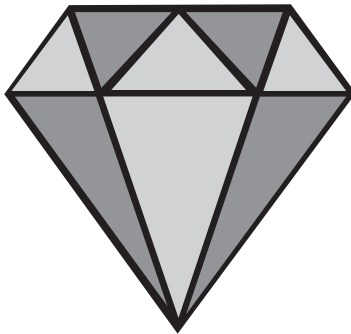


# **Sri Vajra Granites Limited**



**25th Annual Report 2013-14**



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## SRI VAJRA GRANITES LIMITED

CIN: L14102TG1989PLC009590

### BOARD OF DIRECTORS:

<b>SRI KOMPELLA SURYA KAMESWARA SARMA</b>	: Chairman
<b>SRI SRINIVAS REDDY ANNA PUREDDEY</b>	: Managing Director
<b>SRI SAYA REDDY CHENNOLLA</b>	: Director
<b>SRI RANGA REDDY METTU</b>	: Director
<b>SMT LEELA ANNA PAREDDY</b>	: Director

### AUDITORS:

: **M/s. I. Sudhaker & Co.,**  
Chartered Accountants  
H. No. 6-3-1091/13 to 15, Flat No. 115  
Amrutha Ville, Rajbhavan Road  
Somajiguda, Hyderabad – 500 082

### BANKERS:

: **Andhra Bank**  
Kamareddy Branch  
Kamareddy – 503 111

### REGISTERED OFFICE & WORKS:

: H. No. 6-3-347/22/10/2, Flat No. 202  
II<sup>nd</sup> Floor, Sai Villa Apartment  
Dwarkapuri Colony, Punjagutta  
Hyderabad – 500 082  
Tel : 040-23355695  
Fax: 040-23352830  
E-mail ID : srivajragranites@gmail.com  
Website : www.srivajragranites.com

### REGISTRARS & TRANSFER AGENTS

: **M/s. Big Share Services PVT. LTD.,**  
306, 3<sup>rd</sup> Floor, Right Wing  
Amrutha Ville, Opp. Yashoda Hospital  
Raj Bhavan Road, Somajiguda  
Hyderabad – 500 082

### WORKS

: Basvapur Village,  
Bhikanoor Mandal,  
Kamareddy Taluq,  
Nizamabad District,  
Telangana.



## NOTICE

NOTICE is hereby given that the **Twenty Fifth Annual General Meeting** of the Members of the Company will be held on **MONDAY, 29<sup>TH</sup> SEPTEMBER, 2014 at 11:30 A. M.** at H. No. 1-8-1/B/25/A, Sundarayya Vignana Kendram, Baghlingampally, Hyderabad – 500 044 to transact the following items of business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2014 and the statement of Profit and Loss account for the year ended on that date and the Report of Directors' and the Auditors thereon.
2. To appoint a Director in place of Smt. Leela Annareddy who retires by rotation being eligible offer herself for re-appointment.
3. To appoint Auditors to hold the office from the conclusion of this AGM until the conclusion of Twenty Eighth Annual General Meeting to be held in 2017 and to fix their remuneration for the financial year ended 31<sup>st</sup> March, 2015.

### **SPECIAL BUSINESS:**

#### **4. TO APPOINT MR. SRINIVAS REDDY ANNAPUREDDY AS MANAGING DIRECTOR OF THE COMPANY:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the rules made there under, if any, consent of the Company be and is hereby accorded for re-appointment of Mr. Srinivas Reddy Annareddy (DIN: 01253937) as Managing Director of the Company, for a period of 5 (Five) years with effect from 09<sup>th</sup> April, 2014 at a remuneration of ₹ 8,50,000 (Rupees Eight Lakhs Fifty Thousand Only) per annum with such yearly increment on time scale basis as may be decided by the Board, provided that such remuneration anytime does not exceed the limits specified under Section 197 read with Schedule V of the Act.”

**“FURTHER RESOLVED THAT** the Board of Directors of the Company or any committee thereof be and is hereby also authorized to amend, alter, modify or otherwise vary the terms and conditions of appointment of Mr. Srinivas Reddy Annareddy, Managing Director, including the components of the above mentioned remuneration payable to him subject to provisions of the Act.”

#### **5. TO APPOINT MR. KOMPPELLA SURYA KAMESWARA SARMA AS AN INDEPENDENT DIRECTOR ON THE BOARD:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

**“RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed there under read with Schedule IV to the Act, Mr. Kompella Surya Kameswara Sarma (DIN: 02780553) a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office from 29<sup>th</sup> September, 2014 to 28<sup>th</sup> September, 2019.”

#### **6. TO APPOINT MR. SAYA REDDY CHENNOLLA AS AN INDEPENDENT DIRECTOR ON THE BOARD:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

**“RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed there under read with Schedule IV to the Act, Mr. Saya Reddy Chennolla (DIN: 00105513) a Non-Executive Independent Director of the Company, who



has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office from 29<sup>th</sup> September, 2014 to 28<sup>th</sup> September, 2019.”

## **7. TO APPOINT MR. RANGA REDDY METTU AS AN INDEPENDENT DIRECTOR ON THE BOARD:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **ORDINARY RESOLUTION:**

“**RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed there under read with Schedule IV to the Act, Mr. Ranga Reddy Mettu (DIN: 02170153) a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director on the Board of Directors of the Company to hold office from 29<sup>th</sup> September, 2014 to 28<sup>th</sup> September, 2019.”

## **8. TO AUTHORISE THE BOARD TO MORTGAGE AND/OR CREATE CHARGE:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION:**

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, under the Companies Act, 2013 and the rules made there under, consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or create charge on all or any of the movable or immovable properties both present and future or the whole or substantially the whole of the undertaking or undertakings for securing the loans to be availed by the Company.”

For and on behalf of the Board  
For SRI VAJRA GRANITES LIMITED

Place: Hyderabad  
Date: 30.08.2014

Sd/-  
KOMPELLA SURYA KAMESWARA SARMA  
Chairman



## **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member.

The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business in Item No. 4 to 8 is annexed hereto.
3. The Register of Members and Share transfer books of the Company will remain closed from **Tuesday, 23<sup>rd</sup> September, 2014 to Monday, 29<sup>th</sup> September, 2014.** (both days inclusive)
4. Members are requested to quote ledger folio number in all their correspondence to avoid delay in communication. Members are advised to consolidate their ledger folios where they are holding shares in different folios in the same name.
5. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchange in respect of Directors seeking appointment/re-appointment at the AGM are furnished and forms a part of Notice. The Directors have furnished the requisite consents /declarations for their appointment/re-appointment.
6. In terms of sections 101 and 136 of the Companies Act, 2013 read together with the Rules made there under, the listed companies may send the notice of annual general meeting and the annual report, including Financial statements, Board Report, etc., by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members who have registered their email ids with their respective depository participants or with the share transfer agent of the Company.
7. **To promote green initiative, members are requested to register their e-mail addresses through their Depository Participants for receiving the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.**
8. Members/Proxies should bring the duly filled Attendance slip enclosed herewith to attend the Meeting.
9. **Voting through electronic means:**
  1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing facility to the members to exercise their right to vote at the 25<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting platform provided by Karvy Computershare Pvt. Ltd. ('Karvy').

### **The instructions for e-voting are as under:**

- i. Use the following URL for e-voting: Karvy website: <http://evoting.karvy.com>
- ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on **30<sup>th</sup> August, 2014** may cast their vote electronically.
- iii. Enter the login credentials i.e. User ID and password mentioned in the attendance slip attached with the Annual Report. Please follow the instructions given in the e-voting portal.
- iv. After entering the details appropriately, click on LOGIN.
- v. You will reach the Password change menu wherein you are required to mandatorily



change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email, etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vi. You need to login again with the new credentials.
  - vii. On successful login, the system will prompt you to select the EVENT, i.e. Sri Vajra Granites Limited.
  - viii. On the voting page, enter the number of shares as on the date of voting under FOR/AGAINST or You may also choose the option ABSTAIN.
  - ix. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.
  - x. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm, else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
  - xi. Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
  - xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at e-mail ID: [vasanth@vkbajajassociates.com](mailto:vasanth@vkbajajassociates.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com) and [srivajragranites@gmail.com](mailto:srivajragranites@gmail.com). They may also upload the same in the evoting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO"
  - xiii. The Portal will be open for voting from **9 A.M. on 23<sup>rd</sup> September, 2014 to 6 P.M. on 25<sup>th</sup> September, 2014.**
  - xiv. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd. at Tel No. 1800 345 4001 (toll free).
- II. The Company has appointed Mr. Vasanth Kumar Bajaj, Practicing Company Secretary, as the Scrutinizer who will collate the electronic voting process in a fair and transparent manner.
- III. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IV. The results shall be declared on or after the AGM of the Company. The results alongwith the Scrutinizer's Report shall be placed on the Company's website and on the website of Karvy.
10. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (**9 A.M. to 5 P.M.**) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company.
11. A Copy of this notice has been placed on the website of the Company and the website of Karvy.



## EXPLANATORY STATEMENT (Pursuant to Section 102 of the Companies Act, 2013)

### **Item No. 4:**

Members are requested to note that Mr. Srinivas Reddy Annapureddy was appointed as Managing Director of the Company for term of 5 years w.e.f. 09.04.2009, as his term of appointment about to expire, Board of Directors at their meeting held on 06<sup>th</sup> February, 2014 have approved, subject to approval of Members, the re-appointment of Mr. Srinivas Reddy Annapureddy as the Managing Director of the Company for another term of 5 years with effect from 09.04.2014 to 08.04.2019 under the effective provisions of the Companies Act, 2013 at remuneration payable of ₹ 8,50,000/- (Rupees Eighth Lakhs Fifty Thousand Only) subject to review by the board on time scale basis as recommended by the Remuneration Committee of the Company.

Board of Directors herewith confirm that the aggregate of the salary and perquisites proposed to be paid in any financial year to Mr. Srinivas Reddy Annapureddy will be within the limits prescribed under sections 197 read with Schedule V and other applicable provisions of the Companies Act, 2013. Hence resolution is proposed to be passed under the provisions of new Act.

As any payment of remuneration to managerial persons requires approval of members at General meeting hence approval of the members is being sought to the terms, conditions and stipulations for the appointment and remuneration of Mr. Srinivas Reddy Annapureddy as the Managing Director.

### **Minimum Remuneration:**

In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of office, the payment of remuneration shall be governed by the limits prescribed under section II of part II of Schedule V to the Companies Act, 2013, including any statutory modification or re-enactment thereof, for the time being in force.

**Statement pursuant to Schedule-V of the Companies Act, 2013**(Schedule XIII of the Companies Act, 1956):

### **I. GENERAL INFORMATION:**

#### **Nature of Industry:**

Sri Vajra Granites Limited is engaged in the manufacture of polished slabs only. It is a 100% Export Oriented Unit.

#### **Date of Commencement of Commercial Production:**

The Company was incorporated in the year 1989 and is already in commercial production for long.

#### **Financial Performance of the Company:**

PARTICULARS	2013-14
<b>Income</b>	
Revenue from operations	753.20
Other Income	4.65
<b>Total Income</b>	<b>757.86</b>
<b>Total Expenditure</b>	<b>1,111.76</b>
<b>Net Profit/(Loss) before tax</b>	<b>(353.90)</b>
Provision for taxation	0.00
<b>Net Profit/(Loss) after tax</b>	<b>(353.90)</b>

**Foreign investments or Collaborations: NIL**

### **I. INFORMATION ABOUT APPOINTEE:**

**Background details:** Mr. Srinivas Reddy Annapureddy holds a Master's degree in Computer Science from USA.

#### **Job Profile & Suitability:**

He is responsible for overall supervision of the functioning of the company including Products, Procurement, Marketing, handling day to day affairs of the Company, regularly reporting to the Board on the activities of the Company. He is Managing Director of the Company since 2009 and has experience more than 7 year in Management & Administration Granite Industry and well versed in Computer Management Control

#### **Remuneration Proposed:**

The proposed remuneration of ₹8,50,000/- (Rupees Eighth Lakhs Fifty Thousand Only), comprise of monthly basic salary and all other perquisites and is fully justifiable and profile with respects to comparable to that prevailing in the industry, keeping in view the profile and the position of Managing industry, size of the Company.

**Pecuniary relationship:** Mr. Srinivas Reddy Annapureddy is one of the Promoter and Mrs. Leela Annapureddy is mother of Mr. Srinivas Reddy Annapureddy.

### **I. OTHER INFORMATION:**

#### **Reasons for loss or inadequate profits:**

Major reason being that 80% to 90% are small Quarries and non-captive and they are under no control as to the disposal of the rough blocks of the Granite with them. They can directly export the raw material unprocessed. Due to this Company is denied the supply of raw materials and there is under-employment of Plant's permanent costly foreign machinery, permanent labour, incidence of administrative costs, financial costs etc. added with ongoing inflation, the plant's input costs are also mounting up.

#### **Steps taken or proposed to be taken for improvement:**

The Company undertook several steps aimed at lowering the overheads and aligning resources with current levels of operations. The company consolidated all its manufacturing facilities to cut down on overheads and to extract supply chain synergies last year. Company





will try to get captive mining license to improve supply of raw materials.

The Company continues to focus on product innovation, upholding of its high quality standards, increase in its cost competitiveness and on widening of its distribution network.

## **Expected Increase in productivity and profits in measurable terms:**

The management has adopted focused and aggressive business strategies in all spheres of functions to improve the sales and profitability of the Company. Considering the present business scenario, the Company is expecting increase in revenue and profitability. The Management is confident of keeping a higher growth ratio in the period to come.

## **II. DISCLOSURES:**

The details of remunerations and other information is given in the Corporate Governance part of the Directors' Report. Except Mr. Srinivas Reddy Annapureddy and Mrs. Leela Annapureddy, None of the other directors are interested or concerned in the proposed resolution.

### **Item No. 5 to 7:**

Mr. Kompella Surya Kameswara Sarma, Mr. Saya Reddy Chennolla and Mr. Ranga Reddy Mettu are Independent Director of the company and were appointed at various times.

With the enactment of the Companies Act, 2013 ('Act') it is now incumbent upon every listed company to appoint 'Independent Director' as defined in Section 149 of the Act, which has been notified w.e.f 1<sup>st</sup> April 2014, for term of 5 years and are not liable to retire by rotation. Further they can be re-appointed for another term of 5 Years on passing of special resolution by the members. The term will be counted from date of commencement of Companies Act, 2013.

However pursuant to amendment to clause 49 of the Listing Agreement, any Independent Directors existing on board, prior to commencement of the act, for 5 or more years shall be appointed for not more than 1 term of 5 years, thus all existing independent directors on the board of the company having completed term of more than 5 Years, it is proposed to re-appoint them as Independent Director for 1 term of 5 years.

The Company has received declarations from Mr. Kompella Surya Kameswara Sarma, Mr. Saya Reddy Chennolla and Mr. Ranga Reddy Mettu confirming that they meet criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the listing Agreement. Brief profile of Mr. Kompella Surya Kameswara Sarma, Mr. Saya Reddy Chennolla and Mr. Ranga Reddy Mettu is annexed to this Report.

The Board of Directors of your Company, after reviewing the provisions of the Act, are of the opinion that Mr. Kompella Surya Kameswara Sarma, Mr. Saya Reddy Chennolla and Mr. Ranga Reddy Mettu fulfill the conditions specified in the Act and the Rules made there under to be eligible to be appointed as an Independent Director pursuant to the provisions of section 149 of the Act and Clause 49 of the Listing Agreement. Further as per the declarations received by the Company, they are not disqualified under Section 164 of the Companies Act, 2013. Hence the Board of Directors of your Company is also of the opinion that Mr. Kompella Surya Kameswara Sarma, Mr. Saya Reddy Chennolla and Mr. Ranga Reddy Mettu are independent of the management of the Company.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of the above said Directors as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of said Directors as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act and Clause 49 of the listing agreement for the approval by the shareholders of the Company.

Pursuant to provisions of Section 149(10) of the Act, appointment of independent Directors for term as set forward in the notice requires approval of members by passing of an Ordinary Resolution, hence these Resolutions at Item Nos. 05, 06, 07 of the Notice commended for approval of members.

Except Mr. Kompella Surya Kameswara Sarma, Mr. Saya Reddy Chennolla and Mr. Ranga Reddy Mettu who are interested in their respective resolutions, None of the other Directors, Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions.

### **Item No. 8:**

Your Directors has from time to time mortgaged and/or charged its all or any of the movable or immovable properties both present and future or the substantially whole of the undertaking for securing the loans availed by the Company from time to time.

As per the provisions of Section 180(1)(a) Companies Act, 2013, the above powers of the Board are required to be exercised only with the consent of the Company by a Special Resolution. Hence this resolution is commended for your approval.

None of the Directors is interested in this resolution.

For and on behalf of the Board  
For **SRI VAJRA GRANITES LIMITED**

Place: Hyderabad  
Date: 30.08.2014

Sd/-  
**KOMPELLA SURYA KAMESWARA SARMA**  
Chairman



**Additional information on Directors recommended for appointment / re-appointment as required under Clause 49 of the Listing Agreement.**

<b>Name of Director</b>	<b>SRI SRINIVAS REDDY ANNAPUREDDY</b>
<b>Date of Birth</b>	14.11.1980
<b>Date of First Appointment</b>	30.01.2007
<b>Experience in Specific Functional Area</b>	He is managing Director of the Company since 2009 and has experience of more than 7 years in Management & Administration Granite Industry and well versed in Computer Management Control
<b>No. of Shares held in the company</b>	6,68,545 Fully Paid-up Equity Shares of 10/- each
<b>Educational Qualification</b>	M.S. in Computer Science, USA

<b>Name of Director</b>	<b>LEELA ANNAPAREDDY</b>
<b>Date of Birth</b>	01.01.1957
<b>Date of First Appointment</b>	29.09.2009
<b>Experience in Specific Functional Area</b>	Very good knowledge of various aspect of Granite Industry and experience of more than decade in the Company
<b>No. of Shares held in the company</b>	7,26,893 Fully Paid-up Equity Shares of 10/- each
<b>Educational Qualification</b>	P.U.C

<b>Name of Director</b>	<b>SRI KOMPPELLA SURYA KAMESWARA SARMA</b>
<b>Date of Birth</b>	26.08.1930
<b>Date of First Appointment</b>	30.06.2009
<b>Experience in Specific Functional Area</b>	Experience in Auditing, Accounting, Finance and Management areas for the past 53 years.
<b>No. of Shares held in the company</b>	Nil
<b>Educational Qualification</b>	B.Com., FCA

<b>Name of Director</b>	<b>SRI SAYA REDDY CHENNOLLA</b>
<b>Date of Birth</b>	03.02.1947
<b>Date of First Appointment</b>	28.10.2005
<b>Experience in Specific Functional Area</b>	Well versed in Administrative matters.
<b>No. of Shares held in the company</b>	Nil
<b>Educational Qualification</b>	B.Sc., LLB

<b>Name of Director</b>	<b>SRI RANGA REDDY METTU</b>
<b>Date of Birth</b>	24.04.1954
<b>Date of First Appointment</b>	21.04.2008
<b>Experience in Specific Functional Area</b>	Has vast experience in Business Management and very good knowledge of Granite Industry
<b>No. of Shares held in the company</b>	Nil
<b>Educational Qualification</b>	P.U.C



## DIRECTORS' REPORT

To  
The Shareholders  
Sri Vajra Granites Limited

Your Directors have pleasure in presenting herewith the Twenty Fifth Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2014.

### FINANCIAL REVIEW:

(₹ in Lakhs)

Particulars	Current Year 2013-14	Previous Year 2012-13
<b>Income</b>		
Revenue from operations	753.20	1,412.78
Other Income	4.65	1.62
<b>Total Income</b>	<b>757.86</b>	<b>1,414.40</b>
<b>Total Expenditure</b>	<b>1,111.76</b>	<b>1,400.91</b>
<b>Net Profit/(Loss) before tax</b>	<b>(353.90)</b>	<b>(21.54)</b>
Provision for taxation	0.00	0.00
<b>Net Profit/(Loss) after tax</b>	<b>(353.90)</b>	<b>(21.54)</b>

### OVERALL PERFORMANCE OF THE COMPANY:

During the financial year under review, your Company has recorded a turnover of ₹753.20 Lakhs and incurred a net loss of ₹353.90 Lakhs compared to Turnover of ₹1412.78 Lakhs and net loss of ₹21.54 Lakhs during the previous financial year.

Decline in turnover is due to poor market conditions prevailing in the State and Your Board of Directors are putting all their efforts to improve the performance of the company and hopeful of better performance of the Company in the coming financial years.

### DIVIDEND:

Due to Losses, your directors do not recommend any dividends for the financial year 2013-14.

### DIRECTORS:

During the year Mr. Matesh Reddy Kami Reddy resigned from the Directorship of the Company w.e.f. 03.02.2014, the board puts on record its appreciation for services rendered by him as director of the Company.

The Company had, pursuant to the provisions of clause 49 of the Listing Agreement entered into with Stock Exchanges, appointed Mr. Kompella Surya Kameswara Sarma, Mr. Saya Reddy Chennolla and Mr. Ranga Reddy Mettu as Independent Directors of the Company.

As per section 149(4) of the Companies Act, 2013 (Act), which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of Directors as Independent Directors. In accordance with the provisions of section 149 of the Act, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting (AGM) of the Company.

Further Smt. Leela Annareddy, who shall retire by rotation at this Annual General Meeting and being eligible offer herself for re-appointment.

Board recommends their appointment/re-appointment.

### PERSONNEL:

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



## DEPOSITS:

Your Company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 during the year.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the directors of your Company hereby confirm that:

- i. In preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any, there from;
- ii. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2014 and of the profit and loss of the company for that period;
- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. The directors have prepared the annual accounts on a going concern basis.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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 form part of the Directors' Report for the period ended 31<sup>st</sup> March, 2014 is follows:

**CONSERVATION OF ENERGY** – Conservation of energy is a continuous activity. Every effort is constantly being made for conservation of energy.

## TECHNOLOGY ABSORPTION, ADOPTION AND 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.

## FOREIGN EXCHANGE EARNINGS & OUTGO:

(Amount in ₹)

### EARNINGS:

	2013-14	2012-13
FOB Value of Exports	₹6,62,39,742/-	₹11,07,69,773/-

### OUTGO:

a) CIF Value of Imported Capital Goods	₹Nil	₹Nil
b) CIF Value of Imported Consumables & Spares	₹1,90,69,863/-	₹1,40,52,099/-
c) CIF Value of Imported Raw Materials	₹Nil	₹Nil
d) Overseas Travel	₹Nil	₹Nil

## AUDITORS:

M/s. I. Sudhaker & Co., Chartered Accountants, Hyderabad, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the rules framed there under, it is proposed to appoint M/s. I. Sudhaker & Co., as Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the 28<sup>th</sup> AGM to be held in the year 2017, subject to ratification of their appointment at every AGM. M/s. I. Sudhaker & Co., Chartered Accountants have furnished the Certificate of their eligibility for appointment in compliance with Section 141 of the Companies Act, 2013.

The Board recommends their re-appointment.



## **CORPORATE GOVERNANCE REPORT, MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

As per clause 49 of the Listing Agreements entered into with the Stock Exchanges, Corporate Governance Report with auditors' certificate thereon and Management Discussion and Analysis are attached and form part of this report.

### **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

### **ACKNOWLEDGEMENTS:**

Your Directors take this opportunity to place on record their gratitude for the continued support received from our other units in the Industry. Your Directors also acknowledge with deep sense of appreciation the continued support from Shareholders, Investors, Suppliers, Bankers' – Andhra Bank and various Departments of Central and State Governments.

Your Directors also wish to convey their thanks and place on record their appreciation for the sincere efforts put in by the employees at all levels for the progress of the Company.

For and on behalf of the Board,  
For **SRI VAJRA GRANITES LIMITED**

Place: Hyderabad  
Date: 30.08.2014

Sd/-  
**KOMPELLA SURYA KAMESWARA SARMA**  
Chairman



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **GRANITE INDUSTRY-STRUCTURE AND DEVELOPMENTS:**

India is the proud home to vast resources of granite with more than 125 varieties of different colours and textures such as black, grey, pink, multi coloured etc. These varieties are used to produce slabs, tiles, surface plates etc. for use in commercial as well as residential buildings and also used for making of monuments etc. Of these enormous deposits of granites discovered in the country, popular and famous varieties are mainly found in South India.

Export of Granite is freely allowed and is exported mainly to Japan, USA, UK, Germany, Netherlands, Italy, West Asia, Eastern Europe, and Latin America.

### **OUTLOOK:**

India is a major exporter of natural stone, which is the second largest foreign exchange earner for India besides iron ore in minerals category. The EOU scheme, which was introduced in 1980, helped the industry to modernize as it opened a window to usher in latest technologies for stone processing. India has immense potential for growth of exports in this sector. The purpose of this research paper is an attempt to study the trend of export of natural stones from India to various countries on the basis of its past export performances to these countries. The present study is a secondary data based. Finnish stone companies export 90% of the stone production and have a strong experience of the global business environment.

The current downturn in global economies, along with the residential and commercial markets in such economies, has negatively impacted the dimension granite industry. These difficult economic conditions may continue in foreseeable future. Further, significant or prolonged declines in such economies or decline in spending on new construction activity could have material adverse effect on the company's business.

### **OPPORTUNITIES, THREATS, RISKS AND CONCERNS:**

The Factors helping the growth of the industry are Spurt in demand for Indian granites Worldwide, Increased domestic demand, recovery of Indian economy and increased construction activity in State of Telegana and Andhra Pradesh after bifurcation of States.

#### **Threats**

Major threat for the company is getting good quality of blocks for processing absence of captive mining with the company and scarcity of raw material in the market due to uncontrolled export of raw blocks. 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 State are almost statutory or semistatutory in nature and added to this frequent power disruptions and consequently increased dependency on other costly means of power sourcing affects the cost of production, Under utilization of capacity.

#### **Risks and Concerns**

The increase in the raw material cost along with other operating expenses blended with the stagnation of selling price of the end products, which will shrink the profit margin. The increase in competition at both National and International level may result in lower profitability. Further unstable currency fluctuations too affect the profitability of the Company Inorder to protect granite industry government should regulate or ban the direct export of granite-rough-blocks and 100% EOUs like Company, which has completed 25 years of existence and contributed so long to the Foreign Exchange Reserves, are to be allotted quarries on captive lease basis. Government should provide incentives for modernization to enable increase in the efficiency and reduction in processing cost, reduce the royalty tax and the power tariff to the industry etc.

#### **Segment-Wise or Product-Wise Performance**

Your company is predominantly engaged in the manufacture of polished slabs only. It is a 100% Export 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.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has adequate systems of internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee on a regular basis. Internal Audit also evaluates the functioning and quality of internal controls, and provides assurance of its adequacy and effectiveness through periodic reporting.

## **Financial Performance with respect to the Company's operational performance:**

During the Financial Year 2013-14, the Company achieved a revenue of 753.20 Lakhs from operations. Against the same, it incurred a total expenditure of 1,111.76 Lakhs and net loss of 353.90 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.

## **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.

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

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

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## **REPORT ON CORPORATE GOVERNANCE**

The following are the details furnished in the form as required under the Listing Agreement.

## **COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of the business and in meeting its obligation to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to enhance the trust and confidence of the stakeholders. It is a culture based on a foundation of sound business ethics for accomplishing the long term strategic goal of the Company while taking into account the expectations of all the key stakeholders and within the applicable legal framework.

Given below is a brief report on the practice followed at Sri Vajra Granites Limited towards achievement of good Corporate Governance.

## **BOARD OF DIRECTORS:**

The present strength of the Board consists of Five Directors, Three of them are Independent Non-Executive, Two are Promoter - Executive Directors. Your Company has taken all necessary steps to strengthen the Board with Optimum combination of Independent and Promoter Directors. Board of Directors guides, direct and oversees overall management of the Company and protect interest of shareholders, employees and the society at large.

**During the financial year 2013-14, Five (5) Board Meetings were held on the following dates:**

12.04.2013	29.05.2013	07.08.2013	13.11.2013	06.02.2014
------------	------------	------------	------------	------------

Attendance of each Director at the Board meeting and Last Annual General Meeting (AGM) and the number of Companies and committees where he or she is Director / Member (as on the date of



Directors' Report).

S. No	Director	Category	Attendance at AGM	Attendance in		Other Boards	
				Board Meeting Held	Board Meeting Attended	Director Ship	Committees
1	Sri Kompella Surya Kameswara Sarma	Non-Executive and Independent	YES	5	5	-	-
2	Sri Saya Reddy Chennolla	Non-Executive and Independent	YES	5	5	-	-
3	Sri Ranga Reddy Mettu	Non-Executive and Independent	YES	5	4	-	-
4	Sri Srinivas Reddy Annapureddy	Promoter and Executive	YES	5	5	-	-
5	Matesh Reddy Kami Reddy**	Non-Executive and Independent	YES	5	3	-	-
6	Smt Leela Annapareddy	Promoter and Executive	YES	5	5	-	-

\*\* Mr. Matesh Reddy Kami Reddy resigned from the Directorship of the Company w.e.f 03.02.2014 and consequently various committees of Board are re-constituted

## AUDIT COMMITTEE:

The primary objective of Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency in financial reporting.

### Role of Audit Committee:

1. To oversee the Company's financial reporting process and disclosure of its financial information;
2. To recommend the appointment and removal of external auditors, fixation of audit fee and approval for payment of any other services;
3. To review with management the quarterly and annual financial results before submission to the Board;
4. To review the adequacy of internal control systems with the management, external auditors and internal auditor;
5. To review the adequacy of internal audit function; discussing with internal auditor any significant findings and reviewing the progress of corrective actions on such issues; Major accounting policies and practices, compliance with accounting standards and with the stock exchange and legal requirements concerning financial statements and related party transactions, if any,
6. To review the findings of any internal investigations by the internal auditor in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matters to the Board;
7. To discuss with external auditors, before the audit commences, the nature and scope of audit as well as having post-audit discussions to ascertain areas of concern, if any;
8. To recommend the appointment and removal of cost auditors;





9. To review the Company's financial and risk management policies;
10. To review the progress made on cases that are reported under the Whistle Blower Policy of the Company.

## Composition:

Audit Committee of your Company as on date consists of following Non-executive Independent Directors:

1. Mr. Kompella Surya Kameswara Sarma - Chairman
2. Mr. Saya Reddy Chennolla - Member
3. Mr. Matesh Reddy Kami Reddy - Member (up to 06.02.2014)

## Meetings and attendance during the year:

The committee met Four times during the financial year on 29.05.2013, 07.08.2013, 13.11.2013 and 06.02.2014 attendance of each Member of Committee is as follows.

S. No.	Name of the Member	Designation	No. of Meetings held	No. of Meetings attended
1	Mr. Kompella Surya Kameswara Sarma	Chairman	4	4
2	Mr. Saya Reddy Chennolla	Member	4	4
3	Mr. Matesh Reddy Kami Reddy	Member	4	2

## NOMINATION AND REMUNERATION COMMITTEE:

### • Brief description of terms of reference

The Nomination and Remuneration Committee is vested with the powers relating to formulating the criteria for determining qualifications, attributes, independence of a Directors, recommend to the board policies for executive directors and senior managements.

The Committee shall also identify & screen candidates who qualifies to become Director and may be appointed in senior management with the criteria laid down, evaluation of director's performance, approving and evaluating the compensation plans, policies and programs for executive directors and senior managements.

### • Composition

The Remuneration Committee constitutes of following directors:

1. Mr. Kompella Surya Kameswara Sarma - Chairman
2. Mr. Saya Reddy Chennolla - Member
3. Mr. Matesh Reddy Kami Reddy - Member (up to 06.02.2014)

The committee met once during the financial year on 03.02.2014.

## DETAILS OF THE DIRECTORS' REMUNERATION:

Name	Designation	Remuneration paid/to be paid for Financial year 2013-14 (in ₹)		
		Salary & Perks	Commission	Total
Srinivas Reddy Annappureddy	Managing Director	11,50,365	--	11,50,365

## STAKEHOLDERS RELATIONSHIP COMMITTEE:

Composition of Stakeholders Relationship Committee is as follows.

1. Sri Saya Reddy Chennolla - Chairman
2. Sri Srinivas Reddy Annappureddy - Member
3. Mr. Ranga Reddy Mettu - Member

The role of Stakeholders' Relationship Committee is as follows:



1. Considering and resolving the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc.;
2. Ensuring expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
3. Evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company;

## **OTHERS:**

**(a) Name and designation of Compliance officer:** **SRINIVAS REDDY ANNAPUREDDY**  
Managing Director

**(b) Details of Investor complaints received and redressed during the year:**

Nature of Complaints	Year 2013 – 14		
	Received	Resolved	Pending
Total Complaints	Nil	Nil	Nil

## **(c) General Body Meetings:**

### • Location and time where the last three AGMs held:

Year	Location	Date	Time (A.M.)	No. of Special Resolutions
2012-13	H. No. 1-8-1/B/25/A, Sundarayya Vignana Kendram, Baghlingampally, Hyderabad – 500 044	26.09.2013	11.30 A.M	Nil
2011-12	H. No. 1-8-1/B/25/A, Sundarayya Vignana Kendram, Baghlingampally, Hyderabad – 500 044	26.09.2012	11.00 A.M	Nil
2010-11	H. No. 1-8-1/B/25/A, Sundarayya Vignana Kendram, Baghlingampally, Hyderabad – 500 044	29.09.2011	11.30 A.M	Nil

No Special Resolutions were passed through postal ballot at the Last Annual General Meeting (AGM) and no Special Resolutions are proposed through postal ballot at the ensuing Annual General Meeting.

## **DISCLOSURES:**

### **CEO and CFO Certification:**

The Managing Director and Chief Financial Officer have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

### **Related Party Transactions:**

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management or relatives etc., that may have potential conflict with the interests of Company at large:

Transactions with related parties were disclosed in the Notes to Accounts in the Annual Report.

### **Compliance with the Governance Framework:**

The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement. In addition, the Company has also adopted the non-mandatory requirements of constitution of the Remuneration Committee and establishing of Whistle Blower mechanism.

### **Details of Non Compliance and Penalties:**

There was no non-compliance by the Company during the last 3 years on any matter relating to capital markets and there were no penalties, strictures imposed on the company by stock Exchange or SEBI or any statutory authority.



## **Means of Communication:**

Quarterly results and Annual Results of the Company are normally published in Telugu & English Newspaper. Further all material information which will have some bearing on the operation of the Company is sent to stock exchanges concerned.

## **Management Discussion and Analysis Report:**

As required by Clause 49 of the Listing Agreement, Management Discussion and Analysis report is a part of the Annual Report.

## **GENERAL SHAREHOLDER INFORMATION:**

**AGM:** The Twenty Fifth Annual General Meeting of the Members of the Company will be held at 11:30 A. M. on **MONDAY, 29<sup>TH</sup> SEPTEMBER, 2014** at H. No. 1-8-1/B/25/A, Sundarayya Vignana Kendram, Baghlingampally, Hyderabad – 500 044.

## **Financial Calendar:**

First Quarter Results	First week of August, 2014
Second Quarter Results	First week of November, 2014
Third Quarter Results	First week of February, 2015
Audited Results	Last week of May, 2015

**Book Closure Dates:** Tuesday, 23<sup>rd</sup> September, 2014 to Monday, 29<sup>th</sup> September, 2014 (both days inclusive).

**E-Voting Dates** : From Tuesday, 23<sup>rd</sup> September, 2014 9 A.M to Thursday, 25<sup>th</sup> September, 2014 6.00 PM

**Listing on Stock Exchanges:** The shares of the Company are listed on BSE Limited and Listing fee for the financial year 2014-15 has been paid to exchange. Trading in the shares of the Company is active at BSE. Company has complied with all the listing compliances.

\*\* Listing on the Hyderabad Stock Exchange is not considered in view of its de-recognition by the SEBI.

**Scrip Code** : 515081

**Market Price Data** : High/Low during each month in last financial year on the Stock Exchange is as follows:

Month	BSE Limited	
	High	Low
Apr 2013	-	-
May 2013	-	-
Jun 2013	-	-
July 2013	-	-
Aug 2013	-	-
Sep 2013	-	-
Oct 2013	3.08	3.08
Nov 2013	3.22	3.22
Dec 2013	-	-
Jan 2014	3.22	3.22
Feb 2014	3.54	3.09
Mar 2014	3.25	2.93

**ISIN No. for NSDL & CDSL** : **INE047H01018**

**Registrar and Transfer Agents** : **M/s. Big Share Services Private Limited**  
306, 3<sup>rd</sup> Floor, Right Wing, Amrutha Ville,  
Opp. Yashoda Hospital, Raj Bhavan Road,  
Somajiguda, Hyderabad – 500 082.



## SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2014:

S. No.	Category	No. of Shares Held	% of Shareholding
1	Indian Promoters	36,74,338	50.59
2	Mutual Funds & UTI	26,900	0.37
3	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Govt. Institution)	4,400	0.06
4	FII's	-	-
5	Private Corporate Bodies	60,900	0.84
6	Indian Public	34,95,062	48.13
7	NRI's/OCB's	600	-
<b>TOTAL</b>		<b>72,62,200</b>	<b>100.00</b>

## DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2014:

S. No.	Category From Rs To Rs	Total Holders	% of Total Holders	Total Holding in Rupees	% of Total Capital
1	Up to 5,000	14,671	96.98	1,96,94,440	27.12
2	5,001 - 10,000	292	1.93	23,81,960	3.28
3	10,001 - 20,000	80	0.53	12,10,800	1.67
4	20,001 - 30,000	26	0.17	6,64,600	0.91
5	30,001 - 40,000	13	0.09	4,69,000	0.64
6	40,001 - 50,000	9	0.06	4,24,000	0.58
7	50,001 - 1,00,000	14	0.09	1,01,700	1.40
8	1,00,001 & above	22	2.14	46,760,200	64.38
<b>Total</b>		<b>15,127</b>	<b>100.00</b>	<b>7,26,22,000</b>	<b>100.00</b>

### Dematerialization of shares and liquidity:

Company's equity shares of Rs.10/- each fully paid up (issued capital Rs. 7,26,22,000/-) are admitted into CDSL (Issuer ID No. 5111) and NSDL (Issuer Code No. 047H ) with ISIN Code - INE047H01018.

The shareholders have the option to dematerialize their shares. The dematerialization request forms along with the physical certificates can be sent to the National Securities Depository Limited (NSDL) or to the Central Securities Depository Limited (CDSL) as the case may be, through any of the Depository Participants.

It may be noted that the Company's name was changed from Vajra Granites Limited to Sri Vajra Granites Limited, effective from 21.07.2000.

However in terms of the National Securities Depository Limited's circular No NSDL/PI/2005/1164 dated June 29, 2005, the Company's share certificates bearing former name i.e Vajra Granites Limited are accepted for dematerialization.

The details of the dematerialisation of the company's shares with NSDL and CDSL and shares held in physical form are as under as on 31.03.2014:

Category	No. of Shares	%
NSDL	4505479	62.04
CDSL	559034	7.70
PHYSICAL	2197687	30.25
<b>TOTAL</b>	<b>7262200</b>	<b>100.00</b>



\* 1300 shares of ₹5/- each paid-up were forfeited.

**Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:** Nil

**Address for correspondence for both physical and demat:**

**M/s. Big Share Services Private Limited**  
306, 3<sup>rd</sup> Floor, Right Wing,  
Amrutha Ville, Opp. Yashoda Hospital,  
Raj Bhavan Road, Somajiguda  
Hyderabad – 500 082

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## **DECLARATION OF THE MANAGING DIRECTOR ON COMPLIANCE WITH CODE OF CONDUCT AND ETHICS:**

SRI VAJRA GRANITES LIMITED has adopted a Code of Business Conduct and Ethics (“the Code”) which applied to all employees and directors of the Company. Under code, it is responsibility of all employees and Directors to familiarize themselves with the Code and Comply with its standards.

I, hereby certify that the Board Members and senior management personnel of Sri Vajra Granites Limited have affirmed compliance with the Code for the Financial Year 2013-14.

Place: Hyderabad

Date: 30.08.2014

Sd/-

**KOMPELLA SURYA KAMESWARA SARMA**  
Chairman



## AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To  
The Members  
**M/s SRI VAJRA GRANITES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **M/s SRI VAJRA GRANITES LIMITED** for the financial year ended 31<sup>st</sup> March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for insuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of Investor grievances received during the year ended 31<sup>st</sup> March, 2014, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**For VK BAJAJ & ASSOCIATES**  
Company Secretaries

Place: Hyderabad  
Date: 30.08.2014

Sd/-  
**Vasanth Kumar Bajaj**  
Company Secretary  
CP No. 5827



## INDEPENDENT AUDITOR'S REPORT

### To the Members of **SRI VAJRA GRANITES LIMITED** Report on the Financial Statements

We have audited the accompanying financial statements of **Sri Vajra Granites Limited**, ("the Company") which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows, are in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956(the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the ministry of corporate Affairs in respect of section 133 of companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance. but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required **but subject to confirmation of balances of all debtors, creditors and other advances** give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the State of affairs the Company as at 31- March, 2014.
- (b) In the case of the statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Governments of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that.
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of The Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013 and
- e. on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956.

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

### Re: SRI VAJRA GRANITES LIMITED

Referred to in our Audit Report of even date,

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals of time and no discrepancy was noticed on such verification.
- (c) In our opinion, the company has not disposed of a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and have been properly dealt with in the books of account.
- iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- Therefore sub- clauses(b),(c) and (d) of clause iii) are not applicable.
- e, f) & g) The company has taken unsecured interest free loans from directors of the company during the year. The amount involved Rs. 83,80,300. The amount repaid during the year is Rs. 34,50,000. The amounts outstanding on the above account at the end of the year is Rs. 64,69,006. The terms and conditions for the loan are prime facie not prejudicial to the interest of the company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions during the year with the parties whose names are entered in the register maintained under Section 301 of the Companies Act, 1956 for an amount exceeding the value of rupees five lakhs in respect of any party.
- vi) The company has not accepted any deposits from the public.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie





the prescribed records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Material statutory dues except Provident Fund and Service Tax which have not been paid Regularly.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 31.03.2014 for a period of more than six months from the date they became payable. However, Service Tax in arrears for more than six months as on 31.03.2014 is Rs.9,99,233.
- (c) According to the information and explanation given to us, there are no dues of sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- x) The accumulated losses of the company as at 31.03.2014 is not more than 50% of its net worth and the company has incurred cash loss during the financial year covered by our audit but there was no cash loss during the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks during the year.
- xii) The company has not granted loans and advances on the basis of security.
- xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) In our opinion, the company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi) In my opinion the Term loans taken by the company have been applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment. No long term funds have been used to finance short term assets except permanent working capital.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties covered in register maintained under section 301 of the Act during the year.
- xix) The company did not issue debentures.
- xx) The company did not raise any money by way of public issue during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For I. SUDHAKER & CO,  
Chartered Accountants  
FR No 006271S

Sd/-  
**I. SUDHAKER**  
(Proprietor)

Membership No. 023904

Place: Hyderabad  
Date: 24<sup>th</sup> May, 2014



## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014

(AMOUNT IN ₹)

PARTICULARS	NOTE	AS AT 31.03.2014	AS AT 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	72628500	72628500
(b) Reserves and Surplus	4	-33972500	1417721
(c) Money received against share warrants		0	0
<b>(2) Share application money pending allotment</b>		0	0
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	0	0
(b) Deferred tax liabilities (Net)		0	0
(c) Other Long term liabilities		0	0
(d) Long term provisions	6	4155357	4069266
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	7	36459643	31518745
(b) Trade payables		13532911	6254785
(c) Other current liabilities	8	17603577	7553230
(d) Short-term provisions	9	5910215	5543584
<b>Total</b>		<b>116317703</b>	<b>128985831</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	10	30129586	33471054
(ii) Intangible assets		0	0
(iii) Capital work-in-progress		0	0
(iv) Intangible assets under development		0	0
(b) Non-current investments		0	0
(c) Deferred tax assets (net)		0	0
(d) Long term loans and advances	11	2060606	2060606
(e) Other non-current assets		0	0
<b>(2) Current assets</b>			
(a) Current investments		0	0
(b) Inventories	12	44943864	45867892
(c) Trade receivables	13	29192338	36121014
(d) Cash and cash equivalents	14	821381	1622299
(e) Short-term loans and advances	15	8985526	9745289
(f) Other current assets	16	184402	97677
<b>Total</b>		<b>116317703</b>	<b>128985831</b>

As per our report of even date  
For I. SUDHAKER & CO,  
Chartered Accountants  
FR No 006271S

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

Sd/-  
**I. SUDHAKER**  
Proprietor  
Membership No. 023904

Sd/-  
**A.SRINIVAS REDDY**  
Managing Director

Sd/-  
**G.SRINIVASA REDDY**  
General Manager F & A

Sd/-  
**K.S.KAMESWARA SARMA**  
Chairman

Place: Hyderabad  
Date: 24.05.2014



# Sri Vajra Granites Limited

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(AMOUNT IN ₹)

PARTICULARS	NOTE	FOR THE YEAR ENDED 31-03-2014	FOR THE YEAR ENDED 31-03-2013
I. Revenue from operations	17	75320446	141277931
II. Other Income	18	465240	162390
<b>III. Total Revenue (I +II)</b>		<b>75785686</b>	<b>141440321</b>
IV. Expenses:			
Cost of materials consumed	19	45370882	57716818
Purchase of Stock-in-Trade		125400	0
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	-1626422	4592126
Employee benefit expense	21	12594016	12018573
Finance costs	22	3465900	3349498
Depreciation and amortization expense	10	3407659	4774507
Other expenses	23	47838472	57639044
<b>Total Expenses</b>		<b>111175907</b>	<b>140090566</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	-35390221	1349755
VI. Exceptional Items			-3503370
VII. Profit before extraordinary items and tax	(V - VI)	-35390221	-2153615
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		<b>-35390221</b>	<b>-2153615</b>
X. Tax expense:			
(1) Current tax			0
(2) Deferred tax		0	0
		<b>0</b>	<b>0</b>
XI. Profit(Loss) for the period from continuing operations	(IX-X)	-35390221	-2153615
XII. Profit/(Loss) from discontinuing operations		0	0
XIII. Tax expense of discontinuing operations		0	0
XIV. Profit/(Loss) from Discontinuing operations	(XII - XIII)	0	0
XV. Profit/(Loss) for the period	(XI + XIV)	<b>-35390221</b>	<b>-2153615</b>
XVI. Earning per equity share:			
(1) Basic		0	0
(2) Diluted		0	0

As per our report of even date

For I. SUDHAKER & CO,

Chartered Accountants

FR No 006271S

for and on behalf of the Board of Directors

of SRI VAJRA GRANITES LIMITED

Sd/-

**I. SUDHAKER**

Proprietor

Membership No. 023904

Sd/-

**A.SRINIVAS REDDY**

Managing Director

Sd/-

**G.SRINIVASA REDDY**

General Manager F & A

Sd/-

**K.S.KAMESWARA SARMA**

Chairman

Place: Hyderabad

Date: 24.05.2014



## NOTES TO FINANCIAL STATEMENTS :

### 1. CONTINGENT LIABILITIES AND COMMITMENTS:

- a) Counter guarantees given to the Banks in respect of guarantees given by them amount to **Rs. Nil** (Previous year Rs. Nil)
- b) Estimated amounts of contracts to be executed on capital account and not provided for (Net of advance) come to **Rs. Nil** (Previous year **Rs. Nil**)

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### a) Accounting Assumptions:

The accounts have been prepared under the historical cost convention on the basis of a going concern, with revenues recognized and expenses accounted on their accrual, including provisions/adjustments for committed obligations and amounts determined as payables or receivables during the year.

#### b) Fixed Assets:

Fixed assets are stated at historical costs, which include freight, installation cost, duties, taxes and other direct / incidental expenses.

#### c) Depreciation:

- i) On the fixed assets, other than quarries, put to use depreciation has been provided on quarterly basis on straight line method as per ammended Schedule XIV of the Companies Act-1956.
- ii) Depreciation on quarries, owing to depletion, is charged taking the life of each quarry estimated at 30 years.

#### d) Inventories:

- i) Raw materials, stores, consumables, spares, tools and packing materials are valued at weighted average cost.
- ii) Finished and Processed goods are valued at total cost (excluding selling expenses, interest & finance charges) or net realizable value whichever is lower.

#### e) Foreign Currency transactions:

- i) Export sales are accounted at the exchange rates prevailing as on the dates of sale. Gains/loss arising out of fluctuations in the exchange rates has been treated as income/expenditure, on realization.
- ii) Imports of consumables, spares etc., are accounted at the rates actually paid for.

#### f) Gratuity

Gratuity is accounted for based on the assumption that it becomes payable only at the end of accounting year to all the entitled employees.

#### g) Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An Impairment loss is charged to the statement of profit and loss in the year in which the asset is identified as impaired. Impairment losses recognised in prior accounting periods are reversed if there has been any change in the estimate of the recoverable amount.



# Sri Vajra Granites Limited

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2014 (Amount in ₹)

NOTE - 3: SHARE CAPITAL	AS AT 31.03.2014		AS AT 31.03.2013	
<b>Authorised:</b>				
1,00,00,000 Equity Shares of Rs. 10/- Each		100000000		100000000
Issued & Subscribed :		<b>72635000</b>		<b>72635000</b>
72,63,500 (Previous year 72,63,500) Equity Shares of Rs. 10/- each				
<b>Paid up Capital:</b>				
72,62,200 (Previous year 72,62,200) Equity Shares of Rs. 10/- each fully <b>paidup</b> :		72622000		72622000
<b>Add:</b> Forfeited Shares amount (on 1300 Shares at Rs. 5/- per share <b>paidup</b> )	6500	72628500	6500	72628500
		<b>72628500</b>		<b>72628500</b>

NOTE - 3a: RECONCILIATION OF SHARES	AS AT 31.03.2014		AS AT 31.03.2013	
Particulars	No. of shares	₹	No. of shares	₹
<b>Equity shares:</b>				
Share outstanding at the beginning of the year	7262200	72622000	7262200	72622000
Shares issued during the year	0.00	<b>0.00</b>	0.00	0.00
Shares bought back during the year	0.00	<b>0.00</b>	0.00	0.00
Share outstanding at the end of the year	<b>7262200</b>	<b>72622000</b>	<b>7262200</b>	<b>72622000</b>

### Rights attached to equity shares:

The Company has only one class of equity shares having a face value of ₹ 10/- per share with one vote per each equity share.

The Company declares and pays dividends in indian rupees as and when proposed by the Board of Directors which is subject to the approval of the shareholders in the ensuing Annual General Meeting.

### NOTE - 3b: Details of shares held by shareholders holding more than 5% of aggregate shares in the company

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	No. of shares held	% of holding	No. of shares held	% of holding
1) A. Srinivas Reddy	2468545	33.99	1546972	21.30
2) A. Sudhakar Reddy	0	0.00	921573	12.69
3) A. Leela	726893	10.00	726893	10.00
4) Elele Hanumath Reddy(Deceased)	438900	6.04	438900	6.04

NOTE - 4: RESERVES & SURPLUS	AS AT 31.03.2014		AS AT 31.03.2013	
		₹		₹
Capital Reserve - State subsidy		2498051		2498051
Surplus (Profit & Loss Account)	-1080330		1073285	
Less/Add: Net Loss/ (Profit) for the year	(35390221)	-36470551	(2153615)	-1080330
		<b>-33972500</b>		<b>1417721</b>



(Amount in ₹)

Note 5: LONG TERM BORROWINGS	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
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<b>SECURED LOANS :</b>	Nil	Nil
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Note 6: LONGTERM PROVISIONS	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
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Provision for Gratuity	4155357	4069266
	<u>4155357</u>	<u>4069266</u>

Note 7: SHORTTERM BORROWINGS	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
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<b>SECURED LOANS :</b>		
1. Export Packing Credit/Cash Credit - Andhra Bank*	29990637	29980039

<b>UNSECURED LOANS</b>		
1. Interest free loans from Directors	6469006	1538706
	<u>36459643</u>	<u>31518745</u>

\*Secured by Hypothecation of stocks of raw materials, consumables, stock-in-process, finished goods, stores & spares and other current assets; First charge on fixed assets and personal guarantee of Mr. A. Srinivas Reddy, Managing Director.

Note 8: OTHER CURRENT LIABILITIES	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
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a) Advance Against Share Capital	1078800	1078800
b) Other Liabilities	3782520	2539584
c) Advance Against Sales	12742257	3934846
d) Term Loan from Tata Motors Finance Ltd for purchase of car	0.00	0.00
	<u>17603577</u>	<u>7553230</u>

Note 9: SHORTTERM PROVISIONS	AS AT 31.03.2014 ₹	AS AT 31.03.2013 ₹
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a) Liability for Expenses	5910215	5543584
b) Provision for Income Tax (MAT)	0	0
	<u>5910215</u>	<u>5543584</u>



NOTE - 10: FIXED ASSETS	(Amount in ₹)											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 31.03.2013	Additions During Year	Deductions Discarded During the Year	As on 31.03.2014	Upto 31.03.13	For the Year 31.03.2014	Adjustment	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013		
1. Land & Site Development	2218061	0		2218061	0	0		0	2218061	2218061		
2. Quarry Land	669846	0		669846	563061	22328		585389	84457	106785		
3. Buildings	20857350	0		20857350	8652293	536568		9188861	11668489	12205057		
4. Plant & Machinery	137713047	66190		137779237	121143564	2614437		123758001	14021236	16569483		
5. Electrical Installation	6353895	0		6353895	4569625	157846		4727471	1626424	1784270		
6. Furniture & Fixtures	78027	0		78027	56933	3755		60688	17339	21094		
7. Electronic & Office Equipment	564781	0		564781	345885	24372		370257	194524	218896		
8. Vehicles	533630	0		533630	186222	48352		234574	299056	347408		
<b>Total</b>	168988637	66190	0	169054827	135517583	3407658	0	138925241	30129586	33471054		
Previous Year	168988637	0	0	168988637	130743076	4774507	0	135517583	33471054	38245561		



<b>Note 11: LONG TERM LOANS AND ADVANCES</b>	<b>AS AT 31.03.2014</b>	<b>AS AT 31.03.2013</b>
	₹	₹
(Unsecured and Considered good recoverable in cash or in kind for value to be received)		
a) Advance for Capital work in progress	0	0
b) Deposit Recoverable	2060606	2060606
	<u>2060606</u>	<u>2060606</u>
<b>Note 12: INVENTORIES</b>	<b>AS AT 31.03.2014</b>	<b>AS AT 31.03.2013</b>
<b>(At Cost or Net Realisable Value whichever is lower)</b>	₹	₹
(As Certified by the Management)		
a) Raw Materials	1697516	6941856
b) Stock of Processed Goods	36697973	35069188
c) Stock of Finished Goods	163086	165449
d) Stores & Spares	846940	450395
e) Loose Tools (Consumables)	5538349	3241004
	<u>44943864</u>	<u>45867892</u>
<b>Note 13: TRADE RECEIVABLES</b>	<b>AS AT 31.03.2014</b>	<b>AS AT 31.03.2013</b>
	₹	₹
<b>Sundry Debtors : (Unsecured)</b>		
a) Over Six Months		
i) Considered Good	12506684	12276259
ii) Considered doubtful		0
b) Others	<u>16685654</u>	<u>23844755</u>
	29192338	36121014
Less:- Provision for doubtful debts	0	0
	<u>29192338</u>	<u>36121014</u>
<b>Note 14: CASH AND CASH EQUIVALENTS</b>	<b>AS AT 31.03.2014</b>	<b>AS AT 31.03.2013</b>
	₹	₹
a) Bank Balances with scheduled Banks		
i) In Current Accounts	122324	902085
ii) Fixed Deposit Account for Margin Money	547000	684000
b) Cash on Hand	152057	36214
	<u>821381</u>	<u>1622299</u>





# Sri Vajra Granites Limited

<b>Note 15 : SHORT TERM LOANS &amp; ADVANCES</b>	<b>AS AT 31.03.2014</b>	<b>AS AT 31.03.2013</b>
	₹	₹
<b>Loans and Advances to Others</b> (Unsecured and Considered good recoverable in cash or in kind for value to be received)		
Advance for Expenses	732142	563891
Advance for Purchases	1199888	3745150
Other Advances/VAT Refundable	7053496	5436248
	<u>8985526</u>	<u>9745289</u>
<b>Note 16 : OTHER CURRENT ASSETS</b>	<b>AS AT 31.03.2014</b>	<b>AS AT 31.03.2013</b>
	₹	₹
<b>Interest Receivable :</b>	184402	97677
	<u>184402</u>	<u>97677</u>
<b>Note 17: REVENUE FROM OPERATIONS</b>	<b>FOR THE YEAR ENDED 31.03.2014</b>	<b>FOR THE YEAR ENDED 31.03.2013</b>
	₹	₹
<b>Revenue from Sale of Products:</b>		
Sale of Polished Slabs/ Tiles less returns	77101067	142544823
Less: Excise Duty	1780621	1266892
	<u>75320446</u>	<u>141277931</u>
<b>Note 18: OTHER INCOME</b>	<b>FOR THE YEAR ENDED 31.03.2014</b>	<b>FOR THE YEAR ENDED 31.03.2013</b>
	₹	₹
Interest Received/Earned	149440	158256
Foreign Exchange fluctuations	0	4134
Other Receipts (Land Compensation)	315800	0
	<u>465240</u>	<u>162390</u>
<b>19: COST OF MATERIAL CONSUMED</b>	<b>FOR THE YEAR ENDED 31.03.2014</b>	<b>FOR THE YEAR ENDED 31.03.2013</b>
	₹	₹
<b>Raw Material Consumed :</b>		
(I) Opening Stock of Raw Material	6941856	8207187
(ii) Purchase of Raw Material/Transferred from Quarries	40126542	56451487
	47068398	64658674
Less: Closing Stock of Raw Material	1697516	6941856
	<u>45370882</u>	<u>57716818</u>



## 19(a) Value of imported and indigenous Raw Materials & Stores & Spares Consumed

Particulars	FOR THE YEAR ENDED 31.03.2014		FOR THE YEAR ENDED 31.03.2013	
	₹	%	₹	%
	<b>Raw Materials</b>		<b>Raw Materials</b>	
Imported	0.00	0.00	0.00	0.00
Indigenous	45370882	100	57716818	100
	<b>45370882</b>	<b>100</b>	<b>57716818</b>	<b>100</b>
	<b>Stores &amp; Spares Consumed</b>		<b>Stores &amp; Spares Consumed</b>	
Imported	17667379	75	17469291	63
Indigenous	5814823	25	10108824	37
	<b>23482202</b>	<b>100</b>	<b>27578115</b>	<b>100</b>

## Note 20: CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE

	FOR THE YEAR ENDED 31.03.2014		FOR THE YEAR ENDED 31.03.2013	
	₹		₹	
<b>1. Opening Stock:</b>				
a. Sawn Slabs	35069188		39667197	
b. Polished Slabs/Tiles	165449	35234637	159566	39826763
<b>2. Closing Stock:</b>				
a. Sawn Slabs	36697973		35069188	
b. Polished Slabs/Tiles	163086	36861059	165449	35234637
		<b>-1626422</b>		<b>4592126</b>

## Note 21: EMPLOYEE BENEFIT EXPENSES

	FOR THE YEAR ENDED 31.03.2014		FOR THE YEAR ENDED 31.03.2013	
	₹		₹	
Salaries, Wages & Other Allowances	10243346		9128608	
Staff Welfare	332064		281627	
Contribution to Provident Fund	998231		827000	
Gratuity	229629		1078990	
Bonus	790746		702348	
	<b>12594016</b>		<b>12018573</b>	

## Note 22: FINANCE COST

	FOR THE YEAR ENDED 31.03.2014		FOR THE YEAR ENDED 31.03.2013	
	₹		₹	
Interest on Working Capital & Finance Charges	3465900		3349498	
	<b>3465900</b>		<b>3349498</b>	



# Sri Vajra Granites Limited

## Note 23: OTHER EXPENSES

FOR THE YEAR  
ENDED 31.03.2014

FOR THE YEAR  
ENDED 31.03.2013

	₹	₹
<b>(A) Manufacturing Expenses:</b>		
(a) Stores & Spares Consumed	23482202	27578115
(b) Power & Fuel	14213600	11547647
(c) Repairs to Machinery	2890726	2209273
	<b>40586528</b>	<b>41335035</b>
<b>(B) Administrative Expenses :</b>		
(a) Rent	539535	526600
(b) Rates & Taxes	31016	39916
(c) Insurance	134185	153596
(d) Loss on sale of Fixed Assets	0	
	<b>704736</b>	<b>720112</b>
<b>(C) Other Miscellaneous expenses</b>		
	3507543	3882547
	<b>3507543</b>	<b>3882547</b>
<b>(D) Auditors Remuneration :</b>		
(a) As Auditor	67416	67416
(b) For Tax Audit	28090	28090
(c) For Certification	41011	36517
(d) For Tax Representation	0	28090
	<b>136517</b>	<b>160113</b>
<b>(E) Selling Expenses :</b>		
(a) Transport & Freight	127267	108269
(b) Sales Promotion	0	2720
(c) Packing Material consumed	1363552	3437993
(d) Other Selling Expenses & Forwarding Charges	830950	2500628
(e) VAT/SalesTax	497397	475476
(f) ECGC Premium	83982	250480
(g) Service Tax and MOT charges	0	0
	<b>2903148</b>	<b>6775566</b>
(F) Provison for Doubtful debts	0	0
(G) Bad debts written off	0	4765671
	<b>47838472</b>	<b>57639044</b>



<b>24. Expenditure incurred in Foreign Currency:</b>	<b>2013-14</b>	<b>2012-13</b>
a) CIF Value of Imported Capital Goods	<b>NIL</b>	<b>NIL</b>
b) CIF Value of Imported Consumables and Spares	<b>19,069,863.00</b>	<b>14,052,099.00</b>
c) CIF Value of Imported Raw Material	<b>Nil</b>	<b>Nil</b>
d) On Overseas Travel	<b>Nil</b>	<b>Nil</b>

<b>25. Foreign Exchange Earnings</b>		
FOB Value of Exports in Rupees	<b>66,239,742.00</b>	<b>110,769,773.00</b>

26. Pursuant to Accounting Standard 22 (AS-22) i.e Accounting for Taxes on Income Issued by the Institute of Chartered Accountants of India, the deferred tax assets(net) as on 31.03.2013 works out to ₹109.61 lakhs. As a measure of prudence and as recommended under As-22, the same has not been currently recognized in the accounts. Similarly, the deferred tax assets (net) of ₹ 210.68 Lakhs as on 31st March 2014 has not been recognized in the statement of profit and loss for the year ended 31st March 2014.

Break-up of Deferred Tax Assets and (Liabilities) into major components of the respective balances is as under:

Deferred Tax Assets / Liabilities	( ₹In Lakhs)	
	As on 31/03/2014	As on 31/03/2013
Tax Impact of unabsorbed depreciation as per I.T.Act.	<b>38.24</b>	32.14
Tax Impact of Unabsorbed Losses as per I.T Act	<b>176.57</b>	84.77
Tax impact due to difference between tax depreciation and book depreciation	<b>-4.13</b>	-7.30

## 27. BUSINESS SEGMENTS:

The Company is predominantly engaged in the export of polished slabs. Its domestic sales are negligible/not material. So in terms of the accounting standard 17 on Segment reporting issued by the Institute of Chartered Accountants of India (ICAI), this is considered to constitute one single primary segment. In view of the above there is no reportable segment for the year.

28. As on 31.03.2014 there are no amounts payable to units covered under section 22 of Macro, Small & Medium Enterprises Development Act-2006

29. Previous year's figures have been regrouped, re-classified and re-cast wherever necessary so as to make them correspond with the Current year's figures and are rounded off to the nearest Rupee.

As per our report of even date for and on behalf of the Board of Directors of SRI VAJRA GRANITES LIMITED

Sd/-  
**A. SRINIVAS REDDY**  
Managing Director

Sd/-  
**G.SRINIVASA REDDY**  
General Manager(F&A)

For **I. SUDHAKER & CO**,  
Chartered Accountants  
FR No 006271S

Sd/-  
**I. SUDHAKER**  
PROPRIETOR  
Membership No. 023904

Sd/-  
**K.S. KAMESWARA SARMA**  
Chairman

Place: Hyderabad  
Date: 24.05.2014



# Sri Vajra Granites Limited

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2014

Item No.	PARTICULARS	Amount ₹ 31.03.2014	Amount ₹ 31.03.2013
<b>A. Cash Flow from Operating Activities</b>			
	Net Profit/(Loss) before Tax after & Extraordinary items	(35390221.00)	(2153615.07)
	Less: land compensation Received	(315800.00)	
	<b>Adjustments for:</b>		
	Interest Received /Earned	(149440.00)	(158256.00)
	Profit/Loss on Sale of Fixed Assets	0.00	0.00
	Unsecured Loans Written off	0.00	0.00
	Depreciation and Amortization	3407659.00	4774507.07
	Finance Cost	3465900.00	3349498.00
	Operating Profit/(Loss) before Working Capital changes	-28981902.00	5812134.00
	Adjustments for:		
	Increase/Decrease in inventories	924028.00	11252477.00
	Increase/Decrease in Trade Receivables	6928676.00	(13057147.00)
	Increase/Decrease in Other Current Assets	(86725.00)	(4809.00)
	Increase/Decrease in Long Term Loans & Advances	0.00	(339840.00)
	Increase/Decrease in Short Term Loans & Advances	759763.00	3338298.00
	Increase/Decrease in Capital Work-in-Progress	0.00	0.00
	Increase/Decrease in other Current Liabilities	10050347.00	3102311.00
	Increase/Decrease in Long Term Provisions	86091.00	1022705.00
	Increase/Decrease in Short Term Provisions	366631.00	200624.00
	Increase/Decrease in Trade Payables	7278126.00	(11442618.00)
	Increase/Decrease in Export Packing Credit/BD/ Unsecured loans	4940898.00	1536748.00
	Cash generated from operations	2265933.00	1420883.00
	Interest & Finance Charges paid	(3465900.00)	(3349498.00)
	Interest Received	149440.00	158256.00
	Net Cash Flow from operating Activities	(1050527.00)	(1770359.00)
<b>B. Cash Flow from Investing Activities:</b>			
	Purchase/Additions of Fixed Assets	(66191.00)	0.00
	Sale of Fixed Assets	315800.00	0.00
	Net Cash used in Investing Activities	249609.00	0.00
<b>C. Cash Flow from Financing Activities</b>			
	Proceeds from secured loans	0.00	0.00
	Allotment of Shares	0.00	0.00
	State Subsidy	0.00	0.00
	Repayment of Loans/Advance for Shares/Un Secured Loans		(12569.00)
	Net Cash used in Financing Activities	0.00	(12569.00)
	Net increase in Cash & Cash Equivalents	(800918.00)	(1782928.00)
	Opening Balance of Cash and Cash Equivalents	1622299.00	3405227.00
	Closing Balance of Cash and Cash Equivalents	<b>821381.00</b>	<b>1622299.00</b>

Notes: i) Cash and Cash equivalents include Cash on hand and in bank accounts, Margin Money Deposits etc.  
ii) Figures in brackets represent Cash outflow.

As per our report of even date  
For I. SUDHAKER & CO,  
Chartered Accountants  
FR No 006271S

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

Sd/-  
**I. SUDHAKER**  
Proprietor  
Membership No. 023904

Sd/-  
**A.SRINIVAS REDDY**  
Managing Director

Sd/-  
**G.SRINIVASA REDDY**  
General Manager (F&A)

Place: Hyderabad  
Date: 24.05.2014

Sd/-  
**K.S.KAMESWARA SARMA**  
Chairman



## SRI VAJRA GRANITES LIMITED

CIN: L14102TG1989PLC009590

6-3-347/22/10/2, Flat No 202, IIInd Floor, Sai Villa Apartment, Dwarakapuri, Punjagutta,  
Hyderabad - 082

### ATTENDANCE SLIP

25<sup>th</sup> ANNUAL GENERAL MEETING

**Monday, 29<sup>th</sup> September, 2014 at 11.30 A.M.**

REGISTERED Folio No. / Demat Account No. (Client ID)	
DP ID No.	
Name of Shareholder	
Number of Shares held	

I / We hereby record my / our presence at the 25<sup>th</sup> Annual General Meeting of the Company at H. No. 1-8-1/B/25/A, Sundarayya Vignana Kendram, Baghlingampally, Hyderabad – 500 044.

Shareholder's / Proxy's Signature

*Share holder or Proxy holder attending this meeting requested to bring this attendance slip to the meeting and hand over at the entrance duly filed and signed.*



# Sri Vajra Granites Limited

## SRI VAJRA GRANITES LIMITED

CIN: L14102TG1989PLC009590

6-3-347/22/10/2, Flat No 202, IIInd Floor, Sai Villa Apartment, Dwarakapuri, Punjagutta, Hyderabad - 082

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered address	
E-mail ID	
Folio No. / DP ID and Client ID	

I/We, being the Member(s) \_\_\_\_\_ of shares of the above named Company, hereby appoint

Name:	E-mail ID:
Address:	Signature:

Or failing him/her

Name:	E-mail ID:
Address:	Signature:

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company, to be held on **Monday, 29th September, 2014 at 11.30 A.M.** at H. No. 1-8-1/B/25/A, Sundarayya Vignana Kendram, Baghlingampally, Hyderabad – 500 044, and at any adjournment thereof in respect of such resolutions as are indicated below:

Reso. No.	Description	Vote Yes / No
1	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2014.	
2	Re-election of Smt. Leela Annareddy as Director	
3	Appointment of M/s. I. Sudhaker & Co, as Statutory Auditors of the Company and to fix their remuneration for the financial year ending 31st March, 2015.	
4	Re-appointment of Sri Srinivas Reddy Annareddy as Managing Director of the Company	
5	Appointment of Sri Kompella Surya Kameswara Sarma, as an Independent Director of the Company for a term of upto five years.	
6	Appointment of Sri Saya Reddy Chennolla, as an Independent Director of the Company for a term of upto five years.	
7	Appointment of Sri Ranga Reddy Mettu, as an Independent Director of the Company for a term of upto five years.	
8	To authorise the Board to Mortgage and/or create charge	

Signed this \_\_\_\_\_ day of September, 2014.

Signature of shareholder

Signature of Proxy holder(s)

Affix Rs. 1/- Revenue Stamp
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*This form of Proxy, to be effective, should be deposited at the Registered Office of the Company not less than 48 HOURS before the commencement of the aforesaid meeting and request you to Indicate resolutions on which proxy is authorised to vote.*

**BOOK POST**



*If undelivered please return to :*

**Sri Vajra Granites Limited**

6-3-347/22/10/2, Flat No.202,  
2nd Floor, Sai Villa Apartment,  
Dwarakapuri Colony, Punjagutta,  
Hyderabad – 82. Telangana