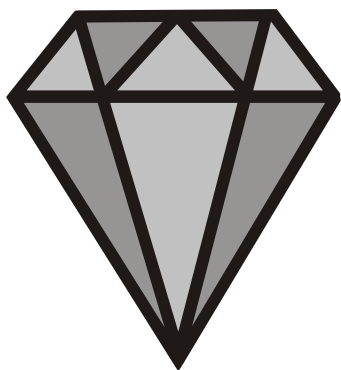


Sri Vajra Granites Limited



24th Annual Report 2012-13



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Sri Vajra Granites Limited

BOARD OF DIRECTORS :

Sri K.S.Kameswara Sarma
Sri. A. Srinivas Reddy
Sri C. Saya Reddy
Sri M.Ranga Reddy
Sri Mathesh Reddy Kami Reddy
Smt. A.Leela

Chairman
Managing Director
Director
Director
Director
Director

REGISTERED OFFICE :

Sri Vajra Granites Limited,
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: svrvg1@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

WORKS:

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

STATUTORY 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.
306, 3rd Floor, Right Wing, Amrutha Ville,
Opp. Yashoda Hospital,
Rajbhavan Road, Somajiguda,
HYDERABAD - 500 082.
BP Id : IN200117
Tel : +91-40-23374967



NOTICE

Dear members,

Notice is hereby given that the 24th Annual General Meeting (AGM) of Sri Vajra Granites Limited will be held on 26th day of September, 2013, at 11.30 A.M at Sundarayya Vignana Kendram, 1-8-1/B/25/A, Baghlingampally, Hyderabad to transact the following:

ORDINARY BUSINESS:

1. To receive, consider and approve the Audited Balance Sheet as on 31st March, 2013 and the Statement of Profit & Loss for the year ended 31st March, 2013, together with the Directors' and Auditors' Reports thereon:
2. To appoint a Director in place of Sri M.Ranga Reddy, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Sri K.S. Kameswara Sarma, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint the Statutory Auditors of the Company, from the conclusion of the 24th AGM until the conclusion of the 25th AGM and to authorize the Board of Directors / the Audit Committee to fix the remuneration of the Statutory Auditors.

NOTES: FOR MEMBERS ATTENTION:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE AGM. APPOINTING A PROXY DOES NOT PREVENT A MEMBER FROM ATTENDING THE MEETING IN PERSON IF HE / SHE SO DESIRES.**
2. Members are requested to send their queries if any, on the accounts under your approval, to the Company's Registered Office at least a fortnight before the date of the 24th AGM.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2013 to 26.09.2013 (bdi).
4. Members are requested to notify immediately the changes, if any, in their address, quoting their Registered Folio number, to the Company's Registrars and Transfer Agents (RTAs).
5. Pursuant to Section 109A of the Companies Act, 1956, the Members can make nominations in respect of shares held by them, by sending such nominations, either to the company or its RTAs, in duplicate, in Form 2B (which can be obtained from the company's RTAs).
6. Members are requested to bring without fail their copies of the 24th Annual Report (AR) to the Meeting.
7. Members/Proxy Holders/Authorised Representatives are requested to fill in and affix their signatures at the space provided in the enclosed attendance slip and to handover the same at the venue of the AGM. They should state on the attendance slips whether they are 'Proxies' or Authorised Representative's as the case may be.
8. Members who hold shares in electronic form are requested to write out the Client Id & DP Id allotted to them. Similarly those who hold shares in physical form are requested to write their Folio Number in the attendance slip.
9. All documents referred to in this Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 A.M. to 1.00 P.M., upto and including 16.09.13 to 26.09.2013.

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

Place: Hyderabad
Date: 29.05.2013

Sd/-
K.S.Kameswara Sarma
Chairman



Sri Vajra Granites Limited

DIRECTORS' REPORT

To
The Shareholders,
Sri Vajra Granites Ltd.

Your Board of Directors present hereunder their 24th Annual Report. It is accompanied by all the documents as required under the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange Ltd.

OPERATIONAL AND FINANCIAL REVIEW

Rs. in Lakhs

PARTICULARS	31.03.2013	31.03.2012
1. Revenue from operations	1412.78	1262.36
2. Other Income	1.62	5.34
3. Total (1+2)	1414.40	1267.70
4. Expenses		
Cost of Raw material consumed	577.17	664.98
Purchase of stock In trade	0	5.28
Changes in stock	45.92	-99.88
Employee Benefit Expenses	120.19	105.86
Finance Cost	33.49	35.33
Depreciation	47.75	52.54
Other Expenses viz		
Manufacturing Expenses	413.35	413.33
Administrative Expenses	7.20	7.83
Other Miscellaneous Expenses	38.83	47.85
Auditors Remuneration	1.60	1.27
Selling Expenses	67.76	84.46
Bad debts Written off	47.65	0
Total Expenditure	1400.91	1318.85
Profit / Loss	13.49	-51.15
Exceptional Items	-35.03	2.09
Profit Before Extraordinary Items	-21.54	-53.24

From the table it is clear that the sales during the Year 2012-13 increased by Rs. **150.42 Lakhs**. The cost of Raw material fell by Rs. **87.81 lakhs**. Total Expenditure increased by Rs.82.06 lakhs from Rs. 1318.85 lakhs to Rs. 1400.91 lakhs.

Dividends: Your Directors are not in a position to recommend any dividend for the FY 2012-13.

PUBLIC DEPOSITS: The Company did not accept any Fixed Deposits falling under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules 1975 during the year 2012-2013.

DIRECTORS: Sri M. Ranga Reddy and Sri K.S. Kameswara Sarma, the Directors of the Company, retire by rotation at the ensuing 24th Annual General Meeting. Being eligible offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES: There were no employees whose particulars are to be furnished U/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1988 as the remuneration of none of the employees had crossed the limits specified therein.



DIRECTORS' RESPONSIBILITY STATEMENT: Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- that in the preparation of the Annual Accounts for the year ended March 31st, 2013 all 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 at the end of the Financial year 31.03.2013 and of the statement of profit and 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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO: Disclosure of the information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 is enclosed to this report.

AUDITORS: M/s I. Sudhaker & Co Chartered Accountants Hyderabad retire at the ensuing 24th Annual General Meeting and being eligible offer themselves for re-appointment for the financial year 2013-14. As required the Company is in receipt of certificate from the said auditors confirming that in the event of their re-appointment as Statutory Auditors of the Company at the ensuing AGM such appointment shall be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

The Board recommends their re-appointment.

CORPORATE GOVERNANCE:

- a) Management Discussion & Analysis Report: Management Discussion and
- b) Report on Corporate Governance: A separate report on Corporate Governance along with Auditors' Certificate on its compliance is enclosed to this report.

COMPLIANCE WITH THE ACCOUNTING STANDARDS: Pursuant to Clause 32 of the Listing Agreement with the Stock Exchange 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 and the Cash Flow Statement prepared as per AS-3 are annexed to the Accounts for the year 2012-13. There are no 'Related Party Transactions' to be reported under AS -18.

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.

ACKNOWLEDGEMENT: We thank the Central and State Government authorities, the Andhra Bank our sister units in the Industry and all the customers and suppliers for their co-operation and support. We also place on record our appreciation to all the employees for their dedicated services during the Financial year 2012-13.

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

Sd/-

K.S. KAMESWARA SARMA
Chairman

Place: Hyderabad
Date: 29.05.2013



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 :

Information in accordance with clause (e) of Sub-section (1) of Section 217 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forms part of the Directors Report for the year ended 31st March, 2013 is follows:

A. CONSERVATION OF ENERGY:

Conservation of energy is a continuous activity. Every effort is constantly being made for conservation of energy.

B. TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION:

Being a 100% Export Oriented Unit, the Company is committed to the maintenance and improvement of quality. The company keeps itself abreast of the technical developments and the changes occurring in the Granite Industry.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO: (Amount in Rs.)

EARNINGS

	<u>2012-13</u>	<u>2011-12</u>
FOB Value of Exports	11,07,69,773	11,28,92,185

OUTGO

a) CIF Value of Imported Capital goods	Nil	Nil
b) CIF Value of Imported Consumables & Spares	1,40,52,099	2,03,66,824
c) CIF Value of Imported Raw Material	Nil	Nil
d) Overseas Travel	Nil	Nil

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

Place: Hyderabad
Date: 29.05.2013

Sd/-
K.S.KAMESWARA SARMA
Chairman

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 (1D) (ii) OF THE LISTING AGREEMENT.

I hereby declare that all the Board members and senior management personnel, the Company Secretary and the General Manager (F&A) included, have duly affirmed their compliance, during the period 01.04.2012 to 31.03.2013, with the Code of Conduct earlier adopted by the Board of Directors.

for SRI VAJRA GRANITES LIMITED

Place: Hyderabad
Date: 29.05.2013

Sd/-
A.Srinivas Reddy
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

(As required under sub-clause IV F of Clause 49 of the Listing Agreement)

i) The Indian Granite Industry - Its Structure and Developments:

India is very rich with enormous Granite Resources. Broadly speaking granite is of two types viz Black-Galaxy Granite and Colour Granite. Black Galaxy Granite is costlier at Rs 3300.00 per Cubic meter and the colour granite is cheaper at Rs 825 per Cubic Meter (as per Schedule 1 of APMMC Rules 1966).

The demand for Granite is somewhat semi-luxury in nature. Its consumption is postponed when circumstances are adverse, especially in times of persistent Global Recession as is now. As granite is excavated from the bowels of the earth, it is damage - prone. Further it might be damaged at any stage - while in transport to the factory /in processing/in packing/ in transport overseas or port. Transport forms a significant element in the cost Structure of the Granite is mainly used in building-activity by the affluent sections in the USA, European Countries etc. It is used in wall-paneling, Flooring, Kitchen -Tops, Tomb - stones, Kerb-stones etc.

Granite Export is an important Foreign Exchange Earner to the Country

GRANITE INDUSTRY IN ANDHRA PRADESH

As many as 22 districts of Andhra Pradesh produce both the Black-galaxy Granite and Colour Granite. Black-Galaxy is exclusively produced in Chimakurthy of Prakasham District. During the year 2010-11, Black-Galaxy is produced to an extent of 4.77 lakhs of cubic meters and the Colour Granite is produced to a tune of 4.53 lakhs of cubic meters.

Coming to other multi-colour granites, it is produced at Karimnagar, Nizamabad, Anantapur, Kurnool, Chittoor, Prakasham, Guntur, Srikakulam, Vizag, Vijayanagaram, Mahaboobnagar, Rangareddy District, Nalgonda etc.

When we come to the best varieties from Andhra Pradesh, they are Black-Galaxy Granite, Jet Black, Gray, Lavender Blue, Platinum Blue, White Galaxy, Imperial Red, Green Rose, Tan Brown, Chocolate Brown, Blue Saffire, Brown, Steel Gray, Indian aurora, Kuppam Green, Chilli Red, Ocean Blue, G 20, English teak etc.

AP State contributes about 35% to 40% of the exports from India.

Coming to your Plant at Basavapur, its position is one of poverty amidst plenty.

During the year 2010-11, 1485 Quarries produced Black Granite, spread over an extent of 2228.36 Hectares. 1169 Quarries produced colour granite, over an extent of 3638.47 Hectares. There are no Quarries whatsoever! to produce Black Granite in and around Basavapur (Nizamabad District). There are only 3 Quarries, that too to produce colour Granite. From the above picture, it is transparent that your Plant all the while continues to be neglected and overlooked, both by the Nature and Man. The Founder-Promoters of your plant, some 25 years ago, might have been lured by the cheap labour available there in Basavapur. Unfortunately it is not so now. There is no increase in the productivity of the labour. Because of the Plant's location far away from the Processing sites, there is cognizable incidence of transport charges in the plant's cost Structure.80% to 90% are small Quarries and non-captive. Perhaps they are under no control as to the no disposal of the rough blocks of the Granite with them. They can directly export the raw material unprocessed. With the result, your Plant is denied the supply of raw materials .The Government is also denied of its rightful share of foreign exchange. It is estimated that the Government is getting only 1/3 of its normal share of Foreign Exchange.

Further there is under-employment of Plant's permanent costly-foreign machinery, permanent labour, incidence of administrative costs, financial costs,etc.



Because of the ongoing Global Recession. the Plant's input costs are also mounting up. The exchange value of the Indian Rupee is steeply falling and countries foreign reserves are fast depleting.

THREATS:

Besides the threat from Ceramic Products, there is the ever-hanging threat from China, to ease out India from the World-Market of Granite Products and monopolize itself. It is to be noted that how the Granite Industry in China could raise to such envious position. Its government has been providing to Granite Industry all possible help and assistance. treating them as Cottage Industry. The productivity of Chinese labour is higher than that of ours. The wages payable to the labour force in the AP State are almost statutory or semi-statutory in nature. They are virtually regulated by the Wage Laws like the Minimum Wages Act, The Bonus Act, Wage agreement with the Trade Unions etc, from time to time.

SOME REMEDIAL MEASURES

- No more new Plants are to be permitted to be setup
- Ban on direct export of granite-rough-blocks
- All 100% EOUs like your Plant, which completed 25 years of existence and contributed so long to the Foreign Exchange Reserves, are to be allotted quarries on captive lease basis
- All taxes on DTA Sales like Excise Duties, Educational Cess, Shed should be withdrawn
- Stock in pipeline like raw material, processed stock. debtors, etc should be cut to the minimum
- All financial assistance, like venture capital, of an order of Rs 50 lakhs, should be extended to our EOU so that, with assistance so given, the Indian Granite Industry can modernize its Plant and Machinery.
- With such Modernization the efficiency of your plant also would also grow up
- A saving of 3-4 percent as a result of the above measures like EOQ, ABC analysis it should go a longway to improve the lot of EOU's

Backward measures recently promulgated by the State Government, should be forthwith withdrawn:

Opportunities:

Opportunities may be there both for the existing and the new plants, provided the plant and machinery, vehicles and other assests etc., are self-financed instead of Loan Capital.

iii) Segment-wise or product-wise performance:

Your company is predominantly engaged in the manufacture of polished slabs only. It is a 100% Exprot Oriented Unit. Its domestic sales are negligible and its operations constitute only one primary segment i.e. export-sales of 'polished slabs'. Hence no segment-wise reporting is done



iv)Out look:

Presently the outlook is nebulous and hazy. To save the granite Industry it is necessary to initiate some urgent remedial measures already suggested above.

v) Risks and Concerns

- a) The product is at once subjected to local, national and international competition.
- b) Any adverse change in the import policies of the Government, Recession etc may further adversely affect the profitability.

vi) Internal Control Systems and their Adequacy :

A duly qualified and experienced Chartered Accountant is engaged as the Internal Auditor. He is independent. He evolves adequate internal-control procedures, which are commensurate with the size of the company and the nature of its business. The internal control system extends to the purchase of stores, raw materials, plants and machinery, equipment and other assets and for the sale of goods as well.

vii) Disussion on the Financial Performance with respect to the Company's operational performance:

During the Financial Year 2012-13, the company achieved a revenue of Rs. 1412.78 Lakhs from operations. Against the same, it incurred a total expenditure of Rs. 1400.91 Lakhs. It would have ended up with profit but for the exteptional of Rs. 35.03 Lakhs. With the result, it ended up with a loss of 21.54 Lakhs.

The margin of safety, enjoyed by the company, is wafer-thin from the very inception of the company. either because of the world-wide recession and or the heavy incidence of overheads.

The rise in the costs is more than that of the increase in product's sale price.

viii) Material Developments in Human Resources/Industrial Relations:

Directly/Indirectly your company provides employment to around 130 individuals at various levels at its Factory, Head office and quarries. Its industrial relations continue to remain cordial.

ix) Disclosure of relationship between Directors inter se in terms of Clause 49 (G) (ia) of the Lisiting Agreement:

Smt A. Leela, Director of the Company, is the mother of Sri A. Srinivas Reddy, the Managing Director.

By order of the Board
for SRI VAJRA GRANITES LIMITED

Place: Hyderabad
Date: 29.05.2013

Sd/-
K.S.KAMESWARA SARMA
Chairman