

Sri Vajra Granites Limited



BOARD OF DIRECTORS :

SARVA SRI

Y. Kesava Krishna

Mathesh Reddy Kami Reddy

L.Hanumanth Reddy (Upto 31-01-2008)

G.Raghunandan

C. Saya Reddy

A. Srinivas Reddy (Upto 21-04-2008)

M.Ranga Reddy (since 21-04-2008)

A.Hanimi Reddy

Chairman

Director

Director

APIDC Nominee

Director

Executive Director

Addl.Director

Managing Director

REGISTERED OFFICE :

H.No. 10-2-193, 2nd Floor,

Street No.6, Road No.1,

West Marredpally,

Secunderabad-500 026, A.P

Ph : 040-27806812

Fax: 040-27806813

Email:srivgl@sify.com &

contact@srivajragranites.com

Website: www.srivajragranites.com

SECRETARY & COMPLIANCE OFFICER:

S. Suryanarayana

Company Secretary

H.No. 10-2-193, 2nd Floor,

Street No.6, Road No.1,

West Marredpally,

Secunderabad-500 026, A.P

Report Junction.com

WORKS :

Basvapur Village,

Bhikanoor Mandal,

Kamareddy Taluq,

Nizamabad District,

Andhra Pradesh

AUDITORS:

I. Sudhaker & Co.,

Chartered Accountants,

Left wing 115,

Amrutha Ville,

Rajbhavan Road, Somajiguda,

Hyderabad – 500 082

BANKERS:

Andhra Bank,

Kamareddy Branch,

Kamareddy.

SHARE TRANSFER AGENTS:

Big Share Services Pvt. Ltd.

G-10, Left Wing, Amrutha Ville,

Opp. Yashoda Hospital,

Rajbhavan Road, Somajiguda,

HYDERABAD – 500 082.



Sri Vajra Granites Limited

NOTICE :

To
All the Members

Notice is hereby given that the 19th Annual General Meeting of Sri Vajra Granites Limited will be held on Wednesday, the 24th day of September, 2008 at 4-00 P.M at Sri Sundarayya Kala Nilayam, 1-8-1/B/25/A, Baghlingampally, Hyderabad-500044.

To transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2008 and the Balance Sheet as at that date, together with the Directors' and Auditors' Reports thereon:
2. To consider and if thought fit, to pass with or without modification(s) the following draft Resolution as an Ordinary Resolution:
 "RESOLVED THAT M/s. I. Sudhaker & Co., Chartered Accountants, Left wing 115, Amrutha Ville, Rajbhavan Road, Somajiguda, Hyderabad, A.P. be and are hereby re-appointed as Auditors of the company to hold office from the conclusion of the 19th Annual General Meeting until the conclusion of the 20th Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors".

AND

SPECIAL BUSINESS :

3. To consider and if thought fit to pass with or without modification(s) the following draft Resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 255, 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or reenactment(s) thereof for the time being in force) Sri A. Hanimi Reddy be and is hereby reappointed as a Director of the company subject to retirement by rotation".
4. To consider and if thought fit to pass with or without modification(s) the following draft Resolution as ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or reenactment(s) thereof for the time being in force) Sri C.Saya Reddy be and is hereby appointed as a Director of the company subject to retirement by rotation".
5. To consider and if thought fit to pass with or without modification(s) the following draft Resolution as ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or reenactment(s) thereof for the time being in force) Sri M.Ranga Reddy be and is hereby appointed as a Director of the company subject to retirement by rotation".
6. To consider and if thought fit to pass with or without modification(s) the following draft Resolution as Special Resolution for reappointment of Sri A.Hanimi Reddy as Managing Director:
 "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 302, 309, 310, 311 & 314 read with Schedule XIII and all other applicable Sections and provisions of the Companies Act, 1956 (including any statutory modification(s) or reenactment(s) thereof for the time being in force) and based on the recommendations of the Remuneration/ Selection committee and the Board of Directors of the Company and if necessary subject to the approval of the Central Government with or without modification(s) thereto in the matter, the prior consent of the company to the reappointment of Sri A. Hanimi Reddy as the Managing Director of the company for a period of 5 years, effective from the date of 19th AGM, ie., 24-09-2008 be and is hereby accorded by way of Special Resolution, on the following remuneration, terms and conditions:

Sri Vajra Granites Limited



TERMS AND CONDITIONS OF THE REAPPOINTMENT

1. **Period of reappointment:** Five years with effect from the date of the consent of the shareholders to be accorded at the 19th Annual General Meeting (AGM) to be held on 24-09-2008.
2. **Remuneration payable:** Salary be initially fixed at Rs 55,500/- per month, carrying automatically the annual increments each at Rs 6,300/- subject to the provisions of all applicable Sections of and Schedule XIII of the Companies Act 1956.
3. **Perquisites as under:**
 - (a) **Residential Accommodation:** The appointee is eligible for Rent-free accommodation taken on lease by the company, for which 10% of the salary is payable by the Managing Director. However over and above such 10% the expenditure if any incurred by the company shall be subject to a ceiling of 60% of the salary.
 - (b) **Contribution to Provident Fund, Superannuation Fund and Gratuity:**
 - i) Company's contribution to the Provident Fund and Superannuation Fund shall not exceed 25% of the salary.
Excess of such contribution if any over the maximum amount, either singly or put together and not taxable under the Income Tax Act, shall be considered and included for the purpose of calculating the ceiling on perquisites stated in 3 (b) (iii) given below:
 - ii) **Gratuity:** as per the Gratuity Act or Company's Gratuity Scheme, whichever is higher.
 - iii) **Other perquisites**
 - (a) **Gas, Electricity, Water:** The monetary valuation of these facilities shall be done as per the Income Tax Rules, 1962 and be subject to the ceiling of 10% of the salary.
 - (b) **Personal accident insurance:** The premium paid shall not exceed Rs. 4,000/- per annum.
 - (c) **Medical Reimbursement for self and family:** It would be equivalent to one month salary in a year or three months salary in a block of three years.
 - (d) **Club Fees:** Fee is payable for one club in India. No admission and life membership fees will be paid.
 - (e) **Provision of Car with driver, Cell Phone, internet connection and fax facilities, telephone at residence for use on company's business:** These facilities will not be considered as perquisites. However, personal long distance calls and use of car for private purposes are to be billed to his account by the Company.
 - (f) **Leave Travel Concession:** Travel expenses incurred in this regard for self and family, once in a year, not exceeding one month salary will be allowed.
 - (g) **Privilege Leave at the end of the tenure is allowed with full pay and allowances as per the Rules of the Company.**
 - (h) He will also be entitled to casual leave and sick leave as per the leave Rules of the Company.
 - (i) The company will reimburse the entertainment, travelling and other expenses actually incurred by him for the business of the company.
The perquisites shall be evaluated at the cost to the company and as per the Income Tax Rules where such evaluation is difficult.
4. The aggregate of the remuneration and perquisites as mentioned above, in any financial year, shall not exceed the limits prescribed from time to time under Sections 198 & 309 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act, or any statutory modifications or reenactment(s) thereof for the time being in force or otherwise as may be permissible at law.
5. He is not eligible to draw sitting fee for attending the meetings of the Board / Committees thereof.
6. Further Sri A. Hanimi Reddy need not retire by rotation during his tenure as Managing Director, except when the number of non-rotational directors exceeds one – third of the total number of directors. In such an eventuality, on his reappointment he automatically continues to hold his office of Managing Directorship since such retirement and re-appointment shall not be deemed to constitute a break in his appointment.

By order of the Board of Directors
For SRI VAJRA GRANITES LIMITED

Sd/-

S.SURYANARAYANA

COMPANY SECRETARY

Secunderabad

Date : 25-07-2008



Sri Vajra Granites Limited

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. Proxies in order to be effective must reach the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 17-09-2008 to 24-09-2008 (bdi).
3. Members are requested to notify immediately the changes, if any, in their address, quoting their Registered Folio number, to the Company's Registered Transfer Agents (RTAs).
4. Pursuant to Section 109A of the Companies Act, 1956 the Members can make nominations in respect of the shares held by them, by sending either to the company or its RTAs the nominations, in duplicate, in Form 2B (which can be obtained from the company's RTAs).
5. Members are requested to bring their copies of the 19th Annual Reports along with them to the meeting.
6. Members / proxies should fill in the attendance slip for attending the meeting.
7. Members who hold shares in electronic form are requested to write their Client Id & DP Id numbers. Similarly those who hold shares in physical form are requested to write their Folio numbers in the attendance slip.
8. All documents including the Service Agreement containing the terms and conditions of Sri A.Hanimi Reddy's reappointment as Managing Director referred to in this Notice are open for inspection at the Registered Office of the company on all working days (except on Sundays)between 11.00 A.M. to 1.00 P.M. upto the date of the 19th AGM.

ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT Pursuant to Sec 173(2) of the Companies Act, 1956 and /or Clause 49 of the Listing Agreement with the Stock Exchanges.

NOTE ON AGENDA ITEMS 3 AND 6 OF THE NOTICE:

Sri A.Hanimi Reddy is born on 10-12-1944. He has been associated with the company for the past 18 years. He is one of the promoter-directors. He is the Managing Director of your company since 21-02-1994. In the immediate past, he was reappointed as the Managing Director for a period of 5 years at the 14th AGM. So his present term of appointment expires with the conclusion of the 19th AGM. Hence the proposals now firstly for his reappointment as Director and then as the Managing Director.

The following are the details of Sri A.Hanimi Reddy and his relatives' holding of the fully paid up equity shares of Rs 10/- each in the company:

Name	Relationship	No of Shares	Percentage
A.Hanimi Reddy	Self	1546972	21.30
A.Leela	Wife	726893	10.01
A.Sudhakar Reddy	Son	921573	12.69
A.Namrata	Daughter	40000	0.55
Total		3235438	44.55

Further his other son, Sri A.Srinivas Reddy worked as Executive Director in the company from 24-09-2007 to 21-04-2008. From 21-04-2008 onwards Sri A.Srinivas Reddy continues only as Director. None of the Directors, except Sri A.Hanimi Reddy and Sri A. Srinivas Reddy may be treated as interested either directly or indirectly in his reappointment. Sri.A.Hanimi Reddy is not a director in any other company. He does not suffer any disqualifications under Section 274 of the Companies Act, 1956.

Your Directors recommend the related Resolutions at agenda items 3 & 6 for your approval.

Sri Vajra Granites Limited



NOTE ON AGENDA ITEM 4 OF THE NOTICE.

Sri C.Saya Reddy is born on 03-02-1947. He is a Graduate both in Sciences and Law. He had put in a long innings of service in several positions in the Government of Andhra Pradesh. He retired as Deputy Superintendent of police. Earlier he is co-opted as the Director in the Casual vacancy caused on the sad demise of G.V.Venkat Reddy, (Late Venkat Reddy being a regular Director due for retirement at the 16th AGM). So with the conclusion of the 19th AGM Sri C.Saya Reddy's tenure as Director also expires.

Now a notice under Section 257 of the Companies Act, 1956, proposing the appointment of Sri C.Saya Reddy as a Director has been duly received by the company along with a deposit of Rs. 500/- in cash

He is not a Director in any other company. He does not hold any shares in the company in his own name or in the name of his relatives. He is not disqualified to act as Director under Section 274 of the Companies Act, 1956. None of the other Directors is interested in any way in Sri. C.Saya Reddy's appointment.

Therefore the resolution against item no 4 of the agenda/ notice is for your consideration and approval at the 19th AGM.

NOTE ON AGENDA ITEM 5 OF THE NOTICE.

Sri M.Ranga Reddy is born on 24-04-1954. He holds 50,000 equity shares of Rs 10/- each fully paidup in the company. Earlier he is co-opted as Additional Director on 21st April 2008. So with the conclusion of the 19th AGM, Sri M.Ranga Reddy's tenure also expires.

Now a notice under Section 257 of the Companies Act, 1956, proposing the appointment of Sri M.Ranga Reddy as a Director has been duly received by the company along with a deposit of Rs. 500/- in cash

He is not a Director in any other company. He is not disqualified to act as Director under Section 274 of the Companies Act, 1956. None of the other Directors is interested in any way in Sri Ranga Reddy's appointment now.

Therefore the resolution against item no 5 of the agenda/ notice is for your consideration and approval at the 19th AGM.

By order of the Board of Directors
For SRI VAJRA GRANITES LIMITED

Secunderabad
Date:25-07-2008

Sd/-
S.Suryanarayana
Company Secretary.



Sri Vajra Granites Limited

To
All the Members

Abstract of Disclosure under section 302 of the Companies Act, 1956.

Kind attention is invited to the Special Resolution proposed vide agenda item 6 of the Notice convening the 19th Annual General Meeting (AGM) and the explanatory statement for agenda items 3 & 6 available at page 4 of this annual report. They relate to the proposed reappointment of Sri A. Hanimi Reddy, at the ensuing AGM to be held on 24-09-2008 and to be effective from that date, as the Managing Director of the Company for another term of five years.

The salary payable to him is initially to be fixed at Rs. 55,500/- per month, with automatic annual increments each at Rs 6,300/- per year. The perquisites payable are as per the Service Agreement dated 25-07-2008 with Sri Hanimi Reddy to the extent they are consistent with all the applicable Income Tax Rules/ Company's rules, provisions and Sections of the Companies Act, 1956 and Schedule XIII thereto.

The said agreement is also open for inspection at the Company's Registered Office upto 24-09-2008 from 11-00 A.M to 1-00 P.M on all the working days.

Memorandum of interest : Sri A. Hanimi Reddy is the beneficiary. He is the father of Sri A. Srinivas Reddy (presently a Director). So both of them could be deemed as interested in the matter in terms of Sections 302 & 314. No other Director is interested in the matter directly or indirectly.

By order of the Board of Directors
For SRI VAJRA GRANITES LIMITED

Secunderabad
Date: 25-07-2008

Sd/-
S. SURYANARAYANA
Company Secretary

Sri Vajra Granites Limited



DIRECTORS' REPORT

To
The Shareholders,
Sri Vajra Granites Ltd.

Your Directors are happy to present their 19th Annual Report, together with the Audited Balance Sheet as on 31-03-2008; and the Profit & Loss Account, for the year ended 31-03-2008; all the other documents attached thereto; the Cash Flow Statement and the Statutory Auditor's Report on the said financial statements.

2. FINANCIAL RESULTS/ DATA

(Rs. in lacs)

PARTICULARS	Year ended	Year ended
	31-03-2008	31-03-2007
1. Gross Sales	1372.04	1818.26
2. Operating Expenditure	1237.12	1638.51
3. Profit Before Depreciation, Interest & Provision for Tax (PBDIT) (1-2)	134.92	179.85
4. Depreciation	91.13	91.68
5. Interest	38.07	15.44
6. Profit before provision for taxes (PBT) (3-4-5)	5.72	72.63
7. Other Income / Prior Period Adj.Net	0.70	6.36
8. Profit Before Tax (6+7)	6.62	78.99
9. Provision for taxes	1.90	10.81
10. Net Profit for the year (8-9)	4.72	68.18
11. Balance Brought forward from previous year	555.77	487.59
12. Balance carried to Balance Sheet (10+11)	560.49	555.77
13. Capital Reserve(State subsidy)	17.67	17.67
14. Share Capital	726.28	726.28
15. Net worth (12+13+14)	1304.44	1299.72

The data given above and elsewhere in this report, disclose that the gross sales during the year 2007-08 fell by Rs. 446.22 lakhs, compared to 2006-07. Of this, Rs. 381.93 lakhs' fall is due to the fall in the quantity sold by 17365 square meters (Sq.Mt) of Polishing slabs and the balance of Rs. 64.29 lakhs is due to the decline in the Average Sale Price (ASP) by Rs 98.45 per every Sq.Mt sold, as against the ASP of Rs. 2199.39 achieved during 2006-07. It is paradoxical that in spite of such reduction in the ASP, there is the fall in the quantity sold. Such decrease is somewhat contrary to the normal law of demand, which, other things remaining constant, states that with every decrease in sale price the quantity demanded increases. This unusual phenomenon was due to the cutback in the offtake by our buyers in the USA, on account of the continuing recessionary trends in the USA. In this context, it is to be noted that our exports almost entirely take place only to USA. Added to it, during 2007-08, the falling value of the US dollar (in which the sale prices are being traditionally fixed by the Industry) vis-a-vis our Indian Rupee, partly account for the low profit.

As to the increase in the interest burden, it is partly due to the unsold stocks owing to the aforesaid cutback in the exports and partly due to the seller-enforced purchases of Raw Material. For, the company is presently placed in a sellers-market in so far as its requirements of Rough Blocks and stores and spares etc., are concerned.

3. Dividends:

The present financial position of the company does not permit recommendation of any dividend.

**4. FIXED DEPOSITS:**

The Company did not accept any Fixed Deposits from the public during the year 2007-2008.

5. COMPLIANCE WITH ACCOUNTING STANDARDS:

Pursuant to the Clause 32 of the Listing Agreement with the Stock Exchanges and the Accounting Standard (AS-22) in terms of Section 211 (3A) of the Companies Act, 1956, a statement on Deferred Tax Assets and Liabilities, likewise a Cash Flow Statement prepared as per AS-3 are annexed to the accounts for the year 2007-08.

There are no 'Related Party Transactions' to be reported under AS -18.

6. PARTICULARS OF EMPLOYEES Pursuant to section 217 (2A) of the Companies Act 1956 : Nil.**7. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- that in the preparation of the Annual Accounts for the year ended March 31, 2008 the applicable accounting standards have been followed along with proper explanations relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgment 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 31-03-2008 and of the profit or loss of the company for that period;
- that the Directors had 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 frauds and other irregularities;
- that the Directors had prepared the annual accounts on a 'going concern' basis.

8. POLLUTION CONTROL:

Necessary arrangements and measures for control of water, air and other environmental borne-pollutions are in place and are being continuously updated. 'No Objection Certificates' from the Pollution Control Board are also being obtained in the matter regularly.

9. AUDITORS:

The present Statutory Auditor's, term expires at the ensuing Annual General Meeting. You are now to appoint the Statutory Auditors for the current year and authorise the Board to fix the auditors' remuneration. M/s. I. Sudhaker & Co., Chartered Accountants, being eligible have indicated their availability for re-appointment. As required under the provisions of section 224 of the Companies Act, 1956, the company has also obtained a written certificate from them to the effect that their re-appointment, if made, would be in accordance with the limits specified in sub-section (1B) *ibid*.

10. CHANGES IN THE BOARD OF DIRECTORS:**a) Resignations**

Sri L. Hanumanth Reddy resigned, effective from 31-01-2008, as Director on health grounds. The Board places on record its warm appreciation of the invaluable services rendered by him, as promoter-director, uninterruptedly for well over 18 years.

Similarly Sri A. Srinivas Reddy, who was earlier appointed as the Executive Director (ED), tendered his resignation as ED, effective from 21-04-2008. Now he continues only as a director.

**b) Retirements and Appointments**

- Sri A.Hanimi Reddy, who was earlier appointed as Managing Director for a period of 5 years at the 14th AGM, is due for retirement at the ensuing AGM. He has been functioning as such since 21-02-1994. Your Directors recommend his reappointment, firstly as Director and then as Managing Director for a further term of 5 years. Therefore your approval for agenda item nos. 3 & 6 (of the Notice convening the 19th AGM) is requested.

- Sri.C.Saya Reddy was earlier co-opted on 28-10-2005 as Director in the casual vacancy caused due to the sad and sudden demise of late G.V.Venkat Reddy. The latter was earlier appointed as a Director, subject to retirement by rotation, at the 16th AGM. So Sri C.Saya Reddy lays down his office as director at the ensuing AGM.

It may be stated that your Company is in receipt of a proper notice, under Section 257 of the Companies Act, 1956, along with the required deposit in cash and the consent of the candidate, for appointment of Sri C.Saya Reddy as director subject to retirement by rotation. Your approval in the matter is requested.

- Sri M. Ranga Reddy was coopted as an additional director on 21-04-2008. So he lays down his office at the ensuing AGM.

It may be stated that your Company is in receipt of a proper notice, under Section 257 of the Companies Act, 1956, along with the required deposit in cash and the consent of Sri M.Ranga Reddy, for his appointment as director subject to retirement by rotation.

11. CAUTIONARY STATEMENT:

Statements in this Report, particularly those relating to the Outlook, Management Discussion and Analysis, the Company's objectives, projections, estimates, expectations etc are mere assessments. They may at best constitute 'forward looking statements' within the meaning of applicable laws and regulations, if any. As such the actual results might differ materially from those either expressed or implied.

12. ACKNOWLEDGEMENT:

We thank the Central and State Government authorities, the Andhra Bank, the sister units in the Industry and all the customers and suppliers for their kind co-operation and support. We also place on record our appreciation to all the employees for their dedicated service during the previous year.

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

Place: Secunderabad
Date : 25-07-2008

Sd/-
Y.KESAVA KRISHNA
Chairman