1) of section 209 of the Companies Act, 1956.
- IX.** (a) The Company is regular in depositing statutory dues including PF,ESI,Income Tax, and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, no undisputed amounts are payable in respect of PF,ESI,Income Tax, and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X.** The Company has been registered for a period of not less than 5 years, and the company has no accumulated losses at the end of the financial year and the company has not incurred cash losses in this financial year and in the financial year immediately preceding such financial year also.
- XI.** According to information and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions or banks.
- XII.** According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII.** This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV.** According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV.** According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.



- XVI.** According to the information and explanations given to us, the Term Loans were applied by the company for the purpose for which the loans were obtained.
- XVII.** According to the information and explanations given to us, no funds are raised by the Company on short-term basis. Hence the clause of short term funds being used for long-term investment and vice versa does not arise.
- XVIII.** According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX.** According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of securities in respect of debentures issued does not arise.
- XX.** According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI.** According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD.  
DATE : 01-09-2009

P. MURALI MOHANA RAO  
PARTNER.



## BALANCE SHEET AS AT 31.03.2009

PARTICULARS	SCHEDULE NO.	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)
I. SOURCES OF FUNDS		Rs.	Rs.
1. SHAREHOLDERS FUNDS			
a. Capital	1	90,261,000	90,261,000
b. Reserves & Surplus	2	16,034,292	14,529,476
2. LOAN FUNDS			
a. Secured Loans	3	266,518,845	260,299,839
b. Unsecured Loans		62,520,220	69,074,093
3. DEFERRED INCOME TAX LIABILITY		24,861,252	21,035,444
<b>TOTAL</b>		<b><u>460,195,609</u></b>	<b><u>455,199,852</u></b>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	4	335,057,346	332,517,207
b. Less Depreciation		87,982,226	72,500,558
c. Net Block		247,075,120	260,016,649
<b>CIVIL WORK IN PROGRESS</b>		<b>1,341,502</b>	<b>298,150</b>
2. INVESTMENTS		1,725,854	1,673,854
III. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		83,858,566	87,644,176
b. Sundry Debtors	5	129,068,199	115,287,596
c. Cash & Bank Balances	6	1,085,155	956,741
d. Loans & Advances	7	33,796,218	33,126,925
Less: Current Liabilities & Provisions	8	42,126,009	48,799,672
NET CURRENT ASSETS		205,682,129	188,215,766
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		<b>4,371,004</b>	<b>4,995,433</b>
NOTES TO ACCOUNTS	10	-----	-----
<b>TOTAL</b>		<b><u>460,195,609</u></b>	<b><u>455,199,852</u></b>
AS PER OUR REPORT OF EVEN DATE For P. MURALI & CO., CHARTERED ACCOUNTANTS		FOR AND ON BEHALF OF THE BOARD M/s.SALGUTI INDUSTRIES LIMITED	
P. MURALI MOHANA RAO PARTNER		S. VISHNUVARDHAN REDDY MANAGING DIRECTOR	
PLACE : HYDERABAD DATE : 01-09-2009		S. RAJITA REDDY WHOLE TIME DIRECTOR	



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	SCHEDULE NO.	ENDING 31-03-2009 (Rupees)	ENDING 31-03-2008 (Rupees)
<b>I. INCOME</b>			
Sales		683,693,780	478,467,676
Other income		11,958,603	13,351,071
Closing stock		83,858,566	87,644,176
<b>TOTAL</b>		<b><u>779,510,949</u></b>	<b><u>579,462,923</u></b>
<b>II. EXPENDITURE</b>			
Opening Stock		87,644,176	49,088,488
Purchase of Raw material		536,496,948	410,329,779
Manufacturing, Selling & Administrative Expenses	9	92,837,578	78,912,573
Interest & Financial Charges		40,403,711	27,699,642
Depreciation		15,481,668	13,965,161
Miscellaneous Exp. Written Off		624,429	624,429
<b>TOTAL</b>		<b><u>773,488,510</u></b>	<b><u>580,620,072</u></b>
<b>PROFIT BEFORE TAX</b>		6,022,439	(1,157,149)
<b>PROVISION FOR TAXATION</b>		633,494	
<b>PROFIT AFTER TAX</b>		5,388,945	(1,157,149)
<b>Provision for F B T</b>		58,321	66,042
<b>Provision for Deferred Income Tax</b>		3,825,808	4,600,578
<b>PROFIT AFTER DEFERRED INCOME TAX &amp; FBT</b>		<b>1,504,816</b>	<b>(5,823,769)</b>
		11,926,979	17,750,748
<b>BALANCE BROUGHT FORWARD</b>		13,431,795	11,926,979
<b>EARNING PER SHARE</b>		0.20	(0.77)
<b>NOTES TO ACCOUNTS</b>	10		-

AS PER OUR REPORT OF EVEN DATE  
For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

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

P. MURALI MOHANA RAO  
PARTNER

S.VISHNUVARDHAN REDDY  
MANAGING DIRECTOR

PLACE : HYDERABAD  
DATE : 01-09-2009

S. RAJITA REDDY  
WHOLE TIME DIRECTOR



**SCHEDULE 1 SHARE CAPITAL**

PARTICULARS	AS AT	AS AT
	31-03-2009 (Rupees)	31-03-2008 (Rupees)
<b>AUTHORISED</b>		
12000000 Equity Shares of Rs. 10/- Each ISSUED, SUBSCRIBED & PAID-UP	<u>120,000,000</u>	<u>120,000,000</u>
7536700 Equity Shares of Rs.10/-Each	75,367,000	75,367,000
Less: Calls in Arrears	<u>106,000</u>	<u>106,000</u>
	75,261,000	75,261,000
SHARE APPLICATION MONEY	15,000,000	15,000,000
<b>TOTAL</b>	<b><u>90,261,000</u></b>	<b><u>90,261,000</u></b>

**SCHEDULE 2 RESERVES & SURPLUS**

PARTICULARS	AS AT	AS AT
	31-03-2009 (Rupees)	31-03-2008 (Rupees)
Investment Allowance Reserve	602,497	602,497
Subsidy	2,000,000	2,000,000
Surplus in Profit & Loss A/c.	13,431,795	11,926,979
<b>TOTAL</b>	<b><u>16,034,292</u></b>	<b><u>14,529,476</u></b>

**SCHEDULE 3 SECURED LOANS**

PARTICULARS	AS AT	AS AT
	31-03-2009 (Rupees)	31-03-2008 (Rupees)
Term Loan from Institutions	7,020,000	5,848,001
Term Loan from Banks	128,065,630	155,257,121
Working capital from Banks	130,787,970	97,745,280
Car Loan	<u>645,245</u>	<u>1,449,437</u>
<b>TOTAL</b>	<b><u>266,518,845</u></b>	<b><u>260,299,839</u></b>

**SCHEDULE 4****FIXED ASSETS****DEPRECIATION STATEMENT AS ON 31-03-2009****S L M**

PARTICULARS	Gross Block	Additions	Deletion	Block	Depreciation			Net Block	Net Block
	As At 01-04-2008	During the Year	DURING THE YEAR	As on 31.03.2009	Upto 31.03.2008	During the Year	As At 31-03-2009	As At 31-03-2009	As At 31-03-2008
Land	1,296,186			1,296,186			-	1,296,186	1,296,186
Building	49,103,641	1,537,299		50,640,940	6,668,977	1,662,921	8,331,898	42,309,042	42,434,664
Plant & Machinery	263,786,631	831,549		264,618,180	61,769,422	12,549,614	74,319,036	190,299,144	202,017,209
Electrical Equipment	11,595,306	27,711		11,623,017	1,900,279	551,984	2,452,263	9,170,754	9,695,027
Furniture & Fixtures	1,122,406	16,800		1,139,206	395,307	72,112	467,419	671,787	727,099
Office Equipments	1,585,936	126,780		1,712,716	657,243	262,463	919,706	793,010	928,693
Vehicles	4,027,101			4,027,101	1,109,330	382,575	1,491,905	2,535,196	2,917,771
	<b>332,517,207</b>	<b>2,540,139</b>	<b>0</b>	<b>335,057,346</b>	<b>72,500,558</b>	<b>15,481,668</b>	<b>87,982,226</b>	<b>247,075,120</b>	<b>260,016,649</b>

**SCHEDULE 5 SUNDRY DEBTORS**

PARTICULARS	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)
(Unsecured and Considered Good)		
a. Debts exceeding for a period of six months	6,840,000	9,052,867
b. Others	122,228,199	106,234,729
<b>TOTAL</b>	<b><u>129,068,199</u></b>	<b><u>115,287,596</u></b>

**SCHEDULE 6 CASH & BANK BALANCE**

PARTICULARS	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)
Cash in Hand	995,223	938,600
Balance with Scheduled Banks	89,932	18,141
<b>TOTAL</b>	<b><u>1,085,155</u></b>	<b><u>956,741</u></b>

**SCHEDULE 7 LOANS & ADVANCES**

PARTICULARS	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)
(Unsecured, considered good, Recoverable in cash or in kind or for value to be received)		
Advances	22,286,242	19,556,050
Deposits	11,509,976	13,570,875
<b>TOTAL</b>	<b><u>33,796,218</u></b>	<b><u>33,126,925</u></b>

**SCHEDULE 8 CURRENT LIABILITES & PROVISIONS**

PARTICULARS	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)
Sundry Creditors	37,602,282	44,972,272
Outstanding Expenses & Provisions	4,523,728	3,827,400
<b>TOTAL</b>	<b><u>42,126,009</u></b>	<b><u>48,799,672</u></b>

**SCHEDULE 9 MANUFACTURING, SELLING & ADMINISTRATIVE EXPENSES**

PARTICULARS	AS AT 31-03-2009 (Rupees)	AS AT 31-03-2008 (Rupees)
Power & Fuel	22,946,192 ✓	18,756,990
Salaries & Wages	22,850,698 ✓	16,047,232
Other Manufacturing Expenses	40,599,856	37,693,936
Repairs & Maintenance	1,916,392	2,088,620
Auditors Remuneration	55,150 ✓	56,180
Director Remuneration	277,500 ✓	210,000
Other Administrative & Selling Expenses	4,191,790	4,032,615
<b>TOTAL</b>	<b><u>92,837,578</u></b>	<b><u>78,912,573</u></b>



**SCHEDULE 10**  
**NOTES FORMING PART OF THE ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**a. General**

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern. (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted.

**b. Revenue Recognition**

- (i) The company follows the Mercantile system of Accounting and recognises income and expenditure on accrual basis.  
(ii) Revenue is not recognised on the grounds of prudence, until realised in respect of liquidated damages, delayed payments as recovery of the amounts are not certain.

**c. Investments :**

Investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition wherever applicable.

**d. Fixed Assets :**

- (i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

**e. Depreciation and Amortisation :**

- (i) Depreciation is provided on straight line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.  
(ii) Preliminary Expenses are amortised over the period of 10 years.

**f. Inventories :**

Inventories are valued at cost or market price whichever is lower.

**g. Taxation :**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

**h. Earning Per Share :**

The earning considered in ascertaining the company's earning per share comprise net profit after tax. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year.

**i. Gratuity :**

The company has made provision for gratuity to its employees.



## B. NOTES TO ACCOUNTS

1. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975.

NIL

2. Directors' Remuneration :	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
	2,77,500/-	2,10,000/-

3. Auditor's Remuneration :	<u>Current Year (Rs.)</u>	<u>Previous Year (Rs.)</u>
Audit Fee	55,150/-	56,180/-

4. Detailed information regarding quantitative particulars under part II of Schedule VI to the Companies Act, 1956.

### Additional information pursuant to provisions of part II of Schedule VI of the companies Act, 1956 PLASTIC DIVISION

	Year ended 31-03-2009		Year ended 31-03-2008	
	Qty (MT)	Amount Rs. in lakhs	Qty (MT)	Amount Rs. in lakhs
A. Capacity & Production				
i) Installed capacity	5400.00		5050.00	
ii) Actual production	5296.00		4737.27	
B. Turnover	5546.57	5060.69	4629.73	4120.51
C. Details of Raw Materials consumed				
Imported				
Indigenous	5257.28	4054.69	4941.02	3555.05
D. Opening & Closing Stock				
Opening Stock (MT)	865.81	714.53	594.94	480.20
Closing Stock (MT)	556.63	520.00	865.81	714.53
E. Raw Materials Consumed Imported & Indigenous				
	Year ended 31-03-2009		Year ended 31-03-2008	
	Value	%	Value	%
Imported	NIL	NIL	NIL	NIL
Indigenous	4054.69	100%	3555.05	100%
F. FOB Value of Imports	NIL	NIL	NIL	NIL
G. Expenditure in Foreign Currency on Foreign Travel	NIL	NIL	NIL	NIL



## TEXTILE DIVISION

Additional information pursuant to provisions of part II of Schedule VI of the companies Act,1956

	Year ended 31-03-2009		Year ended 31-03-2008	
	Qty (MT)	Amount Rs. in lakhs	Qty (MT)	Amount Rs. in lakhs
A. Capacity & Production				
i) Installed capacity	1800.00		1800.00	
ii) Actual production	1320.44		592.42	
B. Turnover	1314.07	1776.25	505.34	664.17
C. Details of Raw Materials consumed				
Imported				
Indigenous	1347.40	1156.91	605.53	486.67
D. Opening & Closing Stock				
Opening Stock (MT)	203.52	161.60	13.20	10.68
Closing Stock (MT)	344.55	318.59	203.52	161.60

E. Raw Materials Consumed  
Imported & Indigenous

	Year ended 31-03-2009		Year ended 31-03-2008	
	Value	%	Value	%
Imported	NIL	NIL	NIL	NIL
Indigenous	1156.91	100%	486.67	100%
F. FOB Value of Imports	NIL	NIL	NIL	NIL
G. Expenditure in Foreign Currency	NIL	NIL	5,18,832	NIL

5. There are no dues to SSI Units outstanding for more than 30 days.
6. Term loans from Financial Institutions and Banks are secured against hypothecation of Land, Buildings and Plant & Machinery, Working capital limits from Bank is secured against hypothecation of stocks and Book Debts.
7. The Rajapur Unit has been sanctioned Sales Tax deferment issued by the Commissioner of Industries, Hyderabad. Hence Whatever Sales Tax collected during the year is debited to profit & loss account and the same was shown under un secured loans. Unsecured loans includes Rs 404.75 Lakhs (Previous year Rs 355.33 Lakhs ) Sales Tax deferment amount.



8. No confirmations were obtained from debtors/creditors as to the balances receivable from/ payable to them as at year end.
9. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax provision for the current year amounts to Rs.3825808/- towards deferred income tax Liability. (Previous year Rs.4066578/- towards deferred income tax Liability).
10. Previous years figures have been regrouped wherever necessary.
11. The figures have been rounded off to the nearest rupee.

**SIGNATURES TO SCHEDULES 1 To 10**

AS PER OUR REPORT OF EVEN DATE  
For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

P. MURALI MOHANA RAO  
PARTNER

PLACE : HYDERABAD  
DATE : 01-09-2009

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

S.VISHNUVARDHAN REDDY  
MANAGING DIRECTOR

S. RAJITA REDDY  
WHOLE TIME DIRECTOR



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2009.

(Rs.in Lakhs)

	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and Extraordinary items	60.22	(11.57)
Adjustment for:		
Depreciation	154.82	139.65
Misc. Written off	6.24	6.24
Interest	404.04	277.00
Dividend Received		
Operating Profit before working capital changes	625.32	411.32
Adjustment for:		
Trade and other receivables	(137.81)	(281.74)
Inventories	37.86	(385.56)
Trade payables	(73.65)	124.82
Cash generated from operations		
Interest paid	451.72	(131.16)
Direct taxes paid	(404.04)	(277.00)
Cashflow before extraordinary items		
Extraordinary Item -		
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>47.68</b>	<b>(408.16)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(25.40)	(482.16)
Decrease of Investments	(0.52)	
Increase in Loans and Advances	(6.69)	
Civil Work in Progress	(10.43)	
<b>NET CASH CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(43.05)</b>	<b>(482.16)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Equity Share Capital		
Net Increase/ (decrease) in secured loans	62.19	696.40
Proceeds from Subsidy - Increase in unsecured loans	(65.54)	195.56
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3.35)</b>	<b>891.96</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1.28)</b>	<b>1.65</b>
Cash and Cash equivalents as at (Opening Balances)	9.57	7.92
Cash and Cash equivalents as at (Closing Balances)	10.85	9.57

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

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

PLACE: HYDERABAD

S. VISHNU VARDHAN REDDY  
MANAGING DIRECTOR

S. RAJITHA REDDY  
WHOLE TIME DIRECTOR

DATE : 01-09-2009

To  
The Board of Directors  
Salguti Industries Limited,

We have examined the attached Cash Flow Statement of M/s. Salguti Industries Limited for the year ended 31st March 2009. The Statement has been prepared by the company in accordance with the requirement of Clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 1st September, 2009 to the members of the company.

For P. MURALI & CO.,  
CHARTERED ACCOUNTANTS

PLACE : HYDERABAD  
DATE : 01-09-2009.

P. MURALI MOHANA RAO  
PARTNER



**Statement Pursuant to part IV of Schedule VI to the Companies Act, 1956 :  
Balance Sheet Abstract and Company's General Business Profile**

**I. I. Registration Details**

Registration No.   -       State Code

Balance Sheet          
Date Date Month Year

**Capital Raised during the Year (Amount in Rs. Thousands)**

Public Issue	Right Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

**Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/>
Sources of Funds	
Paid-Up Capital	Reserves & Surplus
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="4"/>
Secured Loans	Unsecured Loans
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/>

**Application of Funds**

Net Fixed Assets	Investments
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="5"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="5"/>
Net Current Assets	Misc. Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="1"/>
Accumulated Losses	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	

\*Net Fixed Assets includes capital work-in-progress.

**IV. Performance of Company (Amount in Rs. Thousands)**

	Turnover		Total Expenditure
	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="1"/>		<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="8"/>
+ -	Profit/ Loss Before Tax	+ -	Profit/ Loss After Tax
<input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="8"/>
	Earning Per Share in Rs.		Dividend rate %
	<input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="0"/>		<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

**V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)**

Item Code No.  
(ITC Code)

**Product Descriptions**

H	D	P	E	W	O	V	E	N	S	A	C	K	S		
C	O	T	T	O	N	G	R	E	Y	F	A	B	R	I	C





24<sup>th</sup> Annual General Meeting



**SALGUTI INDUSTRIES LIMITED**

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

**Admission Slip**

<b>Date</b> 29th September, 2009	<b>Venue</b> Sundariah Vignan Kendaram, (Mini Hall), Baghlingampally, Hyderabad – 500 044	<b>Time</b> 12.00 Noon
-------------------------------------	--	---------------------------

Name of the shareholder	Folio no. / DPID and Client ID no.	No. of shares

I certify that I am a registered shareholder of the Company and hold above-mentioned shares in the Company and hereby record my present at the 24<sup>th</sup> Annual General Meeting of the Company.

**Member's/Proxy signature**

**Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.**

----- Cut Here -----

24<sup>th</sup> Annual General Meeting



**SALGUTI INDUSTRIES LIMITED**

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

**Proxy Form**

**Regd. Folio no.:** ..... **No. of shares** .....

**DP ID no.** ..... **Client ID no.** .....

I/We \_\_\_\_\_ of \_\_\_\_\_ being Member /Members of Salguti Industries Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 29th September 2009 at 12.00 Noon at Sundariah Vignana Kendaram, (Mini Hall), Baghlingampally, Hyderabad – 500 044 and at any adjournment thereof.

As witness my/our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ of 2009

Signed by the said \_\_\_\_\_

Affix Re 1/-  
Revenue Stamp