

17th

ANNUAL REPORT

2007-2008

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HIMALAYA INTERNATIONAL LIMITED

BOARD OF DIRECTORS

Man Mohan Malik
Chairman & Managing Director

Sanjeev Kakkar
Managing Director

Sangita Malik
Whole Time Director

Rajan Dhawan
Director

Sunil Khera
Independent Director

Chetan Sharma
HPSIDC Nominee Director

R. P. Jain
HPSIDC Nominee Director

Company Secretary

Akhilesh Kumar Singh

Auditors

M/s Anujeet Dandona & Co

Registered Office

206, Aggarwal Square Plaza, Pocket- 7
Plot No.- 9, Sector- 12, Dwarka
New Delhi- 110075
Tel: +91-11-45535589
Fax: +91-11-45535589
Email: mmohan1@sancharnet.com
Website: www.himalyainternational.com

Corporate Identification Number (CIN)

L51909DL1992PLC047399

Registrars & Share Transfer Agent

Beetle Financial & Computer Services (P) Ltd.
Beetal House 3rd Floor, 99 Madangir
BH-Local Shopping Complex
Near Dada Harsukhdas Mandir
New Delhi-110062

Bankers

H.P. State Co-op Bank Ltd.
State Bank of India Overseas Branch Delhi
Allahabad Bank New-Delhi

Shares Listed at

Bombay Stock Exchange

Depositories

National Securities Depository limited
Central Depository Services (India) Limited

Head Office & Works

Village-Shubh Khera
Paonta Sahib
Distt.- Sirmour
H.P.-173025
Tel: +91-170423668
Tel: +91-170423494
Fax: +91-1704225178

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Company will be held on Monday, the 25th day of August 2008, at 4.30 P.M. at CENTRE FOR CULTURAL RESOURCES AND TRAINING, 15 A, SECTOR -7, DWARKA, NEW DELHI - 110 075, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2008 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. 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 resolutions.

“RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s Anujeet Dandia & 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 Authorized Capital of the Company be and is hereby increased by **Rs. 10,00,00,000/- (Rupees Ten Crore Only)** from **Rs. 40,00,00,000.00, (Rupees Forty Crore Only)** divided into **4,00,00,000 (Four Crore)** Equity Shares of **Rs. 10.00 (Rs. Ten)** each, to **Rs. 50,00,00,000.00 (Rs. Fifty Crore)**, divided into **5,00,00,000 (Five Crore)** Equity Shares of **Rs. 10.00 (Rs. Ten)** 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:

The Authorized Share Capital of the Company is **Rs. 50,00,00,000/- (Rupees Fifty Crore)** divided into **5,00,00,000 (Five Crore)** Equity Shares of **Rs. 10.00 (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 Article 19A of the Articles of Association of the Company be and is hereby inserted after Article 19 of the Articles of Association of the company.

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- 19A The option or right to call of Shares shall not be given to any person except with sanction of the company in general meeting
7. To consider and if thought fit to pass, with or without modification(s), the following resolution as special resolution:

“Resolved that pursuant to Section 81(A) 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(s), the Guidelines for preferential issue contained in the Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 (as amended from time to time), the applicable laws, rules, regulations, guidelines, clarifications and approvals including those issued by Reserve Bank of India (RBI) wherever applicable, and any other statutory/regulatory authorities and subject to such approvals/consents/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 allotment by private placement up to 40,00,000 (Four Millions) Warrants convertible into One Equity share of Rs.10/- each at a price of Rs. 23.50 per share (inclusive of premium of Rs. 13.50 per share, as fixed by the Board and determined in accordance with SEBI guidelines on preferential basis by private placement) at any time before the end of 18th Month from the date of allotment of the said warrants, to the promoters and strategic investors on such terms and conditions, as the Board may deem appropriate in its absolute discretion.”

RESOLVED FURTHER that the new equity shares to be allotted on conversion of warrants referred to herein above shall be subject to the Memorandum & Articles of Association of the Company and shall rank pari-passu in all respects including the entitlement to pro-rata dividend which may be declared or paid thereon from the date of allotment for the financial year in which the same are allotted.

RESOLVED FURTHER that for the purpose of giving effect to the above resolutions, the Board of Directors of the Company shall take all decisions as may necessary in connection with any such issues, offer and allotment and equity shares on conversion of warrants and utilization of issue proceeds, as it may, in its absolute discretion deem fit and any such action, decision of the Board shall be binding on all members of the Company.”

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized 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 special resolution:

“Resolved that pursuant to Section 81(A) 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(s), the Guidelines for preferential issue contained in the

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Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 (as amended from time to time), the applicable laws, rules, regulations, guidelines, clarifications and approvals including those issued by Reserve Bank of India (RBI) wherever applicable, and any other statutory/regulatory authorities and subject to such approvals/consents/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 allotment by private placement up to 4000000 (Four Millions) 12% Fully Convertible Debentures, having interest payable annually, convertible into One Equity share of Rs.10/- each at a price of Rs. 23.50 per share (inclusive of premium of Rs. 13.50 per share, as fixed by the Board of Directors and determined in accordance with SEBI guidelines on preferential basis by private placement) at any time before the end of 18th Month from the date of allotment of the said 12% Fully Convertible Debentures, to the promoters and strategic investors on such terms and conditions, as the Board may deem appropriate in its absolute discretion.”

RESOLVED FURTHER that the new equity shares to be allotted on conversion of 12% Fully Convertible Debentures referred to herein above shall be subject to the Memorandum & Articles of Association of the Company and shall rank pari-passu in all respects including the entitlement to pro-rata dividend which may be declared or paid thereon from the date of allotment for the financial year in which the same are allotted.

RESOLVED FURTHER that for the purpose of giving effect to the above resolutions, the Board of Directors of the Company shall take all decisions as may necessary in connection with any such issues, offer and allotment and equity shares on conversion of 12% Fully Convertible Debentures and utilization of issue proceeds, as it may, in its absolute discretion deem fit and any such action, decision of the Board shall be binding on all members of the Company.”

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized 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 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

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excluding the promoter Directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) 4,000,000(Four millions) equity shares of Rs. 10/- each, at the option of the Company under ESOP Plan 2008 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 2008 to be created by the Company, the Board of Directors be and it is hereby also authorized on behalf of the Company to issue, offer and allot such number of equity shares of the Company within the overall limit of up to 4,000,000(Four millions) 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.

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

10. To consider and if thought fit to pass, with or without modification(s), the following resolution as special resolution:

“RESOLVED THAT pursuant to the applicable provisions if any of the Companies Act 1956 and any other related laws the Company can purchase the 32 acres of land situated on Delhi- Jaipur NH-8 in Rajasthan at a price consideration fixed by the Board of Directors i.e. Rs. 11.61 Cr.

RESOLVED FURTHER that the Board of Directors of the Company is being hereby authorized to do all necessary acts for it.

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

11. 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 293 (1)(d) of the Companies Act 1956 and other applicable provisions of the Companies Act 1956 and the articles of Associations the Board is hereby authorized to borrow money time to

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time up to the limit of four times of the paid up capital and reserves of the company or Rs. 500 Cr. whichever is less.

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

12. 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 Sections 198, 269 read with schedule XIII and all other applicable provisions if any of the companies Act, 1956 (including any statutory modification(s) or enactment(s) there of for the time being in force) and subject to such sanctions and approvals as may be necessary, approval be and is hereby accorded to the revision of remuneration of Mr. Man Mohan Malik, Chairman and Managing Director of the Company. The revised terms and conditions are as given below:

- A. Salary : Rs. 4,25,000/- per month
- B. Bonus at the rate of 2.5% of the net profit of the Company.
- C. Perquisites and Allowances:
 - (i) Company's contribution towards Provident fund, Superannuation Fund or
 - (ii) Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - (iii) Gratuity payable at a rate not exceeding half months salary for each completed year of service.
 - (iv) Leave encashment as per rules of the Company.
 - (v) Medical reimbursement for self and family as per rules of the Company.
 - (vi) Leave travel concession for self and family as per rules of the Company
 - (vii) Furnished accommodation with gas, water, electricity, security etc.
 - (viii) Club fees subject to a maximum of two clubs. This will not include admission and life membership fee.
 - (ix) Personal accident insurance for self.
 - (x) Other benefits:
 - (a) Provision for car for office use on Company's business.
 - (b) Telephone facility at residence. The Company shall bill personal long distance calls on telephone.
 - (c) Note: The perquisite shall be valued on cost to the Company basis.

In case of absence or inadequacies of profits for any financial year, the Chairman and Managing Director shall be paid remuneration as per section II of schedule XIII of the Companies Act, 1956 (Including any statutory modification(s) or re-enactment(s), for the time being in force) as may be applicable from time to time.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to alter or vary the terms and conditions of the said revision of remuneration, so long as it does not exceed the limit specified under schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force and also to do all such acts, deeds and things as may be considered necessary or expedient to give effect to this resolution.

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13. 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 Sections 198, 269 read with schedule XIII and all other applicable provisions if any of the companies Act, 1956 (including any statutory modification(s) or enactment(s) there of for the time being in force) and subject to such sanctions and approvals as may be necessary, approval be and is hereby accorded to the revision of remuneration of Mr. Sanjeev Kakkar, Managing Director of the Company. The revised terms and conditions are as given below:

- D. Salary : USD 7,000/- per month
- E. Bonus at the rate of 2.5% of the net profit of the Company.
- F. Perquisites and Allowances:
 - (i) Company's contribution towards Provident fund, Superannuation Fund or
 - (ii) Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - (iii) Gratuity payable at a rate not exceeding half months salary for each completed year of service.
 - (iv) Leave encashment as per rules of the Company.
 - (v) Medical reimbursement for self and family as per rules of the Company.
 - (vi) Leave travel concession for self and family as per rules of the Company
 - (vii) Furnished accommodation with gas, water, electricity, security etc.
 - (viii) Club fees subject to a maximum of two clubs. This will not include admission and life membership fee.
 - (ix) Personal accident insurance for self.
 - (x) Other benefits:
- (d) Provision for car for office use on Company's business.
- (e) Telephone facility at residence. The Company shall bill personal long distance calls on telephone.
- (f) Note: The perquisite shall be valued on cost to the Company basis.

In case of absence or inadequacies of profits for any financial year, the Chairman and Managing Director shall be paid remuneration as per section II of schedule XIII of the Companies Act, 1956 (Including any statutory modification(s) or re-enactment(s), for the time being in force) as may be applicable from time to time.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to alter or vary the terms and conditions of the said revision of remuneration, so long as it does not exceed the limit specified under schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force and also to do all such acts, deeds and things as may be considered necessary or expedient to give effect to this resolution.

Place : Paonta Sahib
Date :30.07.2008

By order of the Board of Directors
HIMALAYA INTERNATIONAL LIMITED

Akhilesh Kumar Singh
Company Secretary

Himalya International Limited**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(2) OF THE COMPANIES ACT, 1956**ITEMS NO.6**

To raise funds through issuance of Securities for the proposed expansion plan the present Authorized capital of the Company is not sufficient Therefore it is proposed to raise the authorized capital of the Company from Rs. Forty Crore (40,00,00,000) to Rs. Fifty Crore (50,00,00,000) by creating 10000000 equity shares of Rs. 10/- each. The proposed authorized capital of Rs. 50,00,00,000/- (Rs. fifty crores only) will be divided into 5,00,00,000 (Five crores only) Equity shares of Rs.10/- each.

Your Directors recommend the Resolution for approval.

None of the directors is interested in the proposed resolution.

ITEM NO. 7

To provide better liquidity to the Shares your Company is going to enlist at the National Stock Exchange. The Articles of Association of a Company must contain the aforesaid provision i.e. "The option or right to call of Shares shall not be given to any person except with sanction of the company in general meeting".

Your Directors recommend the Resolution for approval.

None of the directors is interested in the proposed resolution.

ITEMS NO.8 & 9**OBJECT OF THE ISSUE**

Following are the objectives of the issues:

1. In order to implement expansion and diversification plans of the Company, the company have to purchase land situated on Delhi- Jaipur NH-8 in Rajasthan. The cost of the land has been recommended by the Board of Directors is Rs. 11.61 Crores. It's a huge fund and it has been decided by the Board to manage the fund by preferential allotment of 4 millions of warrants and 4 millions of 12% Fully Convertible Debentures through private placement under Sec. 81(1A) of Companies Act 1956 from promoters and strategic investors.

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The preferential allotment is required to meet the above objectives.

SHAREHOLDING PATTERN BEFORE AND AFTER THE PREFERENTIAL ISSUE

RELEVANT DATE: 26th July 2008

| Category | No. of Shares prior to Issue | In % | No. of Shares Post Issue after Ist Phase Conversion | In % | No. of Shares Post Issue after IInd Phase Conversion | In % |
|----------------------------------|------------------------------|--------|---|--------|--|--------|
| A. Promoters Holding | | | | | | |
| Promoters-Indian | 4361900 | 15.90 | 8066900 | 21.55 | 16066900 | 35.36 |
| 1. Persons Acting in Concert | 0.00 | 0.00 | 0.00 | 0.00 | | |
| Sub Total | 4361900 | 15.90 | 8066900 | 21.55 | 16066900 | 35.36 |
| B. Non Promoters Holding | | | | | | |
| 3. Institutional Investors | | | | | | |
| a) Mutual Funds and UTI | - | - | - | - | | |
| b) Banks/ Financial Institutions | 1000500 | 3.65 | 1000500 | 2.67 | 1000500 | 2.20 |
| Insurance Companies | - | - | - | - | | |
| Central/State Govt. Institutions | - | - | - | - | | |
| Non Govt. Institutions | - | - | - | - | | |
| c) FII | 2400000 | 8.749 | 2400000 | 6.41 | 2400000 | 5.28 |
| Sub Total | 3400500 | 12.40 | 3400500 | 9.08 | 3400500 | 7.48 |
| 4.Others: | | | | | | |
| a) Private Corporate Bodies | 1638297 | 5.97 | 2138297 | 5.71 | 2138297 | 4.71 |
| b) Indian Public | 11645934 | 42.45 | 17440934 | 46.59 | 17440934 | 38.39 |
| c) NRIs/OCBs | 6340236 | 23.11 | 6340236 | 16.94 | 6340236 | 13.96 |
| d) Any Other: | | | | | | |
| Trust | | | | | | |
| Clearing Members | 45239 | 0.17 | 45239 | 0.12 | 45239 | 0.10 |
| Sub Total | 19669706 | 71.70 | 19669706 | 69.36 | 25964706 | 57.15 |
| Grand Total | 27432106 | 100.00 | 37432106 | 100.00 | 45432106 | 100.00 |

ITEM NO. 10

An ESOP-2008 Plan has been formulated in line with the SEBI (Employee Stock Option Scheme) Guidelines, 1999 issued by SEBI and other applicable laws. The Board of Directors in their Meeting held on 30.07.2008 has approved the scheme. 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-2008 Plan would be 40,00,000 (Four Millions).
- ESOP Plan 2008 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).