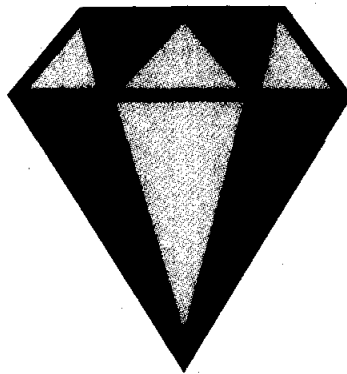


12th Annual Report 2000-2001



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Sri Vajra Granites Limited

Sri 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 :

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

BANKERS:

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

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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.



Sri Vajra Granites Limited

NOTICE :

To all the members,

Notice is hereby given that the 12th Annual General Meeting of Sri Vajra Granites Limited will be held on Wednesday, the 29th August, 2001 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, 2001 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. Nadkarni, who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint Auditors, M/s. I. Sudhaker & Co., Chartered Accountants, 204, Amrutha Ville, Rajbhavan Road, Somajiguda, Hyderabad, (A.P.) to hold office from conclusion of the twelfth Annual General meeting until the conclusion 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.

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) The Register of Members and Share Transfer Books of the Company will remain closed from 24-08-2001 to 29.08.2001 (both days inclusive).
- 3) 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 Sri Vajra Granites Limited.

(S. SURYANARAYANA)
Company Secretary

Hyderabad
Date: 27-06-2001

Sri Vajra Granites Limited



DIRECTORS' REPORT

Your Directors hereby present the 12th Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 2001.

FINANCIAL RESULTS : Summarised comparative financial results for the accounting year 1999-2000 and 2000 - 2001 are given below :

	(Rs. in lacs)	
	Year ended 31.03.2001	Year ended 31.03.2000
Sales and other Income	1435.52	785.64
Profit / (-Loss) before Depreciation & Int. & fin. charges etc.	-22.22	-74.93
Less : depreciation	77.14	74.63
Interest	143.90	156.00
Profit/(- Loss) before taxation :	-243.26	-305.56
Less : Provision for taxation	---	---
Profit/(-Loss) for the year	-243.26	-305.56
Adjustments relating to previous year	1.31	-0.47
Profit.(- Loss) brought forward from previous year)	-593.05	-287.02
Surplus / (- Deficit) Carried to Balance sheet	-835.00	-593.05

OPERATIONS :

From the foregoing, it would be seen that your Company achieved sales and other income of Rs. 1435.52 lakhs during the year ended 31st March, 2001 as against Rs. 785.64 lakhs for the earlier year ended 31st March, 2000. This accounts for an increase of Rs. 649.88 lakhs in sales i.e. by 83% over that of the year 1999-2000. In spite of the quantum leap of that magnitude achieved in the sales by your company, the contribution available per every rupee of sales revenue was below 8 paise in 2000 - 2001 as against below 4 paise during 1999 - 2000 and against 23 paise of contribution required if the company were to Break-even. With the result for the financial year 2000 - 2001, the company incurred a loss of Rs/- 22.22 lakhs before depreciation, interest & provision for doubtful debts and of Rs/- 243.26 lakhs after providing for these items and all other fixed costs.

The accumulated losses of the company upto 31-03.2001 amounted to Rs. 835.00 lakhs.

REFERENCE TO THE BIFR

You are aware that your Company became sick by 31-03-2000, in that its accumulated losses as on that date at Rs. 593.05 lacs had far exceeded its net worth of Rs. 435.94 lakhs. Consequently your company made a reference under section 15(1) of the Sick Industrial Companies (Special provisions) Act, 1985, to the BIFR on 07-07-2000. The same was registered as case no. 220 / 2000 by the latter. The case was also heard and the final orders are still awaited.

MATERIAL CHANGES :

Since your Company's secured creditors the IDBI, ICICI, IFCI and the SBI, have been exerting pressure for an immediate repayment of their dues, Sarvasri A. Hanimi Reddy, Managing Director, M. Chandra Bhushan, Executive Director and L. Hanumanth Reddy, Director are, subject to the overall supervision and control of the Board of Directors, negotiating with the FIs for arriving at an amicable one Time / Full settlement (OTS) of the outstanding dues to them. While a satisfactory



Sri Vajra Granites Limited

OTS agreement already arrived at with the ICICI is under implementation, negotiations with the other FIs are at various stages of progress. The additional funds required for the purpose would be raised by the promoters from their relatives and friends by way of personal loans.

PROBLEMS

During the year under report also, your company continues to be beset with problems on several fronts like procurement, marketing, finance etc, as under :

a) NON-AVAILABILITY OF QUALITY RAW BLOCKS :

Your Company's operations were adversely affected due to a severe shortage of quality rough blocks and whatever quantities it procured had to be done at abnormally higher prices.

b) MARKETING PROBLEMS :

Your Company continued to face severe competition from the other exporters both within and out side India. This naturally led to a considerable fall in its per unit average realisation price during 2000 - 2001 as well.

c) FINANCIAL PROBLEMS :

On account of the continued stoppage of the Working Capital and Bill Discounting facilities by the State Bank of India, during the year 2000 - 2001 the Company faced working capital problem.

All these factors account for the losses, though to a reduced extent, inspite of a significant increase in the quantum of export sales during the year 2000 - 2001.

DISCLOSURE UNDER COMPANIES ACT, 1956 :

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information in accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in the annexure forming part of this report.

DEPOSITS :

The Company has not accepted any deposits from the public during the year 2000 - 2001.

PARTICULARS OF EMPLOYEES :

There is no employee in the Company whose particulars are required to be given pursuant to section 217(2A) of the Companies Act, 1956

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Act, your Directors' confirm the following :

that in the preparation of the Annual Accounts for the year ended March 31, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures.

that the Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial year and of the profit or loss of the Company for that period.

Sri Vajra Granites Limited



that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

that the Directors have prepared the annual accounts on going concern basis.

DISCLOSURES UNDER THE LISTING AGREEMENT :

Clause 32 : Cash Flow Statement

In due compliance of the clause, the Cash Flow Statement prepared in accordance with the requirements prescribed by SEBI is appended to this Annual Report.

Clause 42A : Stock Exchange Particulars :

Your Company's securities have been listed with the Hyderabad Stock Exchange and the Mumbai Stock Exchange. The Annual listing fees have been duly paid to these Stock Exchanges.

Clause 49 : Corporate Governance and Constitution of Audit Committee :

In so far as your company is concerned, this clause newly inserted to the listing agreement becomes operative only by 31-03-2003 since the Company's present paid up capital is above Rs. 3.00 crores but below Rs. 10.00 crores.

However, it may be stated that since the present composition of the Board of Directors of your Company consists of one Non-Executive Chairman, three independent Directors and three Promoter Directors, it is already in line with the ideal composition of the Board of Directors envisaged under the corporate governance under clause 49 of the listing agreement.

INDUSTRIAL RELATIONS :

Industrial relations remained cordial during the year.

DIRECTORS :

Sri V.N. Nadkarni, Director and Chairman of the company is retiring by rotation and being eligible offers himself for re-appointment.

AUDITORS :

M/s. I. Sudhaker & Co., chartered accountants retire at the ensuing Annual General Meeting and being eligible have indicated their availability for re-appointment for the year 2001 - 2002.

ACKNOWLEDGEMENT :

Your Directors thank the Government authorities, I.D.B.I., I.C.I.C.I., I.F.C.I., State Bank of India, customers and suppliers for their kind co-operation, interest and support. The Directors also place on record their appreciation to all the employees for their dedicated service during the year.

for and on behalf of the Board of Directors
of Sri Vajra Granites Limited.

Place : Hyderabad
Date : 27-06-2001

V.N. Nadkarni
Chairman