

15th

ANNUAL REPORT

2005-2006

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HIMALYA INTERNATIONAL LIMITED

BOARD OF DIRECTORS

1. Shri Man Mohan Malik
2. Shri Sanjiv Kakkar
3. Shri Rajan Dhawan
4. Shri Chetan Sharma
5. Shri R. P. Jain
6. Shri Vyas
7. Shri Sunil Khera

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

AUDITORS

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

REGD. OFFICE

No. 3 - 4, Commercial Complex
Minto Road Hostel
New Delhi-110002

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BANKERS

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

REGISTERARS & SHAREHOLDER TRANSFER AGENTS

M/s Beetal Financial & Computer
Services (P) Ltd.

WORKS :

VILLAGE SHUBHKHERA,
PAONTA SAHIB (H.P.) - 173025
DISTT. SIRMOUR
(HIMACHAL PRADESH)

Man Mohan Malik

Chairman and CEO

October 30th, 2006

My Dear Shareholders,

It is my great pleasure to welcome you to the 15th AGM of your company.

The pleasure is greater due to the re-vitalized spirits of your whole team and general bullishness on the future of your company.

I thank you for the trust that you have kept in the company and I am glad that your trust has been ratified and rewarded by the confidence shown by the stock markets in your company.

The Annual Report is enclosed and your hearts shall be gladdened that there has been very healthy revival of the fortunes of the company after long years of despondency.

In the last financial year 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 and major portion stands paid as on date.
2. A new project for frozen specialty Mozzarella Cheese has been put to operation. The plant is unique and first such venture in the country for specialty Italian style Mozzarella and Ricotta cheese. The current years financials shall partially reflect the financial gains from the project. We aim at exploiting full potential of the project within the next two years.
3. We have taken decision to convert the 100% EOU into DTA under EPCG Scheme of Govt of India to get the benefit from burgeoning markets for our products. We have already deposited required duty upon the conversion from 100% EOU to DTA.
4. We presented our new and highly commended application of Bio-Dynamic Technology on SMS (Spent Mushroom Substrate) to the International Symposium held in USA in September 2006 and have filed for Patent to disseminate this technology in North America.

In the Last AGM, I had informed you on the plans to target Rs. 100 Crore turnover by 2010.

I am glad that we are right on course with targeted, compounded annual growth of unparalleled & awe inspiring 50% for next five years even at the conservative level.

Himalya International Ltd

Village Shubh Khara Paonta Sahib

Distt Sirmour 173025 (H.P.)

Mobile;09318880555

Email : manmohan_malik@yahoo.com

Man Mohan Malik

Chairman and CEO

We have chalked out a constant and exponential growth for the company and have set the following development targets for the current FY 2006-07.

1. In view of worldwide as well as domestic increase in demand of Mushrooms, we are on expansion spree of our Mushroom Facility and shall complete 100% expansion by the end of current financial year.
2. We shall be launching our branded products including Mushrooms, Cheese and Appetizers in domestic market during the year.
3. We have started importing American Food Products under the FAS program of US Department of Agriculture and shall be marketing such high demand products in India from November this year.
4. We are undertaking Contract Dairy & specialty vegetable farming and refrigerated cold chain with assistance from NABARD during the year.
5. Major up gradation of baby potato processing facility shall be completed during the year enabling us to meet the demand of our Major clients in US.

On energy and Water conservation, Your Company has taken major steps by creating awareness among workers and upgrading energy consuming and saving equipments.

On social front, we stand committed to healthcare and education of our workers and community and are organizing various workshops and incentive programs.

Once again, assuring you of our relentless efforts to add best value to your investment
&

With Best Wishes

I remain,
Sincerely Yours

Man Mohan Malik
Chairman of the Board

Himalya International Ltd

Village Shubh Khara Paonta Sahib
Distt Sirmour 173025 (H.P.)
Mobile;09318880555
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NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Company will be held on Thursday, 23rd November 2006, at 11:30 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 2006 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, who retire by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. Sunil Khera, 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 resolution as an Ordinary Resolution:.

“RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s Anujeet Dandona & Company, Chartered Accountants, 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, following resolution as an 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. 25,00,00,000.00 divided into 2,50,00,000 Equity Shares of Rs. 10.00 each, to Rs. 40,00,00,000.00, divided into 4,00,00,000 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 substituted by the following:

Clause V

The Authorised Share Capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs. 10/- (Rupees Ten) each."

6. To consider and if thought fit to pass with or without modifications following resolution as a Special Resolution:-

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

Article: 3

The Authorized 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 following resolution as a Special Resolution:-

RESOLVED that pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the Articles of Association of the Company, the Listing Agreement entered by the Company with the Stock Exchange, the Guidelines for preferential issue contained in the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI guidelines), the applicable laws, rules, regulations, guidelines, clarifications and approvals including those issued by the Reserve Bank of India (RBI) wherever applicable, and any other statutory/ regulatory authorities and subject to such approvals/ consents/ permissions/ sanctions as may be required in accordance with applicable laws, rules, regulations and guidelines and subject to such conditions as the authorities may impose at the time of granting their approvals/ consents/ permissions/ sanctions and which may be agreed to by the Board of Directors of the Company (the "Board", which expression shall include any committee thereof constituted by the Board), consent of the members of the Company be and is hereby accorded to the Board to issue and allot, in one or more tranches and upon such terms and conditions as may be deemed appropriate by the Board, by way of preferential allotment by private placement upto 50,00,000 Zero Coupon warrants convertible into One Equity share of Rs.10 each at a price inclusive of premium, to be determined in accordance with SEBI

Guidelines on preferential basis by private placement to promoters, on such other terms and conditions, as the Board may deem appropriate in its absolute discretion.

RESOLVED further that

- (a) The relevant date for the purpose of pricing of the issue of the shares resulting from the warrants in accordance with SEBI Guidelines is 23rd October 2006 being 30 working day prior to 23rd November 2006 (i.e. the 30 working day prior to the date on which the meeting of the general body of shareholders is to be held, in terms of Section 81(1A) of the Companies Act, 1956, to consider the proposed issue).
- (b) The Offer, Issue and Allotment of the aforesaid Warrants shall be made at such time or times as the Board may in its absolute discretion decide.
- (c) The Warrant holder(s) shall, on or before the date of allotment, pay an amount equivalent to 10% of the total consideration of the Warrants.
- (d) The Warrant holder(s) shall, on the date of exercise of the conversion option, pay the balance 90% of the total conversion towards the subscription to each equity shares.
- (e) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Warrants and Shares arising on exercise of Warrants and shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient.
- (f) The currency of the Warrants shall not exceed 18 months from the date of their issue.
- (g) The Warrants shall be locked in for a period of three years from the date of their allotment, provided that the lock – in on Equity Shares acquired by conversion of Warrants shall be reduced to the extent the Warrants have already been locked in.
- (h) The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 applicable Guidelines, for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring, if any in future.
- (i) The equity shares as may be required to be issued and allotted upon conversion of Warrants shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu, with the existing equity shares of the Company. The shares will be allotted in demat form only.
- (j) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of Directors of the Company to give effect to the aforesaid resolution.

RESOLVED further that for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental including without limitation, appointment of consultants, solicitors, merchant bankers, or any other agencies as may be required and entering into arrangements and agreements as may be necessary, and to seek listing of the equity shares representing the same in any Indian Stock Exchanges with power on behalf of the Company to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Warrants and Shares arising on exercise of the option relating to the Warrants and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.

8. To consider and if thought fit to pass with or without modification, following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of section 81(1) 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, Listing Agreement(s) with the Stock Exchange(s), Foreign Exchange and Management Act, 1999, the Memorandum & Articles of Association of the Company and subject to the necessary approvals of financial institutions, banks and other concerned persons and authorities, if any, with such terms and conditions as may be prescribed or imposed, consent of the Company be and is hereby accorded to the Board of Directors to issue 11016053 (One Crore Ten Lac Sixteen Thousand and Fifty Three) Equity shares of Rs.10/- each fully paid up in the proportion of One fully paid up Equity share of Rs.10/- each for every Two fully paid up Equity shares of Rs.10/- each held by the Equity shareholders of the Company as on record date and at such price as may be decided by the Board of Directors of the Company.”

9. To consider and if thought fit to pass with or without modification, following resolution as an Ordinary Resolution:-

“RESOLVED THAT subject to the provisions contained in the Securities Contract and Regulation Act, 1956, the Memorandum & Articles of Association of the Company and subject to necessary approvals from any concerned persons and authorities, if any, with such terms and conditions as may be prescribed or imposed, consent of the members of the Company be and is hereby accorded to the Board of Directors, to take all such necessary steps and to do all such acts, deeds, things as may be necessary to get the equity shares of the Company listed with the National Stock Exchange.

10. To consider and if thought fit to pass with or without following resolution as an Ordinary Resolution:-

“RESOLVED THAT Mr. H.P.Vyas be and is hereby appointed as the Director of the Company liable to retire by rotation.”

By Order of the Board

For Himalya International Limited

Place: New Delhi

Satyendu Pattnaik

Date: 30.10.2006

Company Secretary

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 Register of Members and Share Transfer Books will remain closed on 23rd November 2006.
3. The Members are requested to please send their requests for transfer and transmission of shares, demat, issue of duplicate share certificates and correspondence relating to all other relevant matters including the change in their addresses, if any, directly to the 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.
4. Please bring your attendance slip along with Annual Report to the meeting as the same will not be distributed in the meeting.

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

The Company is planning for expansion and diversification of the business activities and to augment the financial resources of the Company it has been proposed to issue further equity shares and also to issue equity shares on right basis in proportion of One fully paid up Equity share of Rs.10/- each for every Two fully paid up Equity shares of Rs.10/- each held by the Equity shareholders of the Company as on record date. The present Authorized Share Capital of the Company is not sufficient to issue aforesaid further shares of the Company. Therefore, it is proposed to increase the Authorised Share Capital of the Company from from Rs. 25,00,00,000.00 divided into 2,50,00,000 Equity Shares of Rs. 10.00 each, to Rs. 40,00,00,000.00, divided into 4,00,00,000 Equity Shares of Rs. 10.00 each.

Your Directors recommend the resolution for approval.

None of the Directors are 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 are proposing to raise additional capital by issue of fully paid up equity share

HIMALYA INTERNATIONAL LTD.

warrants of Rs. 10/- each to the Promoters 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 share warrants not exceeding 5000000 (Fifty Lakhs) 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 PREFERENTIAL ISSUE
OF SHARE WARRANTS UPON THEIR CONVERSION IN TO EQUITY SHARES**

Category	No. of Shares prior to Issue	In %	No. of Shares Post Issue	In %
A. Promoters Holding				
Promoters-Indian	3359200	15.25	8359200	30.92
1. Persons Acting in Concert	15700	0.07	15700	0.06
Sub Total	3374900	15.32	8374900	30.98
B. Non Promoters Holding				
3. Institutional Investors				
a) Mutual Funds and UTI	-	-	-	-
b) Banks/ Financial Institutions	300500	1.36	300500	1.11
Insurance Companies	-	-	-	-
Central/State Govt. Institutions	-	-	-	-
Non Govt. Institutions	-	-	-	-
c) FII	-	-	-	-
Sub Total	300500	1.36	300500	1.11
4. Others:				
a) Private Corporate Bodies	2633273	11.95	2633273	9.74
b) Indian Public	8885789	40.33	8885789	32.87
c) NRIs/OCBs	6442814	29.24	6442814	23.84
d) Any Other:				
Trust	9900	0.05	9900	0.04
Clearing Members	384930	1.75	384930	1.42
Sub Total	18356706	83.32	18356706	67.91
Grand Total	22032106	100.00	27032106	100.00

RELEVANT DATE: 23RD OCTOBER 2006

None of the Directors are interested in the proposed resolution.