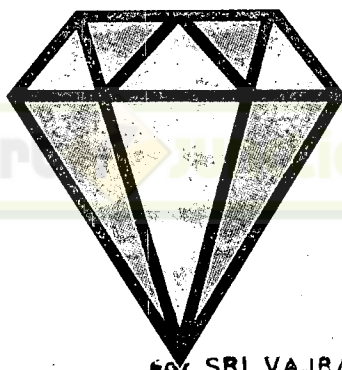


Sri Vajra Granites Limited



for SRI VAJRA GRANITES LTD.

Company Secretary

20th Annual Report 2008-09

Sri Vajra Granites Limited**C O N T E N T S**

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Sri Vajra Granites Limited

BOARD OF DIRECTORS

Sri K.S.Kameswara Sarma (AD*)
 Sri Y.Kesava Krishna
 Sri C. Saya Reddy
 Sri M.Ranga Reddy
 Sri Mathesh Reddy Kami Reddy
 Sri Naveen Kumar Mahenderkar (AD*)
 Smt. A.Leela (AD*)
 Late A.Hanimi Reddy (MD**)
 Sri A.Srinivas Reddy (MD**)
 * Additional Director
 ** Managing Director

Chairman (since 30.06.2009)
 Chairman (up to 5.5.2009)
 Director
 Director
 Director
 (since 29.06.2009)
 (from 09.02.2009 to 08.04.2009)
 (up to 18.03.2009)
 (since 09.04.2009)

REGISTERED OFFICE :

6-3-347/22/10/2, Flat No: 202, 2nd Floor,
 Sai Villa Apartment, Dwarakapuri Colony,
 Punjagutta, Hyderabad – 500 082.
 Tel : +91-40-23355695
 Fax : +91-40-23352830
 Email: svgl@sify.com &
Svgl_complaints@sify.com
 Website: www.srivajragranites.com

SECRETARY & COMPLIANCE OFFICER:

S.Suryanarayana
 Company Secretary
 6-3-347/22/10/2, Flat No: 202, 2nd Floor,
 Sai Villa Apartment, Dwarakapuri Colony,
 Punjagutta, Hyderabad – 500 082.
 Tel : +91-40-23355695

PLANT LOCATION:

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

AUDITORS:

I. Sudhaker & Co.,
 Chartered Accountants,
 Flat No. 115, Amrutha Ville,
 6-3-1091/13/ to 15,
 Somajiguda, Rajbhavan Road,
 Hyderabad – 500 082
 Tel : +91-40-23311017

BANKERS:

Andhra Bank,
 Kamareddy Branch,
 Kamareddy.

SHARE TRANSFER AGENTS:

Bigshare Services Pvt. Ltd.
 G-10, Left Wing, Amrutha Ville,
 Opp. Yashoda Hospital,
 Rajbhavan Road, Somajiguda,
 HYDERABAD – 500 082.
 BP Id : IN200117



Sri Vajra Granites Limited

NOTICE

To

All the Members,

Notice is hereby given that the 20th Annual General Meeting of Sri Vajra Granites Limited will be held on Tuesday, the 29th day of September, 2009, at 11.00 A.M at Sri Sundarayya Kala Nilayam, 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and approve the Audited Balance Sheet as on 31st March, 2009 and the Profit & Loss Account for the year ended 31st March, 2009, together with the Directors' and Auditor's Reports thereon
2. To appoint a Director in place of Sri Mathesh Reddy Kami Reddy, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s. I. Sudhaker & Co., Chartered Accountants, Flat No. 204, Amrutha Ville, 6-3-1091/13/ to 15, Somajiguda, Rajbhavan Road, Hyderabad-82 A.P., the retiring auditors, as the Statutory Auditors of the Company, to hold office from the conclusion of the 20th Annual General Meeting (AGM) until the conclusion of the 21st AGM and to authorize the Board of Directors/the Audit Committee of the Board to fix the remuneration of the Auditors and reimbursement of the actual out of pocket expenses as may be incurred in the performance of their duties.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification(s) the following Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956 and such other applicable statutes, Sri K.S Kameswara Sarma, 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 Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956 and such other applicable statutes, Smt. A.Leela, 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 Special Resolution:
"RESOLVED THAT pursuant to the statutory requirement under subsection (1) of part III of Schedule XIII to the Companies Act, 1956, post approval by a resolution of the Shareholders at this 20th Annual Meeting of the Company be and is hereby given to ratify the following resolution earlier adopted by the Board of Directors at their meeting held on 9th April 2009, appointing Sri A.Srinivas Reddy as the Managing Director of the Company.
"RESOLVED THAT, based on the recommendations of the Remuneration Committee and the Board of Directors of the Company (vide their resolutions dated 2nd April 2009 and 9th April 2009 respectively), subject to the provisions of Sections 198, 269, 302, 309 & 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) the post consent of the Shareholders of the Company, by way of Special Resolution, be and is hereby given to the appointment of Sri A.Srinivas Reddy as the Managing Director of the Company, for a period of five years effective from 9th April 2009 on the following terms and conditions":

Terms and Conditions:

1. Period of appointment: Five years with effect from 9th April 2009.
2. Remuneration payable: Salary be fixed initially at Rs.45,000/- per month, automatically raising the basic salary by annual increments each at Rs. 4,500/- subject to the provisions of all applicable Sections and Schedule XIII of the Companies Act, 1956 and Income Tax Act 1961.
3. Perquisites payable as under:
 - (a) Residential Accommodation: Rent-free-leased-accommodation on which the expenditure incurred by the company shall be subject to a ceiling of 60% of the salary. This is subject to the recovery of 10% of the salary of the appointee.

Sri Vajra Granites Limited



If the Company does not provide accommodation to him, HRA at 30% of salary will be paid as in the case of all other employees of the Company.

(b) Contribution to Provident Fund, Superannuation Fund and Gratuity:

- i) Company's contribution to Provident Fund and Superannuation Fund shall not exceed 25% of the salary.

The excess of such contribution 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 other perquisites.

- ii) Gratuity as per the payment of Gratuity Act or Company's Gratuity Scheme, whichever is higher.

iii) Other Perquisites:

- (a) Personal accident insurance premium shall not exceed Rs. 4,000/- per annum

- (b) Medical Reimbursement for self and family equivalent to one month salary in a year or three months salary in a block of three years.

- (c) Club Fees: Fee payable is for one club in India. No admission and life membership fees will be paid.

- (d) Provision of Car, Driver, Cell Phone, Internet connection and Fax facilities and 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 the appointee.

- (e) Leave Travel Concession: Travel expenses incurred in this regard for his self and family, once in a year, not exceeding one month salary, will be allowed.

- (f) The appointee will also be entitled to casual leave and sick leave as per the leave Rules of the Company.

- (g) The Company will reimburse the entertainment, traveling and other expenses actually incurred by him for the business of the Company.

The perquisites shall be evaluated at cost to the Company and where such evaluation is difficult, they shall be evaluated as per the Income Tax Rules.

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 modification(s) or reenactment(s) thereof for the time being in force or otherwise as may be permissible at law.
5. The appointee is not eligible to draw sitting fee for attending the meetings of the Board/ Committees thereof.
6. Notwithstanding anything stated herein, where in any financial year during the currency of the tenure of the appointee the Company has no profits or its profits are inadequate, the company will pay him remuneration and perquisites not exceeding the limits stipulated in Schedule XIII of the Act, including any statutory modification(s) thereof for the time being in force.
7. The contract of appointment is terminable by either party by issuing three months notice.
8. The appointee shall carryout all the functions and duties as Managing Director as are expected of him, under the Companies Act 1956 and such other duties as may be delegated / entrusted to him from time to time by the Board of Directors.
9. Further the appointee shall not be subject to retirement by rotation during his tenure as Managing Director. However whenever so as to comply with the provisions of the Articles of Association of the company and the Companies Act, 1956, if it is so required he shall be liable to retire by rotation, if, at any time, the number of non-rotational Directors exceeds one – third of the total number of Directors. If he is re-appointed as Director immediately after such retirement by rotation, he shall continue to hold his office of Managing Directorship and such retirement and re-appointment shall not be deemed to constitute a break in the tenure of his appointment".

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

Sd/-

S.Suryanarayana
Company Secretary.

Hyderabad
Date:29.07.2009



Sri Vajra Granites Limited

ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT Pursuant to Sec 173(2) of the Companies Act, 1956.

Note on Item no. 4:

Sri K.S Kameswara sarma is born on August 26th, 1930. He is a Commerce Graduate and Fellow Member of the Institute of Chartered Accountants of India (FCA). His experience in the Managerial areas of Finance, Accounting, Auditing, Internal Audit, Financial planning, Budgeting, Cost Accounting, Income Tax related matters etc, spans over 50 years. His services covered both the private sector like Panyam Cements & Mineral Industries Ltd, and Syamalamba Engineering Industries Pvt Ltd and also the joint venture undertakings of A.P. State Small Scale Industries as Nominated Director and in the Andhra Pradesh State Road Transport Corporation as its Deputy Chief Accounts officer, Chief Internal Auditor, Financial Adviser & Chief Accounts Officer etc.

He served as Member of Association of the State Road Transport undertakings under the Ministry of Shipping and Transport of Government of India.

Earlier Sri Sarma was co-opted as an Additional Director on your Board of Directors on 30.06.2009 u/s 260 of the Companies Act, 1956. So his tenure is coextensive with the date of the 20th AGM.

Now your Company is in receipt of a Notice u/s 257 for his appointment as a Director subject to retirement by rotation, along with cash receipt of Rs 500/- towards the deposit payable and Sri Sarma's consent letter.

He does not suffer from any disqualification u/s 274. He is not on the Boards of any other Companies. He does not hold any shares in your Company. No other Director is interested either directly / indirectly in his appointment as above.

The Board seeks your approval for his appointment as a Director subject to retirement by rotation at the ensuing 20th AGM of the Company.

Note on Item no. 5:

The Company is in receipt of a Notice under Section 257 of the Companies Act 1956, proposing Smt A. Leela's appointment at the 20th AGM as a Director subject to retirement by rotation, along with a deposit of Rupees Five Hundred in cash. She also gave her willingness in the matter.

Smt A. Leela is born on 01.01.1957 and belongs to the Promoters' Group, being the wife of late A. Hanimi Reddy, the immediately previous Managing Director. She is also the mother of A. Srinivas Reddy, the present Managing Director. She holds 726893 (10.01%) fully paid up Equity shares of Rs10/- each, in your Company.

She also acted as Additional Director of the Company from 9th February 2009 to 8th April 2009.

She does not suffer from any disqualification under Section 274 of the Companies Act 1956.

Except herself and A. Srinivas Reddy, no other Director is interested directly / indirectly in the matter.

Your approval in the matter is requested.

Note on Item no. 6:

Sri A. Srinivas Reddy is born on 14/11/1980. He is a Graduate in Computer Science Engineering from the Osmania University, Hyderabad. Further he did his M.S. in Computer Science from Illinois Institute of Technology, Chicago, U.S.A. He earlier worked with Finaplex Verizon and Cellmania for a period of three years.

Sri Vajra Granites Limited



Details of shareholding of the members of his family :

Name	Relationship	No of Shares	Percentage
A.Hanimi Reddy(late)	Father	1546972	21.30
A.Leela	Mother	726893	10.01
A.Sudhakar Reddy	Brother	921573	12.69
A.Namratha	Sister	40000	0.55
Total		3235438	44.55

Earlier Sri, A.Srinivas Reddy also worked as Executive Director in the Company from 24-09-2007 to 20-04-2008. However he continued to be a Director on the Board. Sri A.Srinivas Reddy is not a Director in any other Company. He does not suffer from any disqualifications under Section 274 of the Companies Act, 1956. He does not hold any shares in your Company.

The Remuneration Committee took note of the financial position of the company, trend in the Industry, appointee's qualification, experience, his past remuneration and tried to bring about objectivity in determining his remuneration package.

None of the Directors, except Sri A.Srinivas Reddy and Smt A. Leela may be treated as interested directly / indirectly in the Agenda items 5 & 6. (She as his mother becomes interested once she is appointed as Director in terms of Agenda item 5).

Members are therefore requested to give their approval, by way of Special Resolution, to the Agenda item 6.

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

Sd/-

Hyderabad
Date:29.07.2009

S.Suryanarayana
Company Secretary.

Data concerning the new Directors / reappointment of Directors (pursuant to para IV G(1) of Clause 49 of the Listing Agreement)

Particulars	Sri Mathesh Reddy Kami Reddy	Sri K.S.Kameswara Sama	Smt A.Leela	Sri A.Srinivas Reddy
Date of Birth	21.03.1958	26.08.1930	01.01.1957	14.11.1980
Date of appointment	18.01.2003	Additional Director since 30.06.09 Seeking Regular appointment now	Additional Director from 09.02.2009 to 08.04.2009 Seeking Regular appointment now	24.07.2007 to 20.04.2008-ED since 21.04.2008 as Director & since 9.04.2009 as MD
Qualifications	M.Com., FCA	B.Com., FCA	-	M.S in Computer Science (USA)
Expertise in Specific functional areas	Audit, Accounting, Finance & Management for the past 22 years	Audit, Accounting, Finance & Management for the past 51 years	Granite Industry	Computerized Management control
Chairmanship / Directorship in other companies	Nil	Nil	Nil	Nil
No of shares held in the Company	Nil	Nil	726893 fully paid up equity shares of Rs 10 each (10.01%)	Nil

Note: As to the Disclosure of relationships between Directors inter-se, the Disclosure of Memorandum of Interest given at page 6 may please be seen.



Sri Vajra Granites Limited

DISCLOSURE OF MEMORANDUM OF INTEREST (DMI)

The aforementioned data viz Resolution Nos 5&6, the terms and conditions relating to Sri A. Srinivas Reddy's appointment as the Managing Director with effect from 9th April 2009, the Explanatory statement u/s 173 of the Companies Act, 1956 as set out in the Notice at page no.s 2 to 5 of this Annual Report may be treated as the DMI, pursuant to sub-sections 1,2 & 4 of Section 302 of the Companies Act ,1956.

The contract for the appointment of Sri A.Srinivas Reddy as above is kept at the Registered Office of the Company. It is open for inspection of any Member of the Company. Extracts may be taken therefrom (and copies thereof as may be acquired on payment of the statutorily prescribed fee) on all the working days of the Company between 11.00 A.M to 1.00 P.M (excepting on Saturdays & Sundays) upto and including 28th September 2009.

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

Sd/-

Hyderabad
Date:29.07.2009

S.Suryanarayana
Company Secretary.

NOTES : FOR MEMBERS ATTENTION:

- 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.**
- Members are requested to send their queries, if any, particularly on the accounts under approval, to the Company's Registered Office at least ten days before the date of the 20th AGM, so that the required information can be readily made available at the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 21.09.2009 to 29.09.2009 (bdi).
- Members are requested to notify immediately the changes, if any, in their addresses, quoting their Registered Folio number, to the Company's Registrars and Transfer Agents (RTAs).
- Pursuant to Section 109A of the Companies Act, 1956 the Members can make nominations in respect of 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).
- Members are requested to bring their copies of the 20th Annual Report along with them to the Meeting. No copies of the 20th Annual Report will be further given since they are already dispatched to all the Members.
- For the convenience of the Members, attendance slip is enclosed elsewhere to the Annual Report. Members/Proxy Holders/Authorised Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue. Proxy/Authorised Representatives of a Member should state on the attendance slip as 'Proxy' or Authorised Representative' as the case may be.
- 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.
- All documents including the terms and conditions of Sri A.Srinivas Reddy's appointment 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 and including 28th September 2009.

Sri Vajra Granites Limited



DIRECTORS' REPORT

To
The Shareholders,
Sri Vajra Granites Ltd.

Your Directors present their 20th Annual Report, together with the Audited Balance Sheet as on 31-03-2009; and the Profit & Loss Account, for the year ended 31-03-2009, together with the Schedules 1 to 16 attached thereto; the Cash Flow Statement and the Statutory Auditor's Report on the said financial data.

2. FINANCIAL RESULTS/ DATA

PARTICULARS	Rs. in Lakhs	
	Year ended 31.03.2009	Year ended 31.03.2008
1. Gross Sales	1211.86	1372.04
Less Excise duty	-13.99	-13.04
2. Net Sales	1197.87	1359.00
3. Operating Expenditure	1334.78	1224.08
4. Profit/-Loss Before Depreciation, Interest & Provision for Tax (PBDIT)	-136.91	134.92
5. Depreciation	-52.13	-91.13
6. Interest	-44.25	-38.07
7. Profit/Loss before provision for taxes & Prior period Adj. Net & other income	-233.29	5.72
8. Other Income	12.74	1.46
9. Prior Period Adj.Net	157.99	-0.56
10.Profit Before Tax	-62.56	6.62
11.Provision for taxes	-1.29	-1.90
12.Net Profit for the year	-63.85	4.72
13.Balance Brought forward from previous year	560.49	555.77
14.Balance carried to Balance Sheet	496.64	560.49
15.Capital Reserve(State subsidy)	24.99	17.67
16. Share Capital	726.28	726.28
17.Net worth	1247.91	1304.44

The data presented above and elsewhere in this Report, disclose that during the Financial Year (FY) 2008-09 under report, your Company's gross sales at Rs 1211.87 lakhs were down by Rs 160.17 lakhs, compared to the fall by Rs 446.22 lakhs during the FY 2007-08. The FY 2008-09 ended with a loss (before PBT and Prior period adjustment and other income) of Rs.233.29 lakhs. Of this loss of Rs 233.29 lakhs, Rs.100.20 lakhs loss (42.95%) was alone on account of depletion in the value of the stock-in-trade, and the balance of Rs 133.09 lakhs was on account of the drop in the Average Net Sale Prices (ANSP) per SQM by Rs. 248.56 (11.83%). While the ANSP of the processed slabs per SQM sold during the FY 2007-08 was Rs 2100.94, it was only Rs. 1852.38, during the FY 2008-09, the quantities sold being 65306 SQM and 65422 SQM during Financial Years 2007-08 and 2008-09 respectively.



Sri Vajra Granites Limited

One can visualize how bad the crippling effect of the ongoing melt down in general on the Global Economy was and in particular how much worse the adverse effect of the slide down in the US Economy was on your Company's performance. In this context, it is noteworthy that recently the Government was forced to go out of its way and order a rebate of 40% and 20%, during the first year and second year respectively on the royalties payable to the Government by the Granite firms on the quantities of Granite Rough blocks as may be lifted by the latter (Eenadu dated 16.05.09 page 6). Unfortunately Government's such relief would be limited to such of the few Granite firms as are fortunate enough to obtain the quarries on lease, but not to others such as your Company. Judged in the above context, your Company's performance during the FY 2008-09 can not be faulted. For, without there being any substantial variation either in the quantities manufactured or sold or in the ratio of Exports and the DTA sales, the ANSP fell by Rs 248.56 during the FY 2008-09. It is thus beyond the control of your Company. Further there was depletion in the value of Stock-in-Trade by Rs 100.20 lakhs. The plummet in the performance of your Company would have been still worse but for the continuously upping trend in the Exchange value of the US Dollar vis a vis the Indian Rupee, during these days.

Now a word about the income of Rs. 157.99 lakhs appearing as item 9, "Prior Period Adj.Net". It represents among other things the profit arrived at after due adjustments relatable to the unaccounted sales of Rs. 241.29 lakhs, found by the DRI in November 2007. These sales were made during the years 2005-08, when Sri A.Hanani Reddy was the Managing Director. This was not brought to the notice of the Board of Directors / and the Company Secretary. He died in harness on 18-3-2009. It is only during the tenure of the present Managing Director in June 2009, the fact was brought to the notice of the Board. Thereupon, the Board immediately swung into action to safe guard and secure the interests of the Company. It debited the total amount of unaccounted sales to the personal account of late Hanani Reddy. It also simultaneously obtained the written consent and willingness from the Present Managing Director and all his family members to reimburse the said amount to the Company. Against the said amount so debited, an amount of Rs. 65.41 lakhs paid by Hanani Reddy, to some of the suppliers of the Company, from his pocket while he was alive, and as also an amount of Rs. 8.40 lakhs standing to his credit under the head "Advance Against Share Capital" were credited to his personal account. The balance amount of Rs. 167.48 lakhs still due from Hanani Reddy's family is shown included under the head "Other Advances/VAT Refundable" in Sch. 7 at page 29 of this 20th Annual Report.

3. **Dividends** : Your Company is not in a position to recommend any dividend.

4. **FIXED DEPOSITS:**

The Company did not accept any Fixed Deposits from the public during the FY 2008-2009.

5. **COMPLIANCE WITH THE ACCOUNTING STANDARDS:**

Pursuant to 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 2008-09.

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, 2009 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