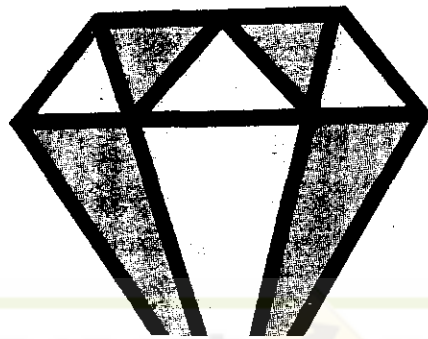


10th Annual Report 1998-99



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Vajra Granites Limited

Vajra Granites Limited



BOARD OF DIRECTORS :

V.N. Nadkarni, Chairman
L. Hanumanth Reddy
Y. Kesava Krishna (Nominee of APIDC)
R.S. Vidya Sagar (Nominee of IDBi)
B.N. Reporter
M. Chandra Bhushan, Executive Director
A. Hanimi Reddy, Managing Director

SECRETARY:

S. Suryanarayana

REGISTERED OFFICE :

6-3-456/23, 2nd Floor,
Dwarakapuri Colony,
Punjagutta,
Hyderabad - 500 082.

WORKS :

Basvapur Village,
Bhikanoor Mandal,
Kamareddy Taluq,
Nizamabad District,
Andhra Pradesh.

BANKERS:

State Bank of India,
Industrial Finance Branch,
Rajbhavan Road, Somajiguda,
Hyderabad 500 082.

Bank of Baroda,
Masab Tank Branch,
Banjara Hills,
Hyderabad - 500 034.

AUDITORS :

I.Sudhaker & Co.,
Chartered Accountants,
Flat No. 204, Amrutha Ville,
Rajbhavan Road,
Hyderabad - 500 082.



Vajra Granites Limited

NOTICE :

Notice is hereby given that the 10th Annual General Meeting of Vajra Granites Limited will be held on Saturday, the 18th September, 1999 at 11.30 a.m. at Sri Sagi Ramakrishnam Raju Community Hall, Madhuranagar, Hyderabad-500 038 to transact the following items of business :

ORDINARY BUSINESS :

1. To consider, approve and adopt the audited Profit & Loss Account for the year ended 31st March, 1999 and Balance Sheet as at that date, together with the Directors' and Auditors' Reports thereon ;
2. To appoint a Director in place of Sri V.N. Nadkarani, who retires by rotation and being eligible, offers himself for reappointment ;
3. To appoint Auditors, M/s. I. Sudhaker & Co., Chartered Accounts, 204, Amrutha Ville, Rajbhavan Road, Somajiguda, Hyderabad, (A.P.) to hold office from conclusion of the meeting until the concluding of the next Annual General Meeting and authorise the Board of Directors to determine the remuneration in addition to the payment for their other services and reimbursement of actual out of pocket expenses, if any.

SPECIAL BUSINESS :

To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution :

"Resolved that pursuant to the provisions of Sections 198, 269 and 309 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Sri A. Hanimi Reddy be and is hereby reappointed as Managing Director of the Company for a period 5 years with effect from 21st February, 1999 on the terms & conditions as stipulated below:

Remuneration payable to him :

a) Salary per month

including dearness & other allowances Rs. 12,000/-

b) Commission :

Remuneration by way of commission will also be allowed in addition to salary & perquisites. Based on the net profits of the company, it shall be subject to the overall ceiling laid down in Sections 198 & 309 of the Companies Act, 1956.

c) Perquisites :

Perquisites shall be restricted to an amount equivalent to the annual salary or Rs.4,50,000/- per annum whichever is less.

i) Housing :

Expenditure by the Company on hiring furnished-accommodation shall be subject to a ceiling of 60% of the salary, over and above the 10% payable by the Managing Director.

If the Company does not provide accommodation to him, the HRA will be paid as above by the Company to the Managing Director.

If the accommodation in the Company-owned house is provided, 10% of the salary of the Managing Director shall be deducted by the Company.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax rules, 1962, subject to a ceiling of 10% of the salary of the Managing Director.

ii) Medical Reimbursement :

Reimbursement of expenses incurred for self and family is subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

iii) Leave Travel Concession :

Leave Travel Concession for self and family, once in a year incurred is allowed in accordance with the Rules of the Company.

Vajra Granites Limited



iv) **Club Fees :**

It is subject to a maximum of two clubs. No admission and life membership fees will be paid.

v) **Personal Accident Insurance :**

The premium is not to exceed Rs. 4,000/- per annum.

vi) a. Company's contribution towards Provident Fund be as per the Rules of the Company/ statutory limit laid down in the P.F. Act.

b. Company's contribution towards superannuation fund be as per the rules of the Company but it should not together with the Company's contribution to Provident Fund exceed 25% of salary.

Contribution to Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act.

vii) Gratuity shall not exceed half a month salary for each completed year of service.

viii) Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company for the individual appointee concerned.

ix) **Leave :**

Privilege leave :

On full pay and allowances as per the Rules of the Company. Encashment of the leave at the end of the tenure will not be included in the computation of ceiling and perquisites.

He will also be entitled to casual leave and sick leave as per the leave Rules of the Company.

Notwithstanding anything herein, wherein any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the company will pay remuneration and perquisites specified above.

2. The Company shall reimburse the entertainment, travelling and other expenses incurred by him for the business of the Company.
3. The appointment and remuneration stated herein shall be subject to the approval of the shareholders in the General Meeting.
4. Managing director shall subject to the supervision and control of the Board of Directors, carryout such duties as may be entrusted to him. He shall also perform such other duties and services as may from time to time be delegated to him by the Board of directors.

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the item of special Business mentioned above is annexed hereto.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from 13-09-1999 to 18-09-1999 (both days inclusive).
- 4) Members are requested to notify immediately the change, if any, in their address, to the Company's Registered Office at Hyderabad, quoting their Registered Folio.

By order of the Board of Directors
for Vajra Granites Limited.

Place : Hyderabad
Date : 29-05-99

(S. Suryanarayana)
Company Secretary



Vajra Granites Limited

ANNEXURE TO THE NOTICE :

Explanatory Statement on Item No. 4 :

Sri A. Hanimi Reddy was earlier appointed as Director at the 5th Annual General Meeting held on 26.11.1994 and as the Managing Director with retrospective effect from 21-02-1994 for a period of five years. On the expiry of his above appointment as Managing Director, the Board recommends that he be reappointed as Managing Director for a further period of five years effective from 21.2.1999.

The terms and conditions of the reappointment of Sri A. Hanimi Reddy as Managing Director are already set out in the notice under item No. 4.

None of the directors except Sri A. Hanimi Reddy is interested in the resolution.

The resolution setout in the Notice is for your approval now.

By order of the Board of Directors
for Vajra Granites Limited.

Place : Hyderabad
Date : 29-05-99

(S. Suryanarayana)
Company Secretary

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Vajra Granites Limited



DIRECTORS' REPORT

Your Directors present their 10th Annual Report and Audited statement of accounts of the Company for the financial year ended 31st March, 1999.

FINANCIAL RESULTS

(Rs. in lacs)

	Year ended 31.03.99	Year ended 31.03.98
Sales and other Income	694.85	1014.50
Profit / (-Loss) before Depreciation & Int. & fin. charges etc.	-102.94	294.54
Less : depreciation	74.22	74.04
Interest	<u>216.55</u>	<u>186.16</u>
Profit/(- Loss) before taxation :	-393.71	34.34
Less : Provision for taxation	---	---
Profit/(-Loss) for the year	-393.71	34.34
Adjustments relating to previous year	2.25	-2.32
Profit.(- Loss) brought forward from previous year)	104.44	72.42
Surplus / (- Deficit) Carried to Balance sheet	-287.02	104.44

DIVIDEND :

Due to the net loss incurred as reported above, your Directors are unable to recommend for payment of any dividend for the year under report.

OPERATIONS :

From the above data, it would be seen that your Company achieved a sales and other income of Rs. 694.85 lakhs during the year ended 31st March, 1999 as against Rs. 1014.50 lakhs for the earlier year ended 31st March, 1998. This accounts for a drop of Rs. 319.65 lakhs in sales i.e. by 31.5% over that of the year 1997-98. With the result, your Company has ended with a net loss of Rs. 100.69 lakhs before depreciation and interest and Rs. 391.46 lakhs after providing for depreciation and interest).

PRODUCTION & MARKETING PROBLEMS :

For sometime past your Company, along with several other units in the Industry within and outside the State, has been passing through a phase of continuous crisis of a great magnitude on several fronts. Though the very purpose of setting up granite units, like yours, is value-addition by processing the rough blocks of raw material, an indiscriminate export of rough granite blocks and cut dimensional blocks is going on, on a huge scale unchecked by the Government. So your Unit is starved of adequate quantities of raw blocks of right quality and of required dimensions. The position is so bad that most of the time, the blocks rejected by the foreign buyers are only available to us, that too in limited quantities.

As to the marketing front, on account of the worldwide economic depression, our foreign buyers are offering lower prices for our exports, besides there being a general decline in the quantities lifted by them.

FUTURE PROSPECTS :

The future prospects of your Company are mainly contingent upon two external factors viz ;