



BOARD OF DIRECTORS

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

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

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

LISTED ON :

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. Laxmika 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. Laxmika 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
Sri. S. Gopal Reddy	Promoter & Executive Director	1	Nil
Sri S. Vishnu Vardhan Reddy	Promoter & Executive Director	2	Nil
Smt. S. Rajita Reddy	Promoter & Executive Director	2	Nil
Sri. V. R. Vasudevan	Non-Executive Independent Director	8	1
Sri. M. Laxmika Reddy	Non-Executive Independent Director	3	1
Sri C. Karunakar	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.