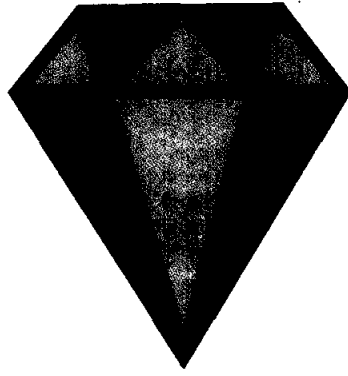


13th Annual Report 2001-02



Sri Vajra Granites Limited

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Sri Vajra Granites Limited



BOARD OF DIRECTORS : Sarvasri

V.N. Nadkarni, Chairman

L. Hanumanth Reddy

B.N. Reporter

Y. Kesava Krishna (Nominee of APIDC) – upto 27-01-2002

G.S.R. Murthy (Nominee of APIDC) – upto 16-07-2002

R.S. Vidya Sagar (Nominee of IDBI) – upto 31-08-2001

P. Krishna Murthy (Nominee of IDBI) – upto 10-12-2001

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.

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 13th Annual General Meeting of Sri Vajra Granites Limited will be held on Saturday, 21st September, 2002 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, 2002 and Balance Sheet as at that date, together with the Directors' and Auditors' Reports thereon :
2. To appoint a Director in place of Sri B. N. Reporter, who retires by rotation and being eligible, offers himself for re-appointment :
3. To appoint a Director in place of Sri L. Hanumanth Reddy, who retires by rotation and being eligible, offers himself for re-appointment :
4. To re-appointment Auditors, M/s. I. Sudhaker & Co., Chartered Accountants, 204, Amrutha Ville, Rajbhavan Road, Somajiguda, Hyderabad, (A.P.) to hold office from the conclusion of the Thirteenth 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 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 16-09-2002 to 23-09-2002.
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.

Place : Hyderabad
Date : 27-07-2002

S. SURYANARAYANA
Company Secretary

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Sri Vajra Granites Limited



DIRECTORS' REPORT

Your Directors hereby present the 13th Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 2002.

FINANCIAL RESULTS : Comparative financial results for the accounting year 2000-01 and 2001-02 are summarised below.

	(Rs. in lacs)	
	Year ended 31.03.2002	Year ended 31.03.2001
Sales and other Income	1020.06	1435.52
Profit / (-Loss) before Depreciation & Int. & Fin. Charges	38.59	-22.22
Less : Depreciation	-77.68	77.14
Interest	-96.21	143.90
Profit/(- Loss) before taxation :	-135.30	-243.26
Less : Provision for taxation	---	---
Profit/(-Loss) for the year	-135.30	-243.26
Adjustments relating to previous year	-0.86	1.31
Profit.(- Loss) brought forward from Previous year	-835.00	-593.05
Surplus / (- Deficit) Carried to Balance sheet	-971.16	-835.00

OPERATIONS :

From the foregoing, it would be seen that your Company achieved sales and other income of Rs. 1020.06 lakhs during the year ended 31st March, 2002 as against Rs. 1435.52 lakhs for the earlier year ended 31st March, 2001. This accounts for a decrease by Rs. 415.46 lakhs in revenue i.e. by 28.94% over that of year 2000-01. This fall is mainly due to the severe competition from the exporters, both within and outside India and as also due to lower sales of rough blocks. Nonetheless, the loss during the year under report could be contained to Rs. 135.30 lakhs, compared to Rs. 243.26 lakhs of loss sustained during 2000-01, broadly due to pruned manufacture expenses and interest charges.

The accumulated losses of the company upto 31-03-2002 amounted to Rs. 971.16 lakhs.

BIFR'S ORDERS :

You were aware that by and as on 31-03-2000, your Company had become Sick. Consequently on 7-7-2000 a reference was made under section 15 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) to the Hon'ble BIFR. On having been satisfied with the reference made by us, the BIFR vide its orders dated 19-7-2001 declared your company as a sick industrial company in terms of section 3 (1) (0) of the SICA. Further, it also felt it necessary that in public interest that necessary measures as specified under section 18 of the SICA are initiated for the revival of our company. Accordingly, it appointed the State Bank of India as the Operating Agency (OA) for the purpose, with a directive to your company / promoters to submit a comprehensive rehabilitation proposal together with the means of finance fully tied up.

ONE TIME SETTLEMENT (OTS) PROPOSALS :

You are further aware that Sarvasri A. Hanimi Reddy, the Managing Director, M. Chandra Bhushan, the Executive Director, L. Hanumantha Reddy, Director of our company, subject to the overall supervision and guidance of the Board of Directors, have been carrying out negotiations with the company's Secured Creditors for a One Time / Full Settlement of its outstanding dues to the latter. You will be glad to note that our efforts in this regard met with success to a great extent, in that we were able to strike necessary accords with the SBI, ICICI and IDBI. However, necessary approval for our OTS proposals made to the IFCI is yet awaited.



Sri Vajra Granites Limited

Having regard to all the facts set out above, your company has already submitted its All Comprehensive Rehabilitation Proposals to the OA appointed by the BIFR, under a copy to the latter. The final validity and impact of these mutually agreed to proposals and the concomitant steps already initiated, however, hinge on the shape contents and import of the 'Rehabilitation Proposals' ultimately to be formulated by the OA and accord of approval by the BIFR thereto.

PROBLEMS

During the year under report also, your company continues to face many a problem on several fronts like procurement, marketing finance etc., as under.

A) NON-AVAILABILITY OF QUALITY RAW BLOCKS :

Your Company's operations were also adversely affected even during the year 2001-02, due to a severe shortage of quality rough blocks. Further, whatever quantities your company 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 outside India. This naturally led to a considerable fall, inter alia, in the quantum of its exports during 2001-02.

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 2001-02 also the company had to face severe working capital crunch.

All these factors account for the losses, though to a reduced extent, during the year 2001-02.

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 2001-2002.

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 31st, 2002, 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 of that period.

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.

Sri Vajra Granites Limited



that the directors had prepared the annual accounts on a going concern basis.

DISCLOSURES UNDER THE LISTING AGREEMENT :

a) 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.

b) 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.

c) Clause 49 : Corporate Governance and Constitution of Audit Committee :

In so far as your company is concerned, this clause newly inserted in the listing agreement becomes operative during the financial year 2002-03 since the Company's present paid up capital is above Rs. 3.00 crores but below Rs. 10.00 crores.

INDUSTRIAL RELATIONS :

Industrial relations remained cordial during the year.

DIRECTORS :

a) Changes due to Resignations :

During the year under report, there arose a vacancy on the Board of Directors of your company due to the withdrawal of its nominee Sri R.S. Vidya Sagar, by the IDBI. Though, the vacancy was later filled up by the appointment of Sri P. Krishna Murthy, it once again fell vacant due to the withdrawal of Sri P. Krishna Murthy's appointment also by the IDBI.

Similarly, the APIDC also withdrew Sri Y. Kesava Krishna, its nominee Director on our Board. It may be stated that he was associated with us for well over the last one decade. Though this vacancy was also later filled up by the appointment of Sri G.S.R. Murthy, his appointment was also withdrawn by the APIDC very recently.

In this context, the Board wishes to place on record its warm appreciation of the valuable services rendered by Sarvasri R.S. Vidya Sagar, P. Krishna Murthy, Y. Kesava Krishna and G.S.R. Murthy during their respective tenures as directors.

b) Retirement :

Sarvasri B.N. Reporter and L. Hanumantha Reddy are retiring by rotation and being eligible they offer themselves for reappointment.

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 2002-2003.

ACKNOWLEDGEMENT :

Your Directors thank the Government authorities, IDBI, ICICI, IFCI, 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 : 27-07-2002

V.N. NADKARNI
Chairman


ANNEXURE TO DIRECTORS' REPORT :

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO SECTION 217 (1) (E) OF THE COMPANIES ACT, 1956.

A. CONSERVATION OF ENERGY :

The company runs its plant with 100% captive diesel generating power uninterruptedly at present. The conservation of energy and improvement in energy environment is an ongoing activity in the company and every effort is made in that direction.

B) TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION :

Being a 100% Export Oriented Unit, the company needs to lay great emphasis on quality coupled with wide range of colours. Experienced geologists and engineers are employed by the company to identify new colours and varieties and to bring about improvement in the quality of the products. With the existing services of the qualified personnel, the company keeps itself abreast of the technical development and the changes occurring in the industry. Every effort is being made to eliminate wastage in all operations.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

<u>EARNINGS</u>	<u>2001-02</u>	<u>2000-01</u>
FOB Value of Exports	9,69,71,838	11,08,35,537
<u>OUTGO</u>		
a) CIF value of imported capital goods	----	21,84,000
b) CIF value of imported consumables & Spares	1,48,76,067	1,65,05,044
c) Overseas Travel	5,00,070	----

for and on behalf of the Board of Directors
of SRI VAJRA GRANITES LIMITED.

Place : Hyderabad
Date : 27-07-2002

V.N. NADKARNI
Chairman

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