



BOARD OF DIRECTORS

Sri S.Gopal Reddy	:	Chairman
Sri S. Vishnu Vardhan Reddy	:	Managing Director
Smt S. Rajita Reddy	:	Whole Time Director
Sri M. Laxmika Reddy	:	Non-Executive Independent Director
Sri C. Karunakar	:	Non-Executive Independent Director
Sri Draksharam Nagaraj	:	Additional Director
Sri. S. Prajwal Reddy	:	Additional 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@arthiconsultants.com

LISTED ON :

Bombay Stock Exchange Limited (BSE), Mumbai



NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Members of the company will be held on Thursday, the 26th day of September, 2013 at 12.30 P.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, 2013 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 Smt. S. Rajitha Reddy, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Sri C. Karunakar, 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.

SPECIAL BUSINESS

5. To Consider, and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution

Appointment of Mr. Draksharam Nagaraj as Director of the Company

"RESOLVED THAT Mr. Draksharam Nagaraj, who was appointed by the Board of Directors as an Additional Director with effect from 4th October 2012 and who holds the office of Director up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

RESOLVED FURTHER THAT any one of the Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution".

6. To Consider, and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution

Appointment of Mr. S. Prajwal Reddy as Director of the Company

"RESOLVED THAT Mr. S. Prajwal Reddy, who was appointed by the Board of Directors as an Additional Director with effect from 1st April 2013 and who holds the office of Director up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."



RESOLVED FURTHER THAT any one of the Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

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

S.VISHNU VARDHAN REDDY
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 29th August, 2013

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 Tuesday, 24th September 2013 to Thursday, 26th September 2013 (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	:	Smt. S Rajitha Reddy
	Age	:	50 Years
	Qualifications	:	B. Com, A.C.A.
	Experience	:	27 Years in Company Matters
	Other Directorships (in Public Companies)	:	M/s. SPRING FIELDS AGROTECH LIMITED M/s. SALGUTI TEXTILES LTD
2.	Name	:	Sri C. Karunakar
	Age	:	45 Years
	Qualifications	:	M.Com.
	Experience	:	Experience in Business Management
	Other Directorships	:	----

Detail of Appointment & regularization of Directors under section 257 of the Companies Act, 1956

Name of the Director	Sri. Draksharam Nagaraj
Date of Appointment	4th October 2012
Date of Birth/Age	56 years
Education Qualification	He holds Bachelor's Degree in Commerce.
List of Companies in which Directorships held as on 31.03.2013.	Nil
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2013.	Nil

Name of the Director	Sri. S. Prajwal Reddy
Date of Appointment	1st April 2013
Date of Birth/Age	26Years
Education Qualification	Doctor of Medicine.
List of Companies in which Directorships held as on 31.03.2013.	Nil
Chairman/Member of the Committees of other Companies in which he is a Director as on 31.03.2013.	Nil



EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No. 5:

Appointment of Mr. Draksharam Nagaraj as Director of the Company

Mr. Draksharam Nagaraj was appointed as Additional Director in the Board Meeting held on 4th October 2012. As per the provisions of Section 260 of the Companies Act, 1956, he holds the office only up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/-. The approval of members is required for his appointment as Director.

Brief Profile: Details regarding the person proposed to be appointed as Director has been mentioned above.

None of the Directors of the Company is concerned or interested in this resolution.

Item No. 6:

Appointment of Mr. S. Prajwal Reddy as Director of the Company

Mr. S. Prajwal Reddy was appointed as Additional Director in the Board Meeting held on 1st April 2013. As per the provisions of Section 260 of the Companies Act, 1956, he holds the office only up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director of the Company, along with the requisite deposit of Rs. 500/-. The approval of members is required for his appointment as Director.

Brief Profile: Details regarding the person proposed to be appointed as Director has been mentioned above.

Except Sri. S Gopal Reddy, Sri. S Vishnu Vardhan Reddy & Smt. S Rajita Reddy to the extent of appointment, none of the Directors of the Company is concerned or interested in this resolution.



DIRECTORS' REPORT

To
The Members,
SALGUTI INDUSTRIES LIMITED

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with the Audited Balance Sheet, Profit & Loss Account and Cash Flow Statement for the financial year ended 31st March, 2013.

FINANCIAL RESULTS REVIEW AND PROSPECTS

Your company has recorded a total income of Rs. 11,005.11 lakhs for the year ended 31st March, 2013 against total income of Rs. 9988.80 Lakhs last year. This figure has grown up by Rs. 1016.51 lakhs in this financial as compared to the same period in the last year. But the company has recorded a net loss of 94.83 lakhs for the current period against net profit of Rs. 16.82 lakhs for the last year. This is due to underutilization of capacities in both divisions on account of severe power crises during the year. Further the both margins are affected as the power tariffs are increased with levy of additional FSA charges interest cost have also increased due to expansion undertake in both textile & plastic divisions but the capacities could not be utilized due to power restricted to the extent of 40%.

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

(Rupees in Lakhs)		
Particulars	2012 – 13	2011 – 12
Total Turnover	11,005.11	9988.80
Expenditure	10343.16	9343.83
Finance Cost	715.45	567.76
Profit before Tax	(45.92)	80.25
Less: Provision for Tax	--	16.47
Less: Provision for deferred Income Tax	48.91	46.96
Net Profit (after deferred tax)	(94.83)	16.82

DIVIDEND

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

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**

Smt. S. Rajitha Reddy and Sri C. Karunakar, 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.

During the period under review, Mr. Drakshram Nagaraj and Mr. S. Prajwal Reddy were appointed as Additional Directors w.e.f. 4th October 2012 and 1st April 2013 respectively. As per the provisions of Section 260 of the Companies Act, 1956, they hold the office only up to the date of this Annual General Meeting of the Company and are eligible for re-appointment as Directors. The Company has received notices under Section 257 of the Companies Act, 1956, proposing their candidature to the office of Directors of the Company, along with the requisite deposit of Rs. 500/- each.

Sri V.R. Vasudevan is resigned as the Director of the company w.e.f. 4th October 2012.

RECONSTITUTION OF THE COMMITTEES OF THE BOARD

Due to change in the Board of Directors of the Company and induction of new Directors on the Board, the committees of the Board of the Company were re-constituted. A detailed section on the re-constitution has been mentioned in the Corporate Governance Report attached to and forming part of this Report.

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, 2013, 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 2013 and of the profit of the company for the financial year ended 31st March 2013.
- 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, 2013 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 2013-14.

LISTING OF SHARES OF THE COMPANY ON STOCK EXCHANGES

Company has accorded the approval of the Bombay Stock Exchange for listing and trading of

- 17,30,000 Equity Shares allotted on 18th November 1999 w.e.f 23rd April 2012
- 25,00,000 Equity Shares allotted on 30th December 2006 at a premium of Rs.6/- per share w.e.f. 17th April 2013

With these approvals, all the issued and paid-up capital of the Company is listed on the stock Exchange and 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 the process of revocation of suspension of the company's share at BSE is at final stage and company has completed all the due formalities including securities laws & SEBI laws for relisting of the scrip 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. 6.76 lakhs
- (ii) Foreign Exchange out go : Rs. 166.30 lakhs

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
SALGUTI INDUSTRIES LIMITED

Place: Hyderabad
Date: 29th August, 2013

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. OPPORTUNITIES AND THREATS

TEXTILE SECTOR

Opportunities:

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

Threats:

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