



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. Laxmikar Reddy : Director
Sri. C. Karunakar : Director

REGISTERED OFFICE

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

WEBSITE

www.salguti.com

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 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 :

Bombay Stock Exchange Limited (BSE), Mumbai



NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of the company will be held on Thursday, the 27th day of September, 2012 at 11.00 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 Audited Balance Sheet as on 31st March, 2012 and Audited Profit and Loss Account for the year ended on that date together with the Director's Report and Auditor's Report.
2. To appoint a Director in place of Sri V.R. Vasudevan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri M. Laxmikar Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as Statutory Auditors of the Company and to fix their remuneration.

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

S.VISHNU VARDHAN REDDY
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 30th August, 2012

NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THERE AT INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) An instrument appointing proxy to be effective must be lodged at the Registered Office of the Company at least 48 hours before the meeting.
- 3) The Register of Members / Register of Beneficiaries and Share Transfer Books of the Company will remain closed from Monday, 24th September 2012 to Thursday, 27th September 2012 (both days inclusive).
- 4) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
- 5) 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.



- 6) Members holding shares in dematerialization form are requested to notify/send any change in their address to the concerned depository participant(s).
- 7) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 8) Corporate Members intend to send their authorized representatives to attend the meeting are requested to send a certified true copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
- 9) Section 109A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the company. Therefore, the shareholders willing to avail this facility may make nomination in form 2B.
- 10) 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.

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

Brief Details of Directors seeking re-appointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) :

1. Name : **Sri V.R. Vasudevan**
Age : 75 years
Qualifications : M.B.A.
Experience : More than 35 years
Other Directorships :
 - Pioneer Refinery Limited
 - Sriba Industries Limited
 - Penna Limestone Quarries Limited
 - Pioneer Thermal Power Corporation Limited
 - Shri Vijay Lakshmi Industries Limited
 - Penna Tandur Cement Company Limited
 - Penna Steels Limited
 - Pioneer Holiday Resorts Limited

2. Name : **Sri M. Lamikar Reddy**
Age : 57 years
Qualifications : B.Tech
Experience : 25 Years
Other Directorships :
 - Vijaya Packaging Systems Limited
 - Vijay Sea Foods and Exports Private Limited
 - Deccan Syntex Ltd.
 - Shreya Containers Limited
 - Penroc Minerals India Private Limited
 - Venkat Polymers Private Limited



DIRECTORS' REPORT

To
The Members,
SALGUTI INDUSTRIES LIMITED

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2012.

FINANCIAL RESULTS REVIEW AND PROSPECTS

Your company has recorded a gross turn over of Rs 9988.80 lakhs for the year ended 31st March, 2012 against a gross turn over of Rs. 7429.44 Lakhs last year. This figure has grown up by 2559.36 lakhs in this financial as compared to the same period in the last year. Net profit figure has grown up by Rs. 4.75 lakhs in this year as compared to the last fiscal.

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

	(Rupees in Lakhs)	
Particulars	2011 – 12	2010 – 11
Turnover	9988.80	7429.44
Other Income	3.04	8.83
Expenditure	9911.59	7369.65
Profit before Tax	80.25	68.62
Less: Provision for Tax	16.47	13.74
Less: Provision for deferred Income Tax	46.96	33.97
Net Profit (after deferred tax)	16.82	20.91

DIVIDEND

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

FIXED DEPOSITS

The Company has not invited/accepted any fixed deposits from the public in terms of Section 58A of the Companies Act, 1956.

EMPLOYEE PARTICULARS

The Directors are to report that none of the employee was in receipt of remuneration exceeding the limit prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 2011.

DIRECTORS

Sri. V. R. Vasudevan and Sri. M. Laxmikar Reddy, Directors, whose period of office is determined by rotation, is due to retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed and there are no material departures.
- ii. We have selected appropriate accounting policies and applied them consistently and have 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 as on 31st March 2012 and of the profit of the company for the financial year ended 31st March 2012.
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. We have prepared the annual accounts for the financial year ended 31st March, 2012 on a going concern basis.

CODE OF CONDUCT

Pursuant to the Listing Agreement entered into by the company with the Bombay Stock Exchange Limited, a declaration declaring that all the members of the Board and the Senior Management Personnel of the company have affirmed compliance with the Code of Conduct of the Company, is forming part of the Corporate Governance Report attached herewith.

CORPORATE GOVERNANCE

Your Directors are happy to report that your Company is compliant with the Corporate Governance requirements as per Clause 49 of the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Statutory Auditor's confirming compliance is set out in the Annexure forming part of this report.

CEO/CFO CERTIFICATION

The Board has recognized Managing Director of the Company as CEO for the limited purpose of Compliance under the Listing Agreement. The CEO has certified, in terms of revised clause 49 of the listing agreement, to the Board that the financial statements present a true and fair view of the company's affairs and are in compliance with existing accounting standards, internal control and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed section on 'Management Discussion and Analysis' (MDA), pursuant to Clause 49 of the Listing Agreement forms part of this Annual Report.

STOCK EXCHANGE

The Company's present Equity shares are listed in Bombay Stock Exchange and the Company has paid the Listing Fees to the Stock Exchanges for the Financial Year 2012-13.

**LISTING OF SHARES OF THE COMPANY ON STOCK EXCHANGES**

Company has accorded the approval of the Bombay Stock Exchange for listing & trading w.e.f 23rd April 2012 for 17,30,000 Equity Shares allotted on 18th November 1999. As the trading in the equity shares of the Company is currently suspended, the trading in the aforesaid equity shares would commence on resumption of trading in the scrip.

We are pleased to report that we have undertaken the process of getting the revocation of suspension of the company's share at BSE. The due formalities for relisting are under process and very soon the shares will start trading at BSE.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control systems and procedures in all operational areas and at all levels – equipments procurement, finance, and administration, marketing and personnel departments. The internal audit function will be done by a firm of Chartered Accountants. The Audit Committee reviews the internal audit reports and the adequacy of internal controls from time to time.

AUDITORS

M/s. P. Murali & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

ADDITIONAL INFORMATION AS REQUIRED U/S 217(1) (E) OF THE COMPANIES ACT, 1956**(a) Conservation of Energy:**

All necessary measures for conservation of energy are taken by the company.

(b) Research and Development and Technology Absorption:

No research and Development has been carried out

(c) Foreign Exchange Earnings & Outgo:

(i) Foreign exchange earnings : Rs. 1,01,79,956/-

(ii) Foreign Exchange out go : Rs. 5,76,85,040/-

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.

On behalf of the Board

Place: Hyderabad

Date: 30th August, 2012

S.Vishnu Vardhan Reddy
Managing Director

S.Rajita Reddy
Whole-Time Director



THE MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement, 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. INDUSTRY STRUCTURE AND DEVELOPMENT:

- * **Plastic Sector:**

Today, plastic is replacing metals in many medical devices. Despite increasing acceptance of plastics by the industry, there is still enormous scope for replacement of metals by performance plastics. These plastics can provide various functional improvements at lower costs while meeting biocompatibility requirements. Recent research in performance plastics shows that there are newer materials, which can withstand rough handling, multiple cleaning, disinfection, and sterilization cycles without significant loss of properties. This also opens up new opportunities in single-use as well as multi-use and reusable devices.
- * **Textile Sector:**

The Textile industry occupies an important place in the Economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings. The textile industry encompasses a range of industrial units, which use a wide variety of natural and synthetic fibres to produce fabrics.

III. OPPORTUNITIES AND THREATS

PLASTIC SECTOR:

The application of plastics is increasing manifold to include various packaging, pipe fittings, white goods, automobile etc. In Injection moulding, the market generally for the consumption of plastic products in the house hold and furniture segments are fuelling the increase in newer capacities. Further, anti dumping duty on Chinese machines will augment the business for Indian manufacturers. In Extrusion Machinery also the demand is growing particularly due to Government's thrust on agriculture, telecom, construction etc. Indian Plastic manufacturers have shown their competency to manufacture goods of Global acceptance thereby increasing the need to expand capacities. This has resulted in high demand for the Plastic Processing Machinery. The Company's focused action on manufacturing will enable it to further increase its market share.

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.

IV. EXPANSION:**(i) PLASTICS:**

We have envisaged expansion in plastic division at Mudireddypally (V), Mahaboobnagar District by replacing the old existing plant with high capacity excluder and installing additional looms and upgrading the existing looms. Commercial production of the expansion of project is expected in June 2012.

(ii) TEXTILES SECTOR:

We have completed partially expansion in textile division at Gollapally (V), Mahaboobnagar District by setting up 16 airjet looms trials have started in March 2012 and commercial production in May 2012.

FINANCIAL PERFORMANCE

Your company has recorded a gross turnover of Rs. 9988.80 lakhs for the year ended 31st March, 2012 against a gross turnover of Rs. 7429.44 Lakhs last year. This figure has grown up by Rs.2559.36 lakhs in this financial as compared to the same period in the last year. Net profit figure has grown up by Rs.4.75 lakhs in this year as compared to the last fiscal.



REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

1. Company's philosophy on Corporate 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.

2. Board of Directors

A. Composition

- 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.
- 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, 2012.
- 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.

Composition and category of Directors on the Board for the year 2011-12 are given below:

Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committee memberships held in other Public Companies
<i>Sri. S. Gopal Reddy</i>	Promoter & Executive Director	1	Nil
<i>Sri S. Vishnu Vardhan Reddy</i>	Promoter & Executive Director	2	Nil
<i>Smt. S. Rajita Reddy</i>	Promoter & Executive Director	2	Nil
<i>Sri. V. R. Vasudevan</i>	Non-Executive Independent Director	8	1
<i>Sri. M. Laxmika Reddy</i>	Non-Executive Independent Director	3	1
<i>Sri C. Karunakar</i>	Non-Executive Independent Director	Nil	1



- a. Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company.

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

During the Financial Year 2011 - 12 the Board of Directors met Five times on 30th April 2011, 30th July 2011, 2nd September 2011, 29th October 2011 and 30th January 2012.

- b. The time gap between any two Board Meetings did not exceed three months.

Attendance of Directors at Board Meetings during the year under review, and at the last Annual General Meeting (AGM) held on 27th September, 2011.

Name of the Director	No. of Board Meetings attended	Whether attended the last AGM
Sri. S. Gopal Reddy	5	Yes
Sri S. Vishnu Vardhan Reddy	5	Yes
Smt. S. Rajita Reddy	5	Yes
Sri. V. R. Vasudevan	4	No
Sri. M. Laxmika Reddy	5	Yes
Sri C. Karunakar	2	No

Board's Procedure

Agenda papers along with explanatory statements were circulated to the Directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

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;
- 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.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - 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.
 - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.



- 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
- Reviewing the company's financial and risk management's policies.
- Disclosure of contingent liabilities.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- 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.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- 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.
- 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.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

III) The previous Annual General Meeting of the Company was held on 27th September 2011 and Sri. 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:

Composition

The Company has constituted an Audit Committee comprising of the following three Non-Executive Independent Directors.

S.No.	Name of the Director	Designation	Nature of Directorship
1	Sri. M. Laxmikar Reddy	Chairman	Non-Executive & Independent Director
2	Sri. V. R. Vasudevan	Member	Non-Executive & Independent Director
3	Sri C. Karunakar	Member	Non-Executive & Independent Director



V) Five Audit Committee meetings were held during the year on 30th April 2011, 30th July 2011, 2nd September 2011, 29th October 2011 and 30th January 2012.

The necessary quorum was present at all the meetings.

Attendance during the year 2011-12 :

Name	Number of meetings held during the year	Number of meetings attended during the year
Sri. M. Laxmika Reddy	5	5
Sri. V. R. Vasudevan	5	4
Sri C. Karunakar	5	2

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 Director is subject to approval of the Board, and of the Company in the General Meeting and such approvals as may be necessary. The remuneration structure of Managing / Whole time Director comprises of salary only.

A. Composition

The Remuneration Committee consists of the following Directors:

S.No.	Name of the Director	Designation	Nature of Directorship
1	Sri. M. Laxmika Reddy	Chairman	Non-Executive & Independent Director
2	Sri. V. R. Vasudevan	Member	Non-Executive & Independent Director
3	Sri C. Karunakar	Member	Non-Executive & Independent Director

B. Brief description of terms of reference

The Remuneration Committee shall function in accordance with the terms of reference made by the Board of Directors, which are given as follows:

1. To fix the remuneration packages of Executive Directors i.e., Managing Director, Whole time Directors, etc.,
2. To decide on the elements of remuneration package of all the Directors i.e., salary, benefits, bonuses, stock options, pension etc."



The details of the salary and commission paid / payable for the Financial Year ended 31st March, 2012 to the Managing / Whole time Director are as under:

Name of the Director	Designation	Relationship with other Directors	Salary per annum (Rs. in Lakhs)	Com-mission
Sri S. Gopal Reddy	Chairman	Related to Smt. Rajitha Reddy & Sri. Vishnu Vardhan Reddy	NIL	NIL
Sri S. Vishnu Vardhan Reddy	Managing Director	Related to Smt.S.Rajitha Reddy & Sri. S.Gopal Reddy	1,23,000/-	NIL
Smt. S. Rajita Reddy	Whole Time Director	Related to Sri. S.Gopal Reddy and Sri.S.Vishnu vardhan Reddy	NIL	NIL

The Company does not have any stock option scheme to the Whole-time Directors. The appointments are made in accordance with the terms and conditions specified in the respective resolutions passed by the members in the General Meetings, which do not provide for severance fees.

5. Investors' Grievance Committee

A. Composition

Your Company has constituted an Investors' Grievance Committee consisting of the following Directors :

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

B. Powers

The Committee has been delegated with the following powers:

- to redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of balance sheet, non-receipt of declared dividend etc.



- to approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form. During the period under review, no complaints were received from the shareholders, and there are no pending Complaints as on date of this report.

6. General Body Meetings

Financial Year	Date	Time	Venue	Special resolutions passed
26 th AGM 2010-2011	27.09.2011	11.00 AM	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	Increase in Borrowing powers to Rs. 100 Crores
25 th AGM 2009-2010	27.09.2010	11.00 AM	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	Nil
24 th AGM 2008-2009	30.09.2009	4.00 P.M	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	Nil

Note: Company had not proposed any resolution during the financial year under review to be passed under Postal Ballot system.

7. Auditors' Certificate on Corporate Governance

Auditors' Certificate on Corporate Governance as required by revised Clause 49 of the Listing Agreement is given as an annexure to the Director's Report.

8. Disclosures

- The Company has not entered into any transaction of material nature with related parties i.e., Directors, Management, their relatives conflicting with the Company's interest.
- **Details of non-compliance**
There has been no non-compliance of any legal requirements nor have been any strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.
- **Whistle Blower policy**
We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the Company. The mechanism provided direct access to the Chairman of the Audit Committee for exceptional cases. All employees



can also directly meet the Audit Committee members of the Company. The Whistle Blower Policy has been posted on the Intranet of the Company.

- **Compliance with non-mandatory requirements of clause 49 of the listing agreement**
The Company has complied with the non –mandatory requirements relating to remuneration committee and Whistle Blower policy to the extent detailed above and has not complied with other non-mandatory requirements.

9. Means of Communication

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, at www.salguti.com. 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.

10. General Shareholder Information:

The following information would be useful to the shareholders:

a) Twenty Seventh Annual General Meeting

Date and Time : 27.09.2012, at 11.00 A.M

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

b) Financial Calendar 2012-13 (Tentative Schedule)

For the Quarter ended 30th June, 2012, the Company has already declared the Unaudited Financial Results on July 30, 2012.

Adoption of Quarterly results for the Quarter ending

- 30th September, 2012 : 1st/2nd Week of November, 2012
- 31st December, 2012 : 1st/2nd Week of February, 2013
- 31st March, 2013 : 1st/2nd Week of May, 2013

Annual General Meeting (Next year) : August / September, 2013

c) Book Closure Date

Monday 24th September 2012 to Thursday 27th September 2012 (both days inclusive)

d) Listing on Stock Exchanges : Bombay Stock Exchange Ltd

e) Stock Code

- Stock Code / ID : BSE : 526554 / SALGUTI
- Demat ISIN number : INE 159C01012

**Electronic Connectivity****National Securities Depository Limited**

Trade World, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013.

Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers, 28th Floor
Dalal Street, Mumbai – 400 023.

f) Stock Market Data

The monthly high / low prices of shares of the Company from April, 2011 to March, 2012 at Bombay Stock Exchange Limited:

Scrip Code: 526554 Company Name: SALGUTI. For the period: April 2011 to March 2012

During the period under review, the shares of the Company were not traded. Hence, the monthly data could not be provided.

g) Share Transfer Agents

Aarathi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad- 500 029.
Tel: (040) 27642217/27638111
Fax: (040) 27632184
Email: info@aarthiconsultants.com

h) Share Transfer System

SEBI has vide its circular dated 27-12-2002, directed that all work relating to share registry, both physical and demat should be maintained at a single point. Accordingly, the Share Transfers, both physical and demat form, are done by the Registrar and Share Transfer Agents i.e., M/s. Aarathi Consultants Private Limited, Domalguda, Hyderabad. The requests received for transfer of shares in physical form are generally completed within the stipulated time.


11. (A) Shareholding pattern as on 31st March 2012 :

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		Shares pledged or otherwise encumbered	
					As a Percentage of (A+B)	As a Percentage of (A+B+C)	Number of Shares	As a Percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/ (IV)*100
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
a.	Individuals/Hindu Undivided Family	55	1798725	270700	23.87	23.87	0	0
b.	Central / State Government(s)	0	0	0	0	0	0	0
c.	Bodies Corporate	12	2371875	240000	31.47	31.47	0	0
d.	Financial Institutions/Banks	0	0	0	0	0	0	0
	Others :-	0	0	0	0	0	0	0
e.	Mutual Funds	0	0	0	0	0	0	0
f.	Trusts	0	0	0	0	0	0	0
	Sub Total (A)(1)	67	4170600	510700	55.34	55.34	0	0
(2)	Foreign							
a.	Individuals (Non Resident Individuals/Foreign Individuals)	0	0	0	0	0	0	0
b.	Bodies Corporate	0	0	0	0	0	0	0
c.	Institutions	0	0	0	0	0	0	0
	Others :-	0	0	0	0	0	0	0
d.	Overseas Corporate Bodies	0	0	0	0	0	0	0
	Sub Total (A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group	0	0	0	0	0	0	0
	(A)=(A)(1)+(A)(2)	67	4170600	510700	55.34	55.34	0	0
(B)	Public Shareholding							
(1)	Institutions							
a.	Mutual Funds/UTI	0	0	0	0	0	0	0
b.	Financial Institutions/Banks	0	0	0	0	0	0	0



c.	Central Government / State Government(s)	1	250000	250000	3.32	3.32	0	0
d.	Venture Capital Funds	0	0	0	0	0	0	0
e.	Insurance Companies	0	0	0	0	0	0	0
f.	Foreign Institutional Investors	0	0	0	0	0	0	0
g.	Foreign Venture Capital Investors	0	0	0	0	0	0	0
	Others :-	0	0	0	0	0	0	0
h.	Foreign Companies	0	0	0	0	0	0	0
	Total (B)(1)	1	250000	250000	3.32	3.32	0	0
(2)	Non-Institutions							
a.	Bodies Corporate	22	316400	5000	4.2	4.2	0	0
b.	Individuals							
	i) Individual shareholders holding nominal share capital upto Rs.1 lakh	3449	2518700	229900	33.42	33.42	0	0
	ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	10	277000	38000	3.68	3.68	0	0
c.	Any Others :-	0	0	0	0	0	0	0
	i) Non Resident Individuals	5	4000	2000	0.05	0.05	0	0
	ii) Overseas Corporate Bodies	0	0	0	0	0	0	0
	iii) Trusts	0	0	0	0	0	0	0
	iv) Employees	0	0	0	0	0	0	0
	v) Clearing Members	0	0	0	0	0	0	0
	vi) Foreign Nationals	0	0	0	0	0	0	0
	Sub Total (B)(2)	3486	3116100	274900	41.35	41.35	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	3487	3366100	524900	44.66	44.66	0	0
	Total (A)+(B)	3554	7536700	1035600	100	100	0	0
(C)	Shares held by Custodians and against Depository Receipts							
	have been issued	0	0	0	0	0	0	0
1	Shareholding of Promoter and Promoter Group	0	0	0	0	0	0	0
2	Public Shareholding	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	3554	7536700	1035600	100	100	0	0

**(B) Distribution of Shareholding as on 31.03.2012**

Range (Rs)	No. of Shareholders	% of Total Shareholders	Shares	% of Total Shares
1 - 5000	2496	70.23	591700	7.85
5,001 – 10000	315	8.86	274900	3.65
10,001 – 20000	318	8.95	656900	7.51
20,001 – 30000	153	4.31	394500	5.23
30,001 – 40000	181	5.09	601200	7.98
40,001 – 50000	21	0.59	105000	1.39
50,001 – 100000	22	0.62	150200	1.99
1,00,001 and above	48	1.35	4853300	64.40
Total	3554	100.00	7536700	100.00

11. Dematerialization of Shares and Liquidity

Trading in Company's shares is permitted only in dematerialized form for all investors. The ISIN allotted to the Company's scrip is INE 159C01012. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. The list of depository participants is available with the National Securities Depository Limited (NSDL) at www.nsdl.co.in.

Particulars	No. of Shares	% Share Capital
NSDL	699428	9.28
CDSL	301972	4.01
PHYSICAL	6535300	86.71
Total	7536700	100.00

12. Address for Correspondence

Registered office : 1-2-288/6/4,
Domalguda,
Hyderabad –500 029.
Phone:040-27635939, 27630629

Share Transfer Agent : Aarthi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad- 500 029.
Tel: (040) 27642217/27638111
Fax: (040) 27632184
Email: info@arthiconsultants.com

On behalf of the Board

Place: Hyderabad
Date: 30th August, 2012

S.Vishnu Vardhan Reddy
Managing Director

S.Rajita Reddy
Whole-Time Director



CERTIFICATE FROM MANAGING DIRECTOR FOR COMPLIANCE WITH CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT

This is to certify that M/s. Salguti Industries Limited has put in place the Code of Conduct for the Board of Directors and Senior Management. This code is applicable to all the Directors of the Company and the Members of Senior Management, which includes the employees of the Company who are one level below the Whole time Directors and all the functional heads. The Directors and Members of Senior Management have affirmed compliance with the Code of Conduct for the Board of Directors and Senior Management as on March 31, 2012. The Company has complied with the provisions of the Listing Agreement in this respect.

For SALGUTI INDUSTRIES LIMITED

Date: Hyderabad
Place: 30th August, 2012

S. Vishnu Vardhan Reddy
Managing Director

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

I, S. Vishnu Vardhan 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 2012 and to the best of our knowledge and belief;
 - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, **and**
 - b. These statements present a true and fair view of the company's affairs 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 propose 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 of any employee having a significant role in the company's internal control system.

Place : Hyderabad
Date : 30th August, 2012

S. Vishnu Vardhan Reddy
Managing Director



COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
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 Salguti Industries Limited (“the company”) for the year ended 31st March, 2012 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

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 as stipulated in clause 49 of the above mentioned Listing Agreement.

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

Place: Hyderabad
Date: 30th August, 2012

P. Murali Mohana Rao
Partner



AUDITORS' REPORT

To,
The Members,
SALGUTI INDUSTRIES LIMITED

We have audited the attached Balance Sheet of SALGUTI INDUSTRIES LIMITED as at 31st March, 2012 and also the Profit & Loss Account for the period ended on the date annexed thereto and the 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report)(Amendment) Order 2004, issued by the Central Government of India in terms of the 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 & Profit & Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet & 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed Director in terms of clause(g) of sub-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 31st March, 2012;

(b) In the case of the Profit & Loss Account, of the Profit for the period ended on that date;

And

(c) In the case of the Cash Flow, of the cash flows for the period ended on that date;

For P.MURALI & Co.,
CHARTERED ACCOUNTANTS
F.R.N. 007257S

PLACE : HYDERABAD
DATE : 30-08-2012

P. MURALI MOHANA RAO
PARTNER
Membership No. 23412



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 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.

(c) 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 granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.

(b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.

(c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.

(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 lakh does not arise and the clause is not applicable.

(e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.

(f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.

(g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.



- 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 company, the applicability of the clause of charging the reasonable price having regards 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 other 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 209 of the Companies Act, 1956.
- IX. a) The Company is regular in depositing statutory dues including PF, ESI, Sales Tax, Excise Duty, Income Tax, Cess 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, Sales Tax, Excise Duty, Income Tax, Cess 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 immediately preceding financial year.
- 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, give 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 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.

PLACE : HYDERABAD
DATE : 30-08-2012

For P.MURALI & Co.,
CHARTERED ACCOUNTANTS
F.R.N. 007257S
P. MURALI MOHANA RAO
PARTNER
Membership No. 23412



BALANCE SHEET AS AT 31.03.2012

Particulars	Note No	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	75,367,000	75,261,000
(b) Reserves and Surplus	2	55,336,836	42,545,148
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	3	280,596,557	245,387,727
(b) Deferred Tax Liabilities (Net)	4	35,287,666	30,592,074
(4) Current Liabilities			
(a) Short-Term Borrowings	5	195,318,738	176,679,173
(b) Trade Payables	6	78,751,513	77,210,368
(c) Other Current Liabilities	7	37,469,969	3,035,381
(d) Short-Term Provisions	8	3,964,694	3,607,649
	Total	<u>762,092,973</u>	<u>654,318,520</u>
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible & Intangible Assets	9	346,671,727	280,648,144
(ii) Capital Work Inprogress		21,742,424	10,145,657
(b) Non Current Investments	10	1,145,250	1,073,250
(c) Long-Term Loans and Advances	11	69,878,229	42,493,797
(d) Other Non Current Assets	12	5,000,406	4,175,402
(2) Current assets			
(a) Inventories	13	172,194,172	177,401,934
(b) Trade Receivables	14	143,169,945	136,859,620
(c) Cash and Bank Balances	15	1,522,059	738,992
(d) Other Current Assets	16	768,760	781,723
	Total	<u>762,092,973</u>	<u>654,318,520</u>

Significant Accounting Policies
Notes to Accounts
AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For SALGUTI INDUSTRIES LIMITED

S.VISHNUVARDHAN REDDY
Managing Director

S. RAJITA REDDY
Whole Time Director

P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 30-08-2012



PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

Particulars	Note No	Year Ending 31-03-2012 ₹	Year Ending 31-03-2011 ₹
Revenue from Operations	17	998,880,262	742,943,679
Other Income	18	303,876	882,988
Total Revenue		<u>999,184,138</u>	<u>743,826,667</u>
Expenses:			
Cost of materials consumed	19	814,666,986	694,908,026
Increase in Inventory (Finished goods & WIP)	20	(19,690,471)	(116,321,412)
Employee Benefit Expenses	21	47,991,197	34,681,691
Other Operating Expenses	22	60,590,713	58,170,225
Administrative Expenses	23	10,449,565	7,383,593
Financial Costs	24	56,776,013	40,105,995
Depreciation and Amortization Expense	10	20,375,294	18,037,004
Total Expenses		<u>991,159,297</u>	<u>736,965,122</u>
Profit / (Loss) Before Tax		8,024,841	6,861,545
Tax Expense:			
(1) Current tax		1,646,762	1,373,774
(2) Deferred tax		4,695,592	3,397,078
Profit / (Loss) After Tax		<u>1,682,488</u>	<u>2,090,693</u>
Earning per equity share: (Refer Note No. 23)			
(1) Basic & Diluted EPS Rs.		0.22	0.28

Summary of Significant Accounting Policies

The accompanying Notes are an Integral Part of the Financial Statements

AS PER OUR REPORT OF EVEN DATE

For P.Murali & Co.,
Firm Regn. No: 007257S
Chartered Accountants

For SALGUTI INDUSTRIES LIMITED

S.VISHNUVARDHAN REDDY
Managing Director

S. RAJITA REDDY
Whole Time Director

P.Murali Mohana Rao
Partner
M.No. 023412

Place : Hyderabad
Date : 30-08-2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012

Particulars	Year Ended 31st March, 2012 ₹	Year Ended 31st March, 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	8,024,841	6,861,545
Add : Adjustment for		
-- Depreciation	19,542,169	17,295,546
-- Misc Expenses to the extent not written off	833,125	741,458
-- Financing Charges	56,776,013	40,047,477
Operating Profit Before Working Capital Changes	85,176,148	64,946,026
Working Capital changes		
Add / (Less) : (Increase) / Decrease in		
-- Trade Receivables	(6,310,325)	(822,759)
-- Inventories	5,207,762	(73,776,792)
-- Other current assets	12,963	-
-- Trade Payables	1,541,145	43,299,445
-- Other current liabilities	34,434,588	-
--Short term borrowings	18,639,565	-
--Short term provisions	84,057	-
Cash Generated from Operations	138,785,903	33,645,920
Less : Income tax Paid	1,373,774	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	137,412,129	33,645,920
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(85,565,752)	(65,426,138)
(Increase) / Decrease in Capital Work in Progress	(11,596,767)	(1,552,181)
(Increase) / Decrease in Miscellaneous Expenditure	(1,658,129)	(1,170,285)
(Increase) / Decrease in Investments	(72,000)	(746,705)
-- Repayment of Loans and advances	(27,384,432)	(4,463,754)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(126,277,080)	(73,359,063)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
-- Increase in Share Capital	106,000	-
-- Increase in Capital Subsidy	11,109,200	12,879,415
-- Secured Loans taken	35,208,831	66,487,816
-- Fianacing Charges	(56,776,013)	(40,047,477)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(10,351,982)	39,319,754
NET INCREASE IN CASH AND CASH EQUIVALENTS	783,067	(393,389)
Opening Cash and Equivalents	738,992	1,132,382
Closing Cash and Equivalents	1,522,059	738,992

PLACE : HYDERABAD
DATE : 30-08-2012

BY ORDER OF THE BOARD OF DIRECTORS
S.VISHNUVARDHAN REDDY S. RAJITA REDDY
Managing Director Whole Time Director

To,
The Board of Directors
Salguti Industries Limited
Hyderabad

We have examined the attached Cash Flow Statement of M/s. Salguti Industries Limited for the year ended 31st March, 2012 The Statement has been prepared by the company in accordance with the requirements 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 to the members of the Company.

Yours faithfully,
for P.MURALI & CO.,
CHARTERED ACCOUNTANTS
P. MURALI MOHANA RAO
PARTNER

PLACE : HYDERABAD
DATE : 30-08-2012



SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION:

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under historical cost convention on an accrual basis in accordance with accounting principles generally accepted in India. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year

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.

(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 as per the rates specified in Schedule XIV of the Companies Act, 1956. This is in accordance with the AS-6 and there is no change in the method of Depreciation during the year

Preliminary expenses are amortized over a period of 10 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) Impairment of Assets:

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sale price or present value as determined above.

(m) Related Party Disclosures:

The Company as required by **AS-18** furnishes the details of Related Party Disclosures in schedule 11.



Notes to Financial Statements for the year ended March 31, 2012

NOTE NO. 1 : SHARE CAPITAL

S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
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 - Current Year) (No. of Shares 7536700 - Previous Year)	- 75,367,000	- 75,367,000
	(c) Subscribed & Paid Up (No. of Shares - Current Year) (No. of Shares 7536700 - Previous Year)	- 75,367,000	- 75,367,000
	(d) Subscribed & not fully paid up	-	106,000
	(e) Par Value per share Rs. 10/-		
	Total Equity Share capital	75,367,000	75,261,000
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.10Each, 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)	6.53%	-
	Salguti Finance And Investments -No. Of Shares (C.Y) 1454375, (P.Y)	19.30%	15.52%
	S. Vishnuvardhan Reddy -No. Of Shares (C.Y) 660000, (P.Y)	8.76%	8.76%
	Salguti Textiles Limited -No. Of Shares (C.Y) 472500, (P.Y)	6.27%	5.77%
NOTE NO. 2 : RESERVES AND SURPLUS			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	RESERVES AND SURPLUS		
	a) Securities Premium	15,000,000	15,000,000
	b) Investment Allowance Reserve	602,497	602,497
	c) Subsidy	19,249,798	8,140,598
	b) Surplus :		
	Opening Balance - Profit and Loss Account	18,802,053	16,711,361
	Add: Transfer from Profit & Loss Account	1,682,488	2,090,693
		20,484,541	18,802,053
	Total Reserves and Surplus	55,336,836	42,545,148



NOTE NO. 3 : LONG TERM BORROWINGS			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I Long Term Borrowings			
	i) Secured Loans		
	From Banks	180,326,314	170,848,951
	From Institutions	16,450,952	300,000
		196,777,266	171,148,951
	ii) Un Secured Loans		
	From Shares Holders - Related Parties	42,669,191	33,240,891
	From Others*	41,150,100	40,997,885
		83,819,291	74,238,776
	Total	280,596,557	245,387,727
Notes: Term Loans from Financial Institutions			
1. Working Capital Term Loan Sanction by APSFC on 29th March, 2010 of Rs. 100 Lakhs repayable in 36 monthly installments of Rs.3.20 lakhs each with 14.5% interest. Period of loan 5 Years including moratorium of 6 months .			
3. Interest Free Unsecured loan taken from Share Holders.			
4. Sales Tax Deferement sanction letter dated repayment schule			
NOTE NO. 4 : DEFERRED TAX LIABILITY (NET)			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	Opening Deferred tax Liability	30,592,074	27,194,996
	Add: Deferred Tax Liability for the year (Due to SLM and WDV Difference)	4,695,592	3,397,078
	Gross Deferred Tax Liability	35,287,666	30,592,074
	Deferred Tax Liability/ (Asset) - Net	35,287,666	30,592,074
NOTE NO. 5 : SHORT TERM BORROWINGS			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	Short term Borrowings		
	a) Cash Credits and Working Capital Demand Loan from Banks		
	- Secured From Banks	195,318,738	176,679,173
	Total Short Term Borrowings	195,318,738	176,679,173



NOTE NO. 6 : TRADE PAYABLES			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	a) Trade Payables	78,751,513	77,210,368
	Total Trade Payables	78,751,513	77,210,368
NOTE NO. 7 : OTHER CURRENT LIABILITES			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	a) Current maturities of long term debt - Term Loan	33,826,000	-
	c) Interest Payable	1,159,825	200,727
	g) Outstanding Expenses Payable	2,484,144	2,834,654
	Total Other Current Liabilities	37,469,969	3,035,381
NOTE NO. 8 : SHORT TERM PROVISIONS			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	a) Provisions for employee benefits		
	PF Payable	93,974	64,986
	ESI Payable	10,726	10,241
	Salaries Payable	2,134,216	2,114,150
	b) Others		
	Statutory Liabilities	79,016	44,498
	Provision for Income Tax	1,646,762	1,373,774
	Total Short Term Provisions	3,964,694	3,607,649

NOTE NO 9 : TANGIBLE ASSETS AS AT 31-03-2012										
Sl. No.	Particulars	Gross Block				Depreciation / Amortization			Net Block as on 31-03-2012	Net Block as on 31-03-2011
		As on 01-04-2011	Additions during the year	Deletions during the year	As on 31-03-2012	Dep. As on 01-04-2011	Dep. For the year 2011-2012	Total Depreciation		
	Tangible Fixed Assets:									
1	Land	1,296,186	-	-	1,296,186	-	-	-	1,296,186	1,296,186
2	Factory Building	63,056,039	-	-	63,056,039	11992171	2,106,072	14,098,243	48,957,796	51,063,868
3	Plant & Machinery	313,488,277	82455085	-	395,943,362	100728786	15,750,968	116,479,754	279,463,608	212,759,491
4	Electrical Equipments	15,671,199	3054767	-	18,725,966	3690119	770,560	4,460,679	14,265,287	11,981,080
5	Furniture & Fittings	1,142,606	19800	-	1,162,406	611805	73,056	684,862	477,544	530,801
6	Computers	2,822,553	36100	-	2,858,653	1575881	458,938	2,034,819	823,834	1,246,672
7	Vehicles	4,027,101	-	-	4,027,101	2257055	382,575	2,639,629	1,387,472	1,770,046
1	Unamortised Expenses	4,916,860	916,671		5,833,531		833,125	833,125	5,000,406	4,916,860
	TOTAL	401,503,960	85,565,752	-	487,069,712	120,855,816	19,542,169	140,397,985	346,671,727	280,648,144
	Previous Year	336,077,822	65,426,138	-	401,503,960	103,560,270	17,295,546	120,855,816	280,648,144	232,517,551





Notes to Financial Statements for the year ended March 31, 2012			
NOTE NO. 10 : NON CURRENT INVESTMENTS			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	a) Investment in Equity Instrument		
	a) Jurala Gadwala Power Projects	1,073,250	1,073,250
	b) Investment in - Baroda Pioneer Fund)	72,000	-
	TOTAL NON CURRENT INVESTMENTS	1,145,250	1,073,250
NOTE NO. 11 : LONG TERM LOANS AND ADVANCES			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	a) Security Deposit	12,958,714	10,957,854
	b) Advances to Employess	364,994	375,577
	c) Other Advances	54,994,424	29,700,270
	d) LIC Gratuity fund	1,560,097	1,460,097
		-	
	Total Long Term Loans and Advances	69,878,229	42,493,797
NOTE NO. 12 : OTHER NON CURRENT ASSETS			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	a) Miscellaneous Expenses	5,000,406	4,916,860
	Total Other Non-Current Assets	5,000,406	4,916,860
NOTE NO. 13 : INVENTORIES			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	a) Raw materials	36,182,289	61,080,522
	b) Work - in - progress	108,039,026	89,056,772
	c) Finished goods	27,972,857	27,264,640
	Total Inventories	172,194,172	177,401,934
NOTE NO. 14 : TRADE RECEIVABLES			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	Outstanding for a period exceeding six months from the date they are due for payment		
	Unsecured, Considered Good	6,894,200	7,734,650
	Other Receivables		
	Unsecured, Considered Good	136,275,745	129,124,970
	Total Trade Receivables	143,169,945	136,859,620



NOTE NO. 15 : CASH AND BANK BALANCES			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	Cash and Cash Equivalents :		
	a) Balances with banks :		
	1) On Current Accounts	50,675	42,230
	b) Cash on Hand	1,471,384	696,762
	Total Cash and Cash Equivalents	1,522,059	738,992
NOTE NO. 16 : OTHER CURRENT ASSETS			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	A) Interest Accrued On Deposits	421,318	246,219
	b) Advance Income tax	300,000	500,000
	c) TDS Receivable	47,442	35,504
	Total Other Current Assets	768,760	781,723
Notes to Financial Statements for the year ended March 31, 2012			
NOTE NO. 17 : REVENUE FROM OPERATIONS			
S.No.	Particulars	Year Ended 31-03-2012 ₹	Year Ended 31-03-2011 ₹
I	Revenue from operations in respect of non-finance company		
	(a) Sale of Products		
	(i) HDPE/PP WOVEN SACKS/HDPE FABRIC/COTTON AND BLEND FABRIC	998,555,891	741,573,205
	(b) Other Operating Income	324,371	1,370,474
	Total Revenue from Operations	998,880,262	742,943,679
NOTE NO. 18 : OTHER INCOME			
S.No.	Particulars	Year Ended 31-03-2012 ₹	Year Ended 31-03-2011 ₹
I	(a) Interest Income	303,876	882,988
	(b) Rent Income	-	-
	Total Other Income	303,876	882,988
NOTE NO. 19 : COST OF MATERIALS CONSUMED			
S.No.	Particulars	As on 31-03-2012 ₹	As on 31-03-2011 ₹
I	Opening Stock of Raw Materials	61,080,522	38,866,043
	Add : Purchases During the year	789,768,771	717,122,506
	Less: Closing Stock of Raw material	36,182,307	61,080,522
	Total Cost Of Material Consumed	814,666,986	694,908,026



NOTE NO. 20 : CHANGE IN INVENTORIES & WIP.			
S.No.	Particulars	Year Ended 31-03-2012 ₹	Year Ended 31-03-2011 ₹
I	Finished Goods		
	Finished goods at the beginning of the year	27,264,640	-
	Less : Finished goods at the end of the year	27,972,857	27,264,640
	Sub Total (A)	(708,217)	(27,264,640)
	Work in Progress		
	Work in progress at the beginning of the year	89,056,772	-
	Less : work in progress at the end of the year	108,039,026	89,056,772
	Sub Total (B)	(18,982,254)	(89,056,772)
	(Increase) / Decrease in Inventories (A+B)	(19,690,471)	(116,321,412)
NOTE NO. 21 : EMPLOYEE BENEFIT EXPENSES			
S.No.	Particulars	Year Ended 31-03-2012 ₹	Year Ended 31-03-2011 ₹
I	(a) Salaries & Wages	35,359,523	32,774,302
	(b) Contribution to Provident & Other Funds	11,017,694	643,174
	(c) Staff Welfare Expenses	1,613,980	1,264,215
	Total Employee Benefit Expenses	47,991,197	34,681,691
NOTE NO. 22 : OTHER OPERATING EXPENSES			
S.No.	Particulars	Year Ended 31-03-2012 ₹	Year Ended 31-03-2011 ₹
I	(a) Consumption of Stores & Spares	429,803	1,078,568
	(b) Power & Fuel	37,219,815	33,394,419
	(c) Rent	48,000	240,000
	(d) Repairs & Maintenance	1,563,107	1,389,672
	(e) Repairs to Machinery	274,000	289,250
	(f) Insurance	1,467,328	1,476,836
	(g) Rates & Taxes (excluding Income Tax)	2,605,919	4,414,540
	(h) Transportation	6,716,183	5,900,716
	(i) Payment to Auditors:		
	(i) As Auditor	67,416	66,180
	(j) Job Work Charges	1,565,379	2,228,044
	(k) Other Manufacturing Expenditure	8,633,763	7,691,999
	Total Other Operating Expenses	60,590,713	58,170,225

**NOTE NO. 23 : ADMINSTRATIVE EXPENSES**

S.No.	Particulars	Year Ended 31-03-2012 ₹	Year Ended 31-03-2011 ₹
I	(a) Telephone, Postage and Others	354,157	405,692
	(b) Business Promotion Expenses	2,817,161	2,895,984
	(c) Conveyance	1,049,587	545,501
	(d) Office Maintenance	165,200	287,497
	(e) Printing & Stationery Expenses	211,786	212,643
	(f) Security Charges	1,643,715	1,287,354
	(g) Rates & Taxes (excluding Income Tax)	305,550	144,293
	(h) Managerial Remuneration	123,000	389,200
	(i) Consultancy Charges	134,800	215,621
	(j) AGM Fees	85,920	91,198
	(k) Professional Consultancy Fees	109,500	-
	(l) General Expenses	3,449,188	857,495
	(m) Donations	-	51,116
		10,449,565	7,383,593

NOTE NO. 24 : FINANCE COST

S.No.	Particulars	Year Ended 31-03-2012 ₹	Year Ended 31-03-2011 ₹
I	(a) Interest Expenses		
	- Interest on Term Loan	18,272,409	38,901,020
	- Interest on CC Loan	25,210,433	-
	- Interest On Vehicle Loan	-	1,225
	- Loan processing Charges & Bank Charges	1,903,636	186,717
	(b) Other Borrowing costs	11,389,535	1,017,033
	Total Finance Cost	56,776,013	40,105,995



NOTES ON ACCOUNTS

25. Details of Deferred Tax Liability as on 31-03-2012 on account of timing difference is as under:

Deferred Tax Liabilities	As on 31-03-2012 (Rs. in lakhs)	As on 31-03-2011 (Rs. in lakhs)
Opening Balance	305.92	271.95
Add: Adjustment for timing difference of Depreciation as per Companies Act, 1956 and Income Tax Act, 1961.	46.96	33.97
Closing Balance	352.88	305.92

26. Related Party Disclosures:

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

Particulars of related parties:

Transactions during the year with related Parties :

Name of the Party	Nature of Relationship	Nature of Transaction	2011-12 (Rs. In Lakhs)	2010-11 (Rs. In Lakhs)
S. Vishnu Vardhan Reddy	Managing Director	Remuneration	1.23	1.20
S. Rajitha Reddy	Whole Time Director	Remuneration	Nil	2.70

27. Details of Directors Remuneration :

Sl. No.	Name of the Director	Nature of Relationship	Amount of Remuneration 2011 - 12 (Rs. in Lakhs)	Amount of Remuneration 2010 - 11 (Rs. in Lakhs)
1	S. Gopal Reddy	Chairman	Nil	Nil
2.	S. Vishnu Vardhan Reddy	Managing Director	1.23	1.20
3.	S. Rajitha Reddy	Whole Time Director	Nil	2.70

28. Details of Auditors Remuneration :

Sl. No.	Nature of Fees	Amount of Remuneration 2011 - 12 (Rs. in Lakhs)	Amount of Remuneration 2010-11 (Rs. in Lakhs)
1	Statutory Audit Fee	0.67	0.66
	TOTAL	0.67	0.66

**29. FOREIGN EXCHANGE INFLOW AND OUTFLOW:**

Particulars	Nature of Currency	Year 2011 - 12		Year 2010 - 11	
		Amount in Foreign Currency	Rs. in Lakhs	Amount in Foreign Currency	Rs. in Lakhs
OUTFLOW					
On Account of Advance for Raw Material & Machinery	EURO USD	725360 160236	576.85	78960 103520	50.00 46.00
INFLOW					
On Export of Goods	EURO	162219	101.80	33502	20.00

30. Contingent Liabilities:

(Rs. in Lakhs)

		As at 31-03-2012	As at 31-03-2011
Letter of Credit	Inland LC	176.00	176.00

31. Earnings Per Share :

Particulars	2011 - 12	2010 - 11
Net profit after tax (Rs. In Lakhs)	20.29	20.91
Weighted Average Numbers of shares	7536700	7536700
Basic EPS (Rs.)	0.22	0.28
Diluted EPS (Rs.)	0.22	0.28

32. Segment Reporting:

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

33. In relation to Secured Loans:

a) 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.

b) Cash Credit / Working capital loan from Andhra Bank, Bank of Baroda, Oriental Bank of Commerce is secured by way of hypothecation of second charge basis of all current assets of the company.

34. The Rajpur Unit has sanctioned Sales Tax Deferment issued by the Commissioner of Industries, Hyderabad. Hence whatever Sales Tax collected during the year is debited to Profit and Loss account and the same was shown under unsecured loans. Unsecured Loans includes Rs. 390.00 Lakhs (Previous year Rs. 388.48 Lakhs) Sales Tax Deferment amount.



35. No Confirmations were obtained from Debtors/Creditors as to the balances receivable from/ payable them as at the date of Balance sheet.
36. There are no dues to SSI Units outstanding for more than 30 days.
37. Previous year's numbers have been regrouped, rearranged, recasted, wherever necessary to conform to Current Year Classification.
- 38.. The numbers have been rounded off to the nearest rupee.

AS PER OUR REPORT OF EVEN DATE
For P. MURALI & CO.,
CHARTERED ACCOUNTANTS
FRN : 0072575

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

P. MURALI MOHANA RAO
PARTNER
Membership No. 23412

S.VISHNUVARDHAN REDDY
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 30-08-2012

S. RAJITA REDDY
WHOLE TIME DIRECTOR



Dear Shareholder (s),

Sub: Request for registration of e-mail ID under "Green Initiative" issued by Ministry of Corporate Affairs, Govt of India.

1. The Ministry of Corporate Affairs (MCA) has taken a green initiative in Corporate Governance vide circular nos. 17/2011 and 18/2011 dated 21st and 29th April, 2011. The said circular inter-alia stipulates that the Companies have to obtain e-mail address by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company or Depository participant.
2. As per the said circulars, register your e-mail address as under:
 - a) In case your shares are in Demat Account and e-mail address already registered with your DP, please inform changes if any therein to your DP and also update the same from time to time as stated above.
 - b) In case, your shares are in Demat Account and email address not registered so far, please register the email address with your DP and also update the same from time to time as stated above.
 - c) In case, your shares are in physical form, please write to our share Transfer Agent (STA) to register your e-mail address at the address given below and also update the same from time to time as state above.
3. In case, you are interested in receiving the notices/documents in physical form only, irrespective of your shareholding in demat or physical, please inform to our STA at address given below :

M/s Aarhi Consultants Pvt. Ltd (Unit : Salguti Industries Limited) 1-2-285, Domalguda, Hyderabad – 500029 Tel.no. 040-27638111/4445 Fax no. 040-27632184 E-mail: info@aarhiconsultants.com	or	Click Button on "Green Initiative" on website www.aarhiconsultants.com or www.salguti.com
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4. Please note that the email addresses indicated in your respective DP accounts with depositories viz. NSDL/CDSL and e-mail addresses received by our STA will be deemed to be your registered e-mail address for serving notices/documents etc., including those covered under section 219 of the Companies Act, 1956 (the Act) read with section 53 of the Act.
5. Further, the documents electronically sent to you, would be displayed on company's website www.salguti.com in well advance for your ready reference and an advertisement would be issued in newspaper to this effect for information of the shareholders.

-----TEAR HERE-----

Date :

Aarhi Consultants Pvt Ltd.
Unit : Salguti Industries Limited
1-2-285, Domalguda,
Hyderabad – 500029.

Sub: Servicing of Notices, documents including notices of General meetings, annual reports, circulars etc through e-mail.

// we confirm that you may send the documents through e-mail instead of physical copies. Kindly register the following email id for this purpose.

Folio no/ DPID and Client ID	
E-mail ID	
Name of the first holder	
Signature	



27th Annual General Meeting



SALGUTI INDUSTRIES LIMITED

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

Admission Slip

Date 27th September, 2012	Venue Sundariah Vignan Kendaram, (Mini Hall), Baghlingampally, Hyderabad – 500 044	Time 11.00 A.M.
-------------------------------------	--	---------------------------

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 27th 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.

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27th 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 27th Annual General Meeting of the Company to be held on Thursday, 27th September 2012 at 11.00 A.M. at Sundaraiah Vignana Kendaram, (Mini Hall), Baghlingampally, Hyderabad – 500 044 and at any adjournment thereof.

As witness my/our hand (s) this _____ day of _____ of 2012

Signed by the said _____

Affix Re 1/- Revenue Stamp



Balance Sheet Abstract and Company's General Business Profile
 (Inserted by Notification No. GSR388(E), dt. 15-05-1995)

I. I. Registration Details

CIN No. L 25209 AP 1984 PLC 05048

Balance Sheet

3	1
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0	3
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2	0	1	1
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 Date Date Month Year

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

Public Issue <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L					Right Issue <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L				
			N	I	L																
			N	I	L																
Bonus Issue <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L					Private Placement <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td><td> </td></tr></table>				N	I	L				
			N	I	L																
			N	I	L																

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

Total Liabilities <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>5</td><td>7</td><td>0</td><td>4</td><td>6</td><td>5</td></tr></table>				5	7	0	4	6	5	Total Assets <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>5</td><td>7</td><td>0</td><td>4</td><td>6</td><td>5</td></tr></table>				5	7	0	4	6	5
			5	7	0	4	6	5											
			5	7	0	4	6	5											
Sources of Funds Paid -Up Capital <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>7</td><td>5</td><td>2</td><td>6</td><td>1</td></tr></table>				7	5	2	6	1	Reserves & Surplus <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>4</td><td>2</td><td>5</td><td>4</td><td>5</td></tr></table>				4	2	5	4	5		
			7	5	2	6	1												
			4	2	5	4	5												
Application of Funds Secured Loans <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>3</td><td>4</td><td>7</td><td>8</td><td>2</td><td>8</td></tr></table>				3	4	7	8	2	8	Unsecured Loans/Deferred Tax Liability <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>7</td><td>4</td><td>2</td><td>3</td><td>8</td></tr></table>				7	4	2	3	8	
			3	4	7	8	2	8											
			7	4	2	3	8												
Net Fixed Assets <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>2</td><td>8</td><td>0</td><td>6</td><td>4</td><td>8</td></tr></table>				2	8	0	6	4	8	Capital Work in Progress <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>1</td><td>4</td><td>5</td></tr></table>				1	0	1	4	5	
			2	8	0	6	4	8											
			1	0	1	4	5												
Net Current Assets <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>2</td><td>7</td><td>2</td><td>9</td><td>6</td><td>2</td></tr></table>				2	7	2	9	6	2	Misc. Expenditure <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>4</td><td>1</td><td>7</td><td>5</td></tr></table>				4	1	7	5		
			2	7	2	9	6	2											
			4	1	7	5													
Accumulated Losses <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td><td> </td></tr></table>				N	I	L				Investments <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>2</td><td>5</td><td>3</td><td>3</td></tr></table>				2	5	3	3		
			N	I	L														
			2	5	3	3													

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

Turnover <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>7</td><td>4</td><td>1</td><td>5</td><td>7</td><td>3</td></tr></table>				7	4	1	5	7	3	Total Expenditure <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>9</td><td>1</td><td>4</td><td>3</td><td>6</td><td>7</td></tr></table>				9	1	4	3	6	7
			7	4	1	5	7	3											
			9	1	4	3	6	7											
+ - <table border="1" style="margin: auto;"><tr><td> </td><td>-</td></tr></table>		-	Profit/ Loss Before Tax <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>6</td><td>8</td><td>6</td><td>1</td></tr></table>				6	8	6	1									
	-																		
			6	8	6	1													
	+ - <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																		
	Profit/ Loss After Tax <table border="1" style="margin: auto;"><tr><td> </td><td> </td><td> </td><td>2</td><td>0</td><td>9</td><td>0</td></tr></table>				2	0	9	0											
			2	0	9	0													
	Earning Per Share in Rs. <table border="1" style="margin: auto;"><tr><td>0</td><td>7</td><td>3</td></tr></table>	0	7	3															
0	7	3																	
	Dividend rate % <table border="1" style="margin: auto;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L															
N	I	L																	

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

Item Code No.

0	0	3	9	2	3	2	1	0	0
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 (ITC Code)

Product Descriptions

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

**27th Annual Report
2011 - 2012**



**PRINTED MATTER
BOOK - POST**

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