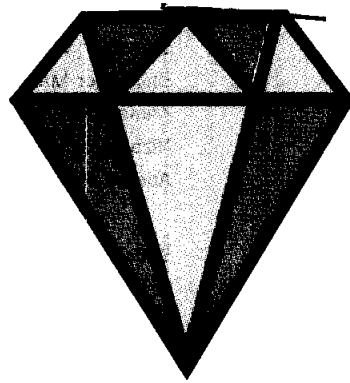


## **11th Annual Report 1999-2000**



Report  junction.com

## **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.

Report



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 11th Annual General Meeting of Vajra Granites Limited will be held on Monday, the 12th June, 2000 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, 2000 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 reappointment ;
3. To appoint a Director in place of Sri L. Hanumanth Reddy, who retires by rotation and being eligible, offers himself for reappointment;
4. To 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 eleventh 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,

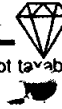
#### SPECIAL BUSINESS :

5. 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, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that on the expiry of his present term of appointment by 31.05.2000, Sri M. Chandra Bhushan be re-appointed as Executive Director of the company for a further period of five years with effect from 1st June, 2000, on the terms & conditions as detailed below and subject to the limits as regards to payment of remuneration as set-out in Schedule XIII of the Companies Act, 1956 :

- 1) Remuneration payable to him :
  - a) **Salary** : Rs. 10,000/- per month (including dearness & Other allowances.)
  - b) **Commission** : Remuneration by way of commission will also be allowed in addition to salary & perquisites. The amount of it based on the net profits of the Company, 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.
  - 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 Executive Director.  
In case the Company does not provide accommodation to him, the HRA will be paid by the Company to the Executive Director as above, However where the accommodation in the Company owned house is provided 10% of the salary of the Executive Director shall be deducted by the Company.  
**Explanation** : Any 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 Executive Director.
  - ii) **Medical Reimbursement** : Reimbursement of expenses incurred for himself 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** : He is eligible for Leave Travel Concession for himself and family, once in a year incurred in accordance with the Rules of the Company.  
**Explanation** : Family means the spouse, dependent children and dependent parents.
  - iv) **Club Fees** : He is eligible for reimbursement of fees of club subject to a maximum of two clubs. No admission and life membership fees will be paid.
  - v) **Personal Accident Insurance** : He is also eligible for Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 4000/- per annum.
  - vi) a. Company's contribution towards Provident Fund be as per the Rules of the Company.  
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**

## Vajra Granites Limited



of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act.

- vii) Gratuity payable shall not exceed half a month salary for each completed year of service.
  - viii) a. 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.
  - b. In the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid remuneration by way of salary and perquisites as specified in Schedule XIII of the Companies Act, 1956.
  - ix) Leave : Privilege leave : Permissible on full pay and allowances as per the Rules of the Company. Encashment of 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.
6. To consider and if thought fit, to pass with or without modifications, the following as Special Resolution :
- " Resolved that as permissible under section 21 of the Companies Act, 1956, the existing name of the Company be altered as SRI VAJRA GRANITES LIMITED and that the Managing Director be and is hereby authorised to take all necessary steps for the purpose. "

### ANNEXURE TO THE NOTICE : Explanatory Statement : Item No. 5:

The Present tenure of appointment of Sri. M. Chandra Bhushan, Executive Director expires by the end of May, 2000. The Directors recommend his re-appointment as Executive Director of the company for a further period of 5 years with effect from 1st June, 2000 on the existing terms and conditions, remuneration and perquisites and as setout in the Resolution vide item No. 5 of the Agenda.

**MEMORANDUM OF CONCERN OR INTEREST** : None of the Directors except Sri M. Chandra Bhushan is interested / concerned in the proposed resolution.

Hence the resolution setout in the Notice is for your approval.

### ITEM NO. 6 : Explanatory Statement : Item No. 6 :

Quite a few members of the Company for sometime past have been consistently expressing their strong desire that the company's existing name be altered as Sri Vajra Granites Limited.

According to section 21 of the Companies Act, 1956, the members are competent to alter so with the approval of the Registrar of Companies by passing a Special Resolution to that effect.

None of the directors is interested in the proposed Resolution.

So the Special Resolution set out as item No. 6, of the Agenda in the notice is now for your approval.

### 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) Explanatory statements pursuant to section 173(2) of the Companies Act, 1956 in respect of the items of special Business mentioned above are annexed hereto.
- 3) The Register of Members and Share Transfer Books of the Company will remain closed from 07.06.2000 to 12.06.2000 (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 : 22-04-2000

(S. SURYANARAYANA)  
Company Secretary



## Vajra Granites Limited

### DIRECTORS' REPORT

Your Directors present their 11th Annual Report and Audited statement of accounts of the Company for the financial year ended 31st March, 2000.

### FINANCIAL RESULTS

(Rs. in lacs)

	Year ended 31.03.2000	Year ended 31.03.1999
Sales and other Income	785.64	694.85
Profit / (-Loss) before Depreciation & Int. & fin. charges etc.	-74.93	-102.94
Less : depreciation	74.63	74.22
Interest	156.00	216.55
Profit/(- Loss) before taxation :	-230.63	-290.77
Less : Provision for taxation	---	---
Profit/(-Loss) for the year	-305.56	-393.71
Adjustments relating to previous year	-0.47	2.25
Profit.(- Loss) brought ) forward from previous year )	-287.02	104.44
Surplus / ( - Deficit) Carried to Balance sheet	-593.05	-287.02

### OPERATIONS :

From the foregoing, it would be seen that your Company achieved sales and other income of Rs. 785.64 lakhs during the year ended 31st March, 2000 as against Rs. 694.85 lakhs for the earlier year ended 31st March, 1999. This accounts for an increase of Rs. 90.79 lakhs in sales i.e. by 13% over that of the year 1998-99. For the financial year 1999-2000, the company incurred a loss of Rs. 74.93 lakhs before depreciation and interest and Rs. 305.56 lakhs after providing for depreciation and interest. The accumulated losses of the company upto 31-03.2000 amounted to Rs. 593.05 lakhs.

### REFERENCE TO THE BIFR

You are aware that by the end of the first half of the financial year 1999-2000, your Company had become a "Sick Industrial Company" in that as on 30-09-1999, the accumulated losses of your company at Rs. 469.47 lakhs far exceeded its networth of Rs. 435.94 lakhs. (i.e. its paidup capital of Rs. 435.94 lakhs plus free reserves of Rs. Nil). attracting the provisions of section 15 of the SICA, 1985. So, pursuant to the decision taken at the Extraordinary General Meeting held on 13-11-1999, a reference was made to the Board for Industrial and Financial Reconstruction (BIFR) on 10-12-1999 for determination of the appropriate rehabilitation and remedial measures which should be taken with respect to your company. The company's reference was registered as case no. 47/2000 by the BIFR.

The issue is likely to comeup for hearing before the BIFR in the near future.

**PROBLEMS** As in the past few years, during the year under report also, your company had to weather quite a few crises on several fronts like procurement, marketing, finance etc. We dwell on a few of them below.

#### A) NON-AVAILABILITY OF QUALITY RAW BLOCKS :

At the time of settingup of your company's processing plant, it was envisaged that adequate quantities of rough blocks would be available, in as much as the then Government of India's

## Vajra Granites Limited



avowed policy was to allow the export of only value added products of granite, and not rough blocks. However on account of the volte-face in the Government of India's policy, the granite-quarrying-units are not only being liberally permitted to directly export the rough blocks but they are also being extended all the export benefits initially meant only for the granite processing units. This naturally very badly affected the performance of the Export Oriented Processing Units like yours in several ways. To elaborate, direct export of rough blocks to our competitors' processing units in Italy, Germany, Spain, etc. are on the increase; quantity of rough blocks sold in inland are steeply cut down; there is a steep hike in inland sale prices of rough blocks on par with those prevailing in the International Market; sudden withdrawal of the 90 days to 120 days credit which the quarry-owners earlier used to allow to your company, forcing it to buy its raw material requirements only from their leftovers and rejected stocks--that too not only at exorbitant prices but also on cash-and-carry basis.

### B) MARKETING PROBLEMS :

During the year under report also, there was a fall in the average realisation price for your products in the International Market, on account of the recent growth in competition from other countries like Taiwan, Korea, Spain, Brazil, South Africa, China, Thailand, Iran, Turkey, etc. Added to this, there is a heavy concentration of granite processing units in and around Andhra Pradesh, on account of which your company had to face a stiff cut-throat price-war from its local competitors as well, forcing it to fall in line with them--either in lowering its sale prices and / or offering more than normal periods of credit or in taking lenient view even in cases of delayed payments by your buyers, all as a measure of sheer survival. Thirdly, there was the usual competition from the small and the medium scale units in the A.P., which could improve their exports through traders at comparatively lower prices on account of their low capacity and production costs.

### C) FINANCIAL PROBLEMS :

The foregoing problems and the world-wide recessionary trend which lasted till very recently, had their own toll on your company's performance and finances as well. To further add to its woes, your company's buyers inordinately delayed the payment of their bills, on account of which your bankers denied it or froze the bill discounting and working capital facilities of the Company. As mentioned earlier your suppliers stopped extending any credit and were insisting on cash-and-carry system. Thus your company was hit from all sides for no fault of its own.

In the above back drop, your company's performance during the year under report was far from satisfactory.

### Future Prospects :

During the year 1999-2000, your company could exploit on a commercial scale its quarries in Orissa and at Warangal which, to start with, yielded as much as 564 Sq. mts. of Polished slabs valued at Rs. 57 lakhs. Given time, your company should gradually be in a position to meet increasing quantities of its raw materials to that extent. Further, we are glad to report that during the last quarter of the year, there was a perceptible pickup in our exports also.

Now that on one side the clouds of global recession are gradually receding and there are strong signs of your company's efforts to substitute its rough block needs by supplies from its own quarries are yielding concrete results on the other your company should be in a position to tide over the twin problems of sluggish export market and non-availability of adequate quantities of rough blocks to a large extent. Added to this, if only your company were to win back the helping hand of the financial institutions and your bankers and get some reliefs possibly under the aegis of the BIFR, it should augur well and your company should become viable and come back to health, over a period of the next couple of years or so.