

14th

ANNUAL REPORT

2004-2005

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HIMALYA INTERNATIONAL LIMITED

BOARD OF DIRECTORS

Shri Man Mohan Malik
Shri Sanjiv Kakkar
Shri Rajan Dhawan
Smt. Sangita Malik
Shri Sammuel E. Goodwin
Shri Chetan Sharma
Shri R.P. Jain

- Chairman and Managing Director
- Managing Director
- Director
- Director
- Director
- HPSIDC, Nominee Director
- HPSIDC, Nominee Director

AUDITORS

M/s. Anujeet Dandona & Co.
Chartered Accountant
63-A, Anekant Palace,
Rajpur Road - Dehradun

REGD. OFFICE

No. 4, Commercial Complex
Minto Road Hostel,
New Delhi - 110 002

BANKERS

1. H.P. State Co-op. Bank
2. State Bank of India

REGISTRARS AND SHAREHOLDER TRANSFER AGENTS

M/s. Beetal Financial & Computer
Services (P) Ltd.
321 - S, Chirag, Delhi
New Delhi - 110 017

October 28th, 2005

My Dear Shareholders,

It is my great pleasure to welcome you on the 14th AGM of your company.

The pleasure is greater due to my re-vitalized spirits and the extreme confidence in the future of our company.

The Turnaround from the debacles of last few years is confirmed and we have aggressively focused on strategies to move towards exponential growth in the next few years. I thank you for the trust that you have kept in the company and am glad that your trust has been rewarded since the last AGM and your stock price has moved manifolds.

In the Last AGM, I had informed you on the plans to achieve Rs. 100 Crore turnover by 2010. I have great pleasure to inform you that we are on track to achieve this target much earlier and by 2008.

I am sure that the market shall further reward your trust in the years to come and once the expansion plans start yielding result.

Since last AGM we have made the following achievements.

1. The dues of IDBI have been settled for Rs. 57.5 million in cash and by issue of 3,00,000 equity shares of the Company.
2. A new project for frozen specialty Mozzarella Cheese has been set up at the cost of Rs. 80 millions. The project has been implemented in technical & marketing collaboration with a U.S based Cheese Company. The plant shall commence production next month i.e. November 2005. The capacity of the plant shall be 15 million lbs of Mozzarella cheese valued at U.S \$ 25 million per annum at full capacity.
3. The contract farming programme has been firmly established and the entire specialty crops like Herbs and Vegetables are being grown by the company and more than fifty farmers have already enrolled under the programme.
4. Your company has been accredited as ISO9001:2000 and HACCP certified.

We have chalked out a constant and exponential growth for the company and another new project has been planned for next year.

The planned Project shall process Battered and Breaded Appetizers for exports. It shall have the capacity of 15 million lbs /annum for Breaded Mushrooms, Mozzarella sticks, stuffed Jalapenos, Egg plant slices and Onion rings and petals. At full capacity the project shall add \$20 million to the company's turnover. The proposed plant shall be set up in adjoining land in Himachal Pradesh and is in perfect synergy with the present activity of the Company. All the raw materials are either being produced by the company (Mushroom & Mozzarella Cheese) or shall be grown under contract farming. The project shall be exempted from Excise Duty and Income Tax for 10 Years under the GOI policy.

The technical know how and marketing is being tied up with an American Company. The unit shall be set up under EPCG Scheme with an eye on burgeoning domestic market for fast food channels like McDonalds, Pizza Huts, & Dominos.

This Project is planned to go in production by mid 2006.

For better and online Investors relations, a new feature for ' Investor's Relations' has been launched at our website www.himalyainternational.com

The daily stock price too shall be depicted on the website.

Assuring you again of our relentless efforts to add best value to your investment
&

With Best Wishes & Wishing you all a very Happy Deepawali

I remain

Sincerely Yours

Man Mohan Malik
Chairman of the Board

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Company will be held on Wednesday, the 23rd day of November 2005, at 10:30 A. M. at Pearey Lal Bhawan Association, Gandhi Memorial Hall, Bahadur Shah Zafar Marg, New Delhi-110002, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2005 and Profit & Loss Account for the year ended on that date and reports of Directors and Auditors.
2. To appoint a director in place of Mr. Rajan Dhawan, retire by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. Sammuel E. Goodwin, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modification(s) the following resolutions.

“RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s Anujeet Dandona & Company, Chartered Accounts, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and that the Board of Directors/Audit Committee of the Board be and is hereby authorized to fix their remuneration.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution: -

“RESOLVED THAT pursuant to the provisions of section 94 of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 17,50,00,000.00, divided into 1,75,00,000 Equity Shares of Rs. 10.00 each, to Rs. 25,00,00,000.00, divided into 2,50,00,000 Equity Shares of Rs. 10.00 each.

RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the Company, as to Share Capital be and is hereby deleted and in its place the following clause V be substituted:

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The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crore) divided into 2,50,00,000 (Two Crores fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution: -

"RESOLVED THAT pursuant to the provisions to section 31(1) of the Companies Act, 1956 the Article 3 of the Articles of Association of the Company be and is hereby deleted and in its place the following Article 3 be substituted:

Article: 3 The Authorised Share Capital of the Company is such that stated in Clause V of the Memorandum of Association of the Company. The Company has the power from time to time to increase or reduce its capital. Any of the said shares and new shares hereafter to be created may, from time to time, be divided into shares of several classes in such manner as may be provided hereinafter. The shares of each class may have or confer such preferential or other special rights and privileges, may be issued under such restrictions and conditions, whether in regard to dividend, voting, return of capital or otherwise as shall have been assigned thereto by or under provisions of the Articles of Association but so that the special rights or privileges belonging to holders of any class of shares issued with preferred or other rights shall not be varied or abrogated or affected."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution: -

"RESOLVED THAT pursuant to the provisions of section 81(1A) and all other applicable provisions of the Companies Act, 1956, the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Listed Agreement(s) with the Stock Exchange(s), the Memorandum & Articles of Association of the Company, if any, and subject to the necessary approvals of financial institutions, banks and other concerned persons and authorities, if any, the consent of the Members of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorised to offer, issue and allot up to 5045206 (Fifty lakhs Forty Five Thousands Two Hundreds and Six) Equity Shares of the Company, to Foreign and Indian Investors, Mutual Funds, venture capitalists, business associates etc., by way of private placement on preferential basis at such prices as may be fixed as per SEBI Guidelines.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to reduce, change or modify the number of equity shares, to finalize the terms and conditions, pricing and all other matters pertaining to the issue and allotment of the aforesaid preferential issue of equity shares, to agree upon such conditions or

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modifications that may be imposed or desired by Securities & Exchange Board of India, Stock Exchange(s) or other authorities, or that may be otherwise be deemed fit or proper by the Board and to settle all questions that may arise with regard to the aforesaid, in such manner as it may determine in its absolute discretion and to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient, to give effect to this Resolution.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to delegate all or any of the above mentioned powers/authorities to any committee of Directors and/or officers of the Company."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution: -

"RESOLVED THAT pursuant to the provisions of section 81(1A) and all other applicable provisions of the Companies Act, 1956, the relevant circulars and notifications issued by the Reserve bank of India (the RBI), SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme, Guidelines, 1999) ("the SEBI ESOP Guidelines") issued by Securities & Exchange Board of India on Employee Stock Option and Stock Purchase Plans and the Memorandum & Articles of Association of the Company and subject to the approval of, consent, permission and/or sanction, if any, of the appropriate authorities/institution or bodies as may be necessary and subject to such terms and conditions as may be prescribed/imposed, consent of the company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) to issue, offer and allot to any one or more or all of the permanent employees of the Company (including executive, non-executive Directors but excluding the promoter Directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) 1200000 (Twelve Lakhs) equity shares of Rs. 10/- each, at the option of the Company under ESOP Plan 2005 to be created by the Company for the benefit of the employees, at an exercise price of not less than the face value of the equity shares on the terms and conditions as detailed in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT pursuant to ESOP PLAN 2005 to be created by the Company, the Board of Directors be and it is hereby also authorised on behalf of the Company to issue, offer and allot such number of equity shares of the Company within the overall limit of upto 1200000(Twelve Lakhs) equity shares to the permanent employees of the Company (including executive, non-executive Directors but excluding the promoter Directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) and subject to approval of SEBI and other statutory authorities to such other category of persons as may be permitted from time to time and as may be deemed necessary by the Board of Directors of the Company.

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“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to reduce, change or modify the number of equity shares, to finalise the terms and conditions, pricing and all other matters pertaining to the issue and allotment of the aforesaid preferential issue of equity shares, to agree upon such conditions or modifications that may be imposed or desired by Securities & Exchange Board of India, Stock Exchange(s) or other authorities, or that may be otherwise be deemed fit or proper by the Board and to settle all questions that may arise with regard to the aforesaid, in such manner as it may determine in its absolute discretion and to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient, to give effect to this Resolution.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to delegate all or any of the above mentioned powers/authorities to any committee of Directors and/or officers of the Company.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution: -

Pursuant to Section 192A of the Companies Act, 1956 and as per Postal Ballot

Rules, 2001 following resolution will be passed through postal: -

“RESOLVED THAT subject to section 293(1) (a) and other applicable provisions of the Companies Act, 1956, that the undertaking of Calcium division of the Company be sold, disposed off in whole, to the person/persons, on such terms and conditions as may be prescribed by the Company in this regard.

RESOLVED FURTHER that the board of Director of the Company be and is hereby authorized to fix consideration of the unit, terms and conditions of sale and all such details as may be necessary in this regard, including appointment of valuers consultants etc.”

10. To Pass the following resolutions as ordinary resolution

“Resolved that Mr Sunil Khera is hereby appointed as the additional Director in the company”.

Place : New Delhi

By order of the Board

Date :28.10.2005

For HIMALAYA INTERNATIONAL LIMITED

M. M. MALIK

CHAIRMAN & MANAGING DIRECTOR

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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not to be a member of the company. The proxy in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Members are requested to notify the Change in their addresses, if any, to the Depository Registrars and Share Transfer Agents of the Company, Beetal Financial & Computer Services Private Limited, Beetal House, 3rd Floor, 99 Madangir, BH-Local Shopping Complex, Near Dada Harsukhdas Mandir, New Delhi – 110062
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed and forms part of this Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(3) OF THE COMPANIES ACT, 1956**ITEM NO. 5 & 6:**

The Company is planning to diversify into other food products including production of Mozzarella Cheese. To raise funds for expansion and diversification, it is proposed to issue further equity shares. The present Authorised Shares Capital is not enough to issue further capital of the Company. It is, therefore, proposed to raise Authorised Shares Capital of the Company from Rs. 17,50,00,000/- (Rupees Seventeen Crore Fifty Lakhs) to Rs. 25,00,00,000/- (Rupees Twenty Five Crores) by addition of 75,00,000 equity shares of Rs. 10/- each to the existing Authorised Capital of the Company.

Your Directors recommend the Resolution for approval.

None of the directors is interested in the proposed resolution.

ITEM NO. 7:**OBJECT OF THE ISSUE**

In order to implement expansion and diversification plans of the Company, the Board of Directors is proposing to raise additional capital by issue of fully paid equity shares of Rs. 10/- each to the Foreign and Indian investors, Mutual Funds, venture capitalists, business associates etc. of the Company, by way of private placement on preferential basis at such price as may be fixed as per SEBI Guidelines. It is proposed that equity shares not exceeding 5045206 (Fifty lakhs Forty Five Thousands Two Hundreds and six) be issued at such price as may be fixed as per SEBI Guidelines. Accordingly, Your Directors recommend the Resolution for approval.

SHAREHOLDING PATTERN BEFORE AND AFTER THE ISSUE

Category	No of Shares	%	No of Shares	%
	Prior to issue		Post Issue	
A. Promotor's Holding				
1. Promoters-Indian	5082100	29.917	5082100	23.07
2. Persons acting in				
Concert	-----	-----	-----	-----
Sub Total	5082100	29.917	5082100	23.07
B. Non Promoters Holding				
3. Institutional Investors				
a) Mutual Funds and UTI	-----	-----	-----	-----
Banks Financial Institutions	700	0.004	300700	1.366
Insurance Companies				
Central/State Govt.				
Institutions.				
Non Govt Institutions				
FII	-----	-----	-----	-----
Sub Total	700	0.004	300700	1.366
4. Others:				
a. Private Corporate	2374927	13.981	2374927	10.79
Bodies				
b. Indian Public	7846862	46.194	7846862	35.64

c. NRI/OCBs	1682311	9.904	6427517	29.19
d. Any Other	-----	-----	-----	-----
Grand Total	16986900	100.00	22032106	100.00

IDENTITY OF THE ALLOTTEES INCLUDING THE PRE & POST PREFERENTIAL ISSUE

S No	Name of the Proposed Allottees	Instrument Category	Pre Issue NO of Shares	Pre-Issue % of Shares	Allotment Through Preferential Allot	Post Issue Holding	Post Issue %
1.	First Family Holdings Inc Equity Shares	Equity Shares	0.00	0.00	3300742	3300742	14.99
2.	Industrial Development Bank of India	Equity Shares	0.00	0.00	300000	300000	1.36
3.	RS Whole Sale	Equity Shares	0.00	0.00	1442593	1442593	6.55

RELEVANT DATE: 22nd October 2005

None of the directors is interested in the proposed resolution.

ITEM NO. 8

An ESOP Plan 2005 has been formulated in line with the SEBI (Employee Stock Option Scheme) Guidelines, 1999 issued by SEBI and other applicable laws. The scheme has been approved by the Board of Directors in their Meeting held on 03.10.2005. This scheme will be used to grant Equity shares with a flexible vesting period at an exercise price of not less than the face value of the equity shares, which will entitle the holder to apply for equity shares of the Company.

The terms and conditions of this stock option scheme are as under:

- The total number of Equity shares to be granted under ESOP Plan 2005 would be 12,00,000 (Twelve lacs).
- ESOP Plan 2005 would be applicable to any one or more or all of the permanent employees of the Company (including executive, non-executive Directors but excluding the promoter Directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company)