

**25th Annual Report
2009 - 2010**



SALGUTI
Industries Ltd.
Adding Value



NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of the company will be held on Monday, the 27th day of September, 2010 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, 2010 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 Laxmikar Reddy, who retires by rotation and being eligible offers himself for re-appointment
4. To appoint M/s. P. Murali & Co., Chartered Accountants, Hyderabad as 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, 2010

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 Saturday, 25th September 2010 to Monday, 27th September 2010 (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 Laxmika Reddy**
Age : 55 years
Qualifications : B.Tech
Experience : 23years
Other Directorships : M/s. Vijaya Packaging Systems Limited

2. Name : **Sri. V.R. Vasudevan**
Age : 72 years
Qualifications : M.B.A.
Experience : 35years
Other Directorships : M/s. Pennar Cements Limited



DIRECTORS' REPORT

To
The Members,
SALGUTI INDUSTRIES LIMITED

Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2010.

FINANCIAL RESULTS REVIEW AND PROSPECTS

SIL's sales turnover for 2009-10 has increase to Rs. 7137.79 lakhs from Rs. 6836.94 lakhs recorded in 2008-09. The profit before tax for the year stood at Rs. 67.39 lakhs as compared to the previous year's level of 60.22 lakhs. The highlights of the financial results for the year under review are as follows:

Particulars	(Rupees in Lakhs)	
	2009 – 10	2008 – 09
Turnover	7137.79	6836.94
Other Income	21.75	119.58
Expenditure	8128.40	7734.88
Profit before Tax	67.39	60.22
Less: Provision for Tax	11.26	53.89
Less: Provision for deferred Income Tax	23.34	38.25
Net Profit (after deferred tax)	32.79	15.05

DIVIDEND

As you are aware that the company is in the process of implementing the expansion project, your Directors have not recommended any dividend at this Annual General Meeting.

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

None of the employees is in receipt of remuneration exceeding the limit and whose particulars are required to be given as prescribed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS

Sri. V. R. Vasudevan and Sri. Laxmikar Reddy, Directors, whose period of office 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, 2010, 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 2010 and of the profit of the company for the financial year ended 31st March 2010.
- 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, 2010 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.

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 Manufacturing HDPE/PP Woven sacks for packing of Fertilizers & Cement.
- * **Textile Division:** Our Company Manufacturing Cotton grey fabric for garments and Suiting & Shirting suppliers.

II. INDUSTRY STRUCTURE AND DEVELOPMENT:

- * **Plastic Sector:**
Historically, only metals were commercially available materials for use in demanding medical applications. Contemporary technology offers clear advantages over conventional mode of production. 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. The textile industry can be broadly classified into two categories, the organized mill sector and the unorganized mill sector. Considering the significance and contribution of textile sector in national economy, initiative and efforts are being made to take urgent and adequate steps to attract investment and encourage wide spread development and growth in this sector.

III. OUTLOOK FOR THE INDUSTRY

* **Plastic**

The global market for specialty plastics has shown considerable growth with continuous product and application development. The Indian market for performance plastics is still a very small percentage of the global market. Lack of product awareness, availability issues, high price, smaller base of end-user industries such as Healthcare, are some of the factors that have restricted the growth of this market. This trend is likely to change with changing consumer needs and an increase in the number of end-user industries, coupled with the functional and regulatory compliance norms that these plastics are required to meet.

* **Textile**

The Indian textile industry has started showing signs of revival and it has become the first sector in the country to rebound. The continuous improvement and investment in weaving and processing will help to meet the demand of quality textiles, which will give an edge to the Indian textile industry over competitors. Upgrading technology and infrastructure is an ongoing process and, with the added support of Government bodies it should boost the Indian textile further.

IV. FUTURE PLANS

We are trying to focus on cost cutting strategies, development of new markets and maintaining the quality of our fabrics to satisfy and exceed the expectations of the market and look forward to a better market sentiment for textile fabrics.

V. EXPANSION:

The Company has undertaken expansion of their plastic Unit-I, in Bollaram Industrial Estate by installing additional tape plant and circular looms. Commercial production of the said expansion shall be commenced from September 2010.

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.

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 2010-11.

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 Company also has internal Audit system commensurate with its size and nature of business. 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:

Your company will continue to focus and invest in its R & D activities in the biopharmaceutical sector.

(c) Foreign Exchange Earnings & Outgo:

- (i) Foreign exchange earnings : Rs 88,87,069/- towards export sales.
- (ii) Foreign Exchange out go : NIL

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, 2010

S.Vishnu Vardhan Reddy
Managing Director

S.Rajita Reddy
Whole-Time Director



REPORT ON CORPORATE GOVERNANCE

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, 2009.
- 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 2009-10 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	2	Nil
<i>Sri S. Vishnu Vardhan Reddy</i>	Promoter & Executive Director	3	Nil
<i>Smt. S. Rajita Reddy</i>	Promoter & Executive Director	4	Nil
<i>Sri. V. R. Vasudevan</i>	Non-Executive Independent Director	1	1
<i>Sri. M. Laxmikar Reddy</i>	Non-Executive Independent Director	1	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 2009 - 10 the Board of Directors met Five times on 3⁰th April 2009, 3⁰th July 2009, 1st September 2009, 30th October 2009 and 30th January 2010

- 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 29th September, 2009.**

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	3	No
Sri. M. Laxmikar 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 29th September 2009 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) Four Audit Committee meetings were held during the year on 30th April 2009, 30th July 2009, 30th October 2009 and on 30th January 2010.

The necessary quorum was present at all the meetings.

Attendance during the year 2009-10 :

Name	Number of meetings held during the year	Number of meetings attended during the year
Sri. M. Laxmika Reddy	4	4
Sri. V. R. Vasudevan	4	3
Sri C. Karunakar	4	2

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;

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, 2010 to the Managing / Whole time Director are as under:

Name of the Director	Designation	Relationship with other Directors	Salary per annum (Rs. in Lakhs)	Commission
Sri S. Vishnu Vardhan Reddy	Managing Director	Related to Sri.S.Vishnu Vardhan Reddy & Sri. S.Gopal Reddy	1,30,000/-	NIL
Smt. S. Rajita Reddy	Whole Time Director	Related to Smt.S.Rajitha Reddy and Sri.S.Vishnu vardhan Reddy	3,70,000/-	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, 11 complaints were received from the shareholders, all of them have been resolved and there are no pending Complaints as on date of this report.

6. General Body Meetings

Financial Year	Date	Time	Venue	Special resolutions passed
24 th AGM 2008-2009	30.09.2009	4.00 PM	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	Nil
23 rd AGM 2007-2008	27.09.2008	11.00 A.M	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	a) Re-appointment of Sri S.Vishnu Vardhan Reddy as Managing Director of the Company and fixing the remuneration b) Re-appointment of Smt. S. Rajita Reddy as Whole Time Director of the Company and fixing the remuneration
22 nd AGM 2006-2007	28.09.2007	11.00 A.M.	Sundaraiah Vignana Kendram, (Mini Hall), Bagh Lingampally, Hyderabad – 500 044	Nil

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 Fifth Annual General Meeting

Date and Time : 27.09.2010, at 11.00 A.M

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

b) Financial Calendar 2010-11 (Tentative Schedule)

For the Quarter ended 30th June, 2010, the Company has already declared the Unaudited Financial Results on April 29, 2010.

Adoption of Quarterly results for the Quarter ending

- 30th September, 2010 : 1st/2nd Week of November, 2010
 - 31st December, 2010 : 1st/2nd Week of February, 2011
 - 31st March, 2011 : on or before 15th May 2011
- Annual General Meeting (Next year) : August / September, 2011

c) Book Closure Date

Saturday 25th September 2010 to Monday 27th September 2010 (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 Farel

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, 2009 to March, 2010 at Bombay Stock Exchange Limited:

Scrip Code: 526554 Company Name: SALGUTI. For the period: April 2009 to March 2010

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

g) Transfer Agents

Aarhi Consultants Pvt. Ltd.
1-2-285, Domalguda, Hyderabad- 500 029.
Tel: (040) 27642217/27638111
Fax: (040) 27632184
Email: info@aarhiconsultants.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. Aarhi 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 2010 :

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	Category code	Category of Shareholders
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							(1)
a.	Individuals/Hindu Undivided Family	53	1721725	236500	22.84	22.84	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 :-							
e.	Mutual Funds	0	0	0	0	0	0	0
f.	Trusts	0	0	0	0	0	0	0
	Sub Total (A)(1)	65	4093600	476500	54.32	54.32	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 :-							
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							
	(A)=(A)(1)+(A)(2)	65	4093600	476500	54.32	54.32	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 :-							
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	25	316600	5200	4.2	4.2	0	0
b.	Individuals							
	i) Individual shareholders holding nominal share capital upto Rs.1 lakh	3517	2613500	222700	34.68	34.68	0	0
	ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	9	259000	38000	3.44	3.44	0	0
c.	Any Others :-							
	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)	3556	3193100	267900	42.37	42.37	0	0
	Total Public Shareholding (B)=(B)(1)+(B)(2)	3557	3443100	517900	45.68	45.68	0	0
	Total (A)+(B)	3622	7536700	994400	100	100	0	0
(C)	Shares held by Custodians and against Depository Receipts							
	have been issued	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	3622	7536700	994400	100	100	0	0

**(B) Distribution of Shareholding as on 31.03.2010**

Range (Rs)	No. of Shareholders	% of Total Shareholders	Shares Amount	% of Total Shares Amount
1 - 5000	2518	69.51	5934000	7.87
5,001 - 10000	315	8.70	2752000	3.65
10,001 - 20000	367	10.13	6589000	8.74
20,001 - 30000	153	4.22	3945000	5.23
30,001 - 40000	180	4.97	5974000	7.93
40,001 - 50000	21	0.59	1050000	1.39
50,001 - 100000	22	0.61	1502000	1.99
1,00,001 and above	46	1.27	47621000	63.19
Total	3622	100.00	75367000	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	701472	9.31
CDSL	292928	3.89
PHYSICAL	6542300	86.81
Total	7536700	100.00

12. Address for Correspondence**Registered office**

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

R & T Agent

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

On behalf of the Board

Place: Hyderabad
Date: 30th August, 2010

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, 2010. The Company has complied with the provisions of the Listing Agreement in this respect.

For SALGUTI INDUSTRIES LIMITED

Date: Hyderabad
Place: 30th August, 2010

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 2010 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, 2010

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, 2010 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, 2010

P. Murali Mohana Rao
Partner
Membership No. 23412



AUDITORS' REPORT

To,
The Members,
SLAGUTI INDUSTRIES LIMITED

We have audited the attached Balance Sheet of SALGUTI INDUSTRIES LIMITED as at 31st March, 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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, 2010;

(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 : 30-08-2010

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 and we are of the opinion that the said sale of fixed assets has not affected the going concern.
- 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 Rs.One Lac 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, 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 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 : 30-08-2010

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



BALANCE SHEET AS AT 31.03.2010

PARTICULARS	SCHEDULE NO.	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
I. SOURCES OF FUNDS		Rs.	Rs.
1. SHAREHOLDERS FUNDS			
a. Capital	1	75,261,000	75,261,000
b. Reserves & Surplus	2	34,313,857	31,034,292
2. LOAN FUNDS			
a. Secured Loans	3	281,340,308	266,518,845
b. Unsecured Loans		67,499,959	62,520,220
3. DEFERRED INCOME TAX LIABILITY		27,194,996	24,861,252
TOTAL		485,610,121	460,195,609
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a. Gross Block	4	336,077,822	335,057,346
b. Less Depreciation		103,560,270	87,982,226
c. Net Block		232,517,552	247,075,120
CIVIL WORK IN PROGRESS		8,593,476	1,341,502
2. INVESTMENTS		1,786,642	1,725,854
III. CURRENT ASSETS, LOANS & ADVANCES			
a. Inventories		103,625,142	83,858,566
b. Sundry Debtors	5	136,036,861	129,068,199
c. Cash & Bank Balances	6	1,132,382	1,085,155
d. Loans & Advances	7	37,351,670	33,796,218
Less: Current Liabilities & Provisions	8	39,180,179	42,126,009
NET CURRENT ASSETS		238,965,876	205,682,129
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		3,746,575	4,371,004
NOTES TO ACCOUNTS	10	-----	-----
TOTAL		485,610,121	460,195,609

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
Membership No. 23412

S. VISHNUVARDHAN REDDY
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 30-08-2010

S. RAJITA REDDY
WHOLE TIME DIRECTOR



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

PARTICULARS	SCHEDULE NO.	ENDING 31-03-2010 (Rupees)	ENDING 31-03-2009 (Rupees)
I. INCOME			
Sales		713,779,192	683,693,780
Other income		2,175,511	11,958,603
Closing stock		103,625,142	83,858,566
TOTAL		819,579,845	779,510,949
II. EXPENDITURE			
Opening Stock		83,858,566	87,644,176
Purchase of Raw material		578,125,143	536,496,948
Manufacturing, Selling & Administrative Expenses	9	98,919,536	92,837,578
Interest & Financial Charges		35,734,902	40,403,711
Depreciation		15,578,043	15,481,668
Miscellaneous Exp. Written Off		624,429	624,429
TOTAL		812,840,619	773,488,510
PROFIT BEFORE TAX		6,739,226	6,022,439
PROVISION FOR TAXATION		1,125,917	633,494
PROFIT AFTER TAX		5,613,309	5,388,945
Provision for F B T		-----	58,321
Provision for Deferred Income Tax		2,333,744	3,825,808
PROFIT AFTER DEFERRED INCOME TAX & FBT		3,279,565	1,504,816
BALANCE BROUGHT FORWARD		13,431,795	11,926,979
BALANCE CARRIED FORWARD		16,711,360	13,431,795
EARNING PER SHARE		0.74	0.20
NOTES TO ACCOUNTS	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
Membership No. 23412

S.VISHNUVARDHAN REDDY
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 30-08-2010

S. RAJITA REDDY
WHOLE TIME DIRECTOR

**SCHEDULE 1 SHARE CAPITAL**

PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
AUTHORISED		
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>
TOTAL	<u>75,261,000</u>	<u>75,261,000</u>

SCHEDULE 2 RESERVES & SURPLUS

PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
Investment Allowance Reserve	602,497	602,497
Subsidy	2,000,000	2,000,000
Surplus in Profit & Loss A/c.	16,711,360	13,431,795
Share Premium Money	15,000,000	15,000,000
TOTAL	<u>34,313,857</u>	<u>31,034,292</u>

SCHEDULE 3 SECURED LOANS

PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
Term Loan from Institutions	16,480,000	7,020,000
Term Loan from Banks	106,578,085	128,065,630
Working capital from Banks	158,225,848	130,787,970
Car Loan	<u>56,375</u>	<u>645,245</u>
TOTAL	<u>281,340,308</u>	<u>266,518,845</u>

SCHEDULE 4**FIXED ASSETS DEPRECIATION STATEMENT AS ON 31-03-2010****S L M**

PARTICULARS	Gross Block	Additions During the Year	Deletion During the Year	Block	Upto	Depreciation		Net Block	Net Block
	As At 01-04-2009			As on 31.03.2010		31.03.2009	During the Year	As At 31-03-2010	As At 31-03-2010
Land	1,296,186			1,296,186			-	1,296,186	1,296,186
Building	50,640,940	391,332		51,032,272	8,331,898	1,694,319	10,026,217	41,006,055	42,309,042
Plant & Machinery	264,618,180	380,649		264,998,829	74,319,036	12,576,772	86,895,808	178,103,021	190,299,144
Electrical Equipment	11,623,017	---		11,623,017	2,452,263	552,093	3,004,356	8,618,661	9,170,754
Furniture & Fixtures	1,139,206	---		1,139,206	467,419	72,112	539,531	599,675	671,787
Computers	1,712,716	248,495		1,961,211	919,706	300,173	1,219,879	741,332	793,010
Vehicles	4,027,101			4,027,101	1,491,905	382,575	1,874,480	2,152,621	2,535,196
	335,057,346	1,020,476	0	336,077,822	87,982,227	15,578,043	103,560,270	232,517,552	247,075,119



SCHEDULE 5 SUNDRY DEBTORS		
PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
(Unsecured and Considered Good)		
a. Debts exceeding for a period of six months	7,734,650	6,840,000
b. Others	128,302,211	122,228,199
TOTAL	<u>136,036,861</u>	<u>129,068,199</u>
SCHEDULE 6 CASH & BANK BALANCE		
PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
Cash in Hand	1,085,434	995,223
Balance with Scheduled Banks	46,947	89,932
TOTAL	<u>1,132,382</u>	<u>1,085,155</u>
SCHEDULE 7 LOANS & ADVANCES		
PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
(Unsecured, considered good, Recoverable in cash or in kind or for value to be received)		
Advances	27,585,734	22,286,242
Deposits	9,765,936	11,509,976
TOTAL	<u>37,351,670</u>	<u>33,796,218</u>
SCHEDULE 8 CURRENT LIABILITIES & PROVISIONS		
PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
Sundry Creditors	34,044,787	37,602,282
Outstanding Expenses & Provisions	5,135,392	4,523,728
TOTAL	<u>39,180,179</u>	<u>42,126,009</u>
SCHEDULE 9 MANUFACTURING, SELLING & ADMINISTRATIVE EXPENSES		
PARTICULARS	AS AT 31-03-2010 (Rupees)	AS AT 31-03-2009 (Rupees)
Power & Fuel	28,758,314	22,946,192
Salaries & Wages	25,895,139	22,850,698
Other Manufacturing Expenses	36,078,325	40,599,856
Repairs & Maintenance	1,561,937	1,916,392
Auditors Remuneration	55,150	55,150
Director Remuneration	500,000	277,500
Other Administrative & Selling Expenses	6,070,671	4,191,790
TOTAL	<u>98,919,536</u>	<u>92,837,578</u>



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.



TEXTILE DIVISION

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

	Year ended 31-03-2010		Year ended 31-03-2009	
	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	1290.00		1320.44	
B. Turnover	1264.14	1913.92	1314.07	1776.25
C. Details of Raw Materials consumed				
Imported				
Indigenous	1316.07	1074.46	1347.40	1156.91
D. Opening & Closing Stock				
Opening Stock (MT)	344.55	318.59	203.52	161.60
Closing Stock (MT)	276.85	325.84	344.55	318.59

E. Raw Materials Consumed Imported & Indigenous

	Year ended 31-03-2010		Year ended 31-03-2009	
	Value	%	Value	%
Imported	NIL	NIL	NIL	NIL
Indigenous	1074.46	100%	1156.91	100%
F. FOB Value of Imports	NIL	NIL	NIL	NIL
G. Expenditure in Foreign Currency	NIL	NIL	NIL	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 **435.24** Lakhs (Previous year Rs 404.75 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.2333744/- towards deferred income tax Liability. (Previous year Rs.3825808/- 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
Membership No. 23412

PLACE : HYDERABAD
DATE : 30-08-2010

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 31-03-2010.

(Rs.in Lakhs)

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary items	67.39	60.22
Adjustment for:		
Depreciation	155.78	154.82
Misc. Written off	6.24	6.24
Interest	357.35	404.04
Dividend Received		
Operating Profit before working capital changes	586.77	625.32
Adjustment for:		
Trade and other receivables	(69.69)	(137.81)
Inventories	(197.67)	37.86
Trade payables	(40.72)	(73.65)
Cash generated from operations		
Interest paid	278.70	451.72
Direct taxes paid	(357.35)	(404.04)
Cashflow before extraordinary items		
Extraordinary Item -		
NET CASH FLOW FROM OPERATING ACTIVITIES	(78.65)	47.68
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(10.20)	(25.40)
Decrease of Investments	(0.61)	(0.52)
Increase in Loans and Advances	(35.55)	(6.69)
Civil Work in Progress	(72.52)	(10.43)
NET CASH CASH FLOW FROM INVESTING ACTIVITIES	(118.89)	(43.05)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Equity Share Capital		
Net Increase/ (decrease) in secured loans	148.21	62.19
Proceeds from Subsidy - Increase in unsecured loans	49.80	(65.54)
NET CASH USED IN FINANCING ACTIVITIES	198.01	(3.35)
NET INCREASE IN CASH AND CASH EQUIVALENTS	0.47	1.28
Cash and Cash equivalents as at (Opening Balances)	10.85	9.57
Cash and Cash equivalents as at (Clsoing Balances)	11.32	10.85

FOR AND ON BEHALF OF THE BOARD
SALGUTI INDUSTRIES LIMITED,

FOR AND ON BEHALF OF THE BOARD
SALGUTI INDUSTRIES LIMITED,

PLACE: HYDERABAD

S. VISHNU VARDHAN REDDY
MANAGING DIRECTOR

S. RAJITHA REDDY
WHOLE TIME DIRECTOR

DATE : 30-08-2010

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 2010. 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 30th August, 2010 to the members of the company.

PLACE : HYDERABAD
DATE : 30-08-2010.

For P. MURALI & CO.,
CHARTERED ACCOUNTANTS
P. MURALI MOHANA RAO
PARTNER
Membership No. 23412



**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.

0	1	-	0	0	5	0	4	8
---	---	---	---	---	---	---	---	---

 State Code

0	1
---	---

Balance Sheet

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date Date Month Year

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

Public Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Right Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Bonus Issue

			N	I	L			
--	--	--	---	---	---	--	--	--

Private Placement

			N	I	L			
--	--	--	---	---	---	--	--	--

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

Total Liabilities

			4	8	5	6	1	0
--	--	--	---	---	---	---	---	---

Total Assets

			4	8	5	6	1	0
--	--	--	---	---	---	---	---	---

Sources of Funds

Paid-Up Capital

			7	5	2	6	1	
--	--	--	---	---	---	---	---	--

Reserves & Surplus

			3	4	3	1	3	
--	--	--	---	---	---	---	---	--

Secured Loans

			2	8	1	3	4	0
--	--	--	---	---	---	---	---	---

Unsecured Loans

			6	7	5	0	0	
--	--	--	---	---	---	---	---	--

Application of Funds

Net Fixed Assets

			2	3	2	5	1	7
--	--	--	---	---	---	---	---	---

Investments

				1	7	8	6	
--	--	--	--	---	---	---	---	--

Net Current Assets

			2	3	8	9	6	5
--	--	--	---	---	---	---	---	---

Misc. Expenditure

				3	7	4	6	
--	--	--	--	---	---	---	---	--

Accumulated Losses

			N	I	L			
--	--	--	---	---	---	--	--	--

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

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

Turnover

			7	1	5	9	5	4
--	--	--	---	---	---	---	---	---

Total Expenditure

			8	1	2	8	4	0
--	--	--	---	---	---	---	---	---

+ -

+	
---	--

Profit/ Loss Before Tax

				6	7	3	9	
--	--	--	--	---	---	---	---	--

+ -

+	
---	--

Profit/ Loss After Tax

			5	6	1	3		
--	--	--	---	---	---	---	--	--

Earning Per Share in Rs.

			0	7	4			
--	--	--	---	---	---	--	--	--

Dividend rate %

			N	I	L			
--	--	--	---	---	---	--	--	--

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

Item Code No. (ITC Code)

0	0	3	9	2	3	2	1	0	0
---	---	---	---	---	---	---	---	---	---

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



25th Annual General Meeting



SALGUTI INDUSTRIES LIMITED

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

Admission Slip

Date 27th September, 2010	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 25th 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 -----

25th 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 25th Annual General Meeting of the Company to be held on Monday, 27th September 2010 at 11.00 A.M. at Sundaraiiah Vignana Kendaram, (Mini Hall), Baghlingampally, Hyderabad – 500 044 and at any adjournment thereof.

As witness my/our hand (s) this _____ day of _____ of 2010

Signed by the said _____

Affix Re 1/-
Revenue Stamp