

**19th**

**ANNUAL REPORT**

**2009-2010**

**HIMALYA INTERNATIONAL LIMITED**

We'Reduce - Recycle-Reuse' to minimize our carbon footprint on the Planet.

## BOARDS OF DIRECTORS

### **Man Mohan Malik**

Chairman & Managing Director

### **Sanjiv Kakkar**

Managing Director

### **Sangita Malik**

Whole Time Director

### **Sunil Khera**

Independent Director

### **Anita Kakkar**

Director

### **Auditors**

M/s Anujeet Dandona & Co.

### **Registered Office**

192, Ground Floor, Sukhdev Vihar  
New Delhi-110025

Tel: +91-11-41573226

Fax: +91-11-41573226

Email: [contact@himalyainternational.com](mailto:contact@himalyainternational.com)

Website: [www.himalyainternational.com](http://www.himalyainternational.com)

### **Corporate Identification Number (CIN)**

L51909DL1992PL C047399

### **Registrar & Share Trasfer Agent**

Beetal Financial & Computer Services (P) Ltd.

Beetal House 3rd Floor, 99Madangir

BH-Local Shopping Complex

Near Dada Harsukhdas Mandir

New Delhi-110062

### **Bankers**

State Bank of India, Overseas Branch, New Delhi

Corporation Bank, Connaught Circus Branch, New Delhi

Exim Bank, Chandigarh

### **Shares Listed at**

Bombay Stock Exchange

### **Depositories**

National Securities Depository limited

Central Depository Services (India) Limited

### **Head Office & Works**

Village-Subh Khera

Paonta Sahib, Distt.-Sirmour (H.P.)173025

Tel: +91-1704-223494

Fax: +91-1704-225178

### **Project Site**

Survey No. 2145/A/1, Vadnagar-Navapura-Redlaxmipura

Road, Sultanpura-384355

Ta-Vadnagar, Distt. Mehsana, Gujarat

## HIMALYA INTERNATIONAL LTD

Man Mohan Malik  
Chairman & CEO  
Himalya International Ltd  
Poanta Sahib (H.P.) India

September 3, 2010

Dear Shareholder,

Its my pleasure to inform you the progress made by your company during last year.

We have sustained the growth by clocking 24.71% and 23.08% growth in turnover and profit despite the slackness in US markets. The silver line has been the litmus test of receptiveness of our products by the emerging, great Indian Bazaar.

We have successfully launched our 'All Natural' chilled & frozen products under our brand 'Himalya Fresh'. Our products are now available on Big Bazaar, Spencer's, Metro Cash & Carry, Walmart and Reliance. We anticipate major growth in our sales in domestic market with Gujarat project coming in production in next few months. From Gujarat we shall be able to extend our reach to the major cities of Western & Southern India as well as Gulf Countries.

We are also launching our 'Himalya Fresh' food carts in this month. We are starting with fourteen carts in major colleges & a few Malls and propose to extend the number manifold during the current year. We hope to build a strong brand through this business besides higher sales.

In view of slow revival from recession in US market, we have honed up our export strategy. Hitherto we were focusing only on Industrial customers but now we have added new segment of food service under our brand 'Finger Food Factory'. US Foods Inc, the major Food Service distributors will carry our breaded appetizers & baked potatoes and we expect our innovative new appetizers developed by our R & D team to be great success in major restaurant chains in US.

The Gujarat project at capex outlay of Rs 130 Crores is shaping well and despite heavy rains we anticipate to commence mushroom operations from October this year. Appetizer, Dairy and Soup units are slated to commence production by early next year.

We entered into a strategic partnership with the Times group last year. Times had subscribed to 5 million warrants and they have expressed their desire to convert them into equity before the expiry on September 15<sup>th</sup> this year.

We have finalized the plans for setting up new project in Rajasthan, 120 KM from Delhi. The project is being appraised by the Bank and will process Almonds, Oats and Nutritional Bars. The, Rs 115 Crore project will have the potential to add Rs 400 Crore annual turnover by 2014.

We are fully conscious of the challenges ahead and plan to make major moves in logistics and Marketing setup during the current year.

Assuring you of great times ahead!

With Best Wishes  
Man Mohan Malik

NOTICE

**NOTICE** is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of the Company will be held on Thursday, **30<sup>th</sup> Day of September 2010**, at Gokul Gradients Banquets (P) Ltd., Sector-7, Near Flyover, Dwarka, New Delhi –110075, at 4.00 P.M. to transact the following business: -

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Sunil Kumar Khera, who retires by rotation and being eligible, offers himself for re-appointment.
3. To Consider and if Thought fit to pass with or without modification the following resolution as an

**Ordinary Resolution:**

“RESOLVED THAT M/s. Anujeet Dandona & Company, Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration as may be decided by the Board of Directors of the Company.”

By order of the Board of Directors  
For **HIMALYA INTERNATIONAL LTD.**

Place : Paonta Sahib  
Date : 03.09.2010

Man Mohan Malik  
**Chairman & Managing Director**

**NOTES:**

1. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item no. 5 setout above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the Annual Report.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 25<sup>th</sup> September 2010 to 30<sup>th</sup> September 2010, both days inclusive.
5. Members who hold shares in dematerialized form are requested to bring their Client ID (Demat A/C No.) and DP ID numbers for easy identification of attendance at the meeting.
6. Members are requested to notify the change in their address, if any.
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11 a.m. and 1.00 p.m. up to the date of this Annual General Meeting.

HIMALYA INTERNATIONAL LTD

8. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are requested to send duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
9. Members are requested to note that all correspondence relating to share transfer should be addressed to its Registrars and Transfer Agents, M/s. Beetal Computer & Financial Services Pvt. Ltd., Beetal House, 3<sup>rd</sup> Floor, 99, Madangir, BH - Local Shopping Centre, New Delhi – 110 062

By order of the Board of Directors  
For **HIMALYA INTERNATIONAL LTD.**

Place: Paonta Sahib  
Date: 03.09.2010

Man Mohan Malik  
**Chairman & Managing Director**

**EXPLANATORY STATEMENT:-**

**Item No. 4:**

It is informed that Shri Subodh R. Amin was appointed Additional Director on the Board of the Company on 02.09.2010, as an Independent Director. Mr. Subodh R. Amin is MS in Microbiology and has very good experience in the Dairy Industry. After working for several years in Dairy Industry, he has shifted to USA in 1975. Since then he is responsible for various aspects of Food Industry including R&D, innovation, quality, safety and compliances. His appointment on company's Board will benefit the company immensely.

He is eligible for appointment as Director of the Company. The Board recommends the resolutions for approval.

None of the Directors except the appointee himself is interested in the resolution of his appointment.

**DIRECTORS' REPORT**

Dear Shareholders,

We are pleased to present the Nineteenth Annual Report of the Company together with Audited Financial Statements and Auditor's Report for the Financial Year ended as on 31<sup>st</sup> March 2010. The Financial Highlights for the year under review are given below:

Financial Results	(Rs. in Lacs)	
	2009-10	2008-09
Total Income	7262.06	5822.85
Profit before Interest, Depreciation & Tax	2431.04	1930.89
Interest	443.82	281.61
Depreciation	287.76	268.55
Profit before Tax	1699.46	1380.73

**Performance**

During the year under review, the total income of your Company was Rs. 7262.06 Lacs as compared to Rs. 5822.85 lacs in the previous year thereby registered a growth of 24.71%. The profit before tax of the company for the current financial year is of Rs. 1699.46 lacs as compared to Rs. 1380.73 lakhs in the previous year. There is an impressive growth of 23.08% in operational profits as compared to the last financial year.

**Dividend**

In view of expansion plans of the Company at Gujarat and Rajasthan, your Directors did not recommend any dividend.

**Business Operations Overview & Future Outlook**

Company's business activities are broadly divided into mushroom, Cheese, sweets and appetizer manufacturing and exports.

The expansion plans are:-

1. Gujarat project is being set up at Vadnagar in District Mehsana at the capex of Rs 130 Crores. The Government has allocated 21 Hectare land and we expect another 10 Hectares have been approved by the Gujarat Government. The project shall be a mega processing facility for Mushrooms, Vegetables, Cheese and Finger foods. The project work has been commenced and it is expected to be fully operational by March 2011.  
This project shall be catering to export markets from nearby seaports and also meet the demand of western India. The local raw materials and proximity to ports & major consuming markets shall impart unique advantage.
2. Rajasthan project on NH 8 near Delhi shall process Almonds and Cereal & Health bars which is fast growing segment due to changing nutritional choices and convenience of younger generation. Thirty-Two Acre land has been acquired and project cost is estimated at Rs. 115 Crores.

**Fixed Deposits**

The Company has not accepted any deposits during the financial year under review.

### **Directors' Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm:

- i) that in the preparation of the Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors have prepared the Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2010 on a 'going concern' basis.

### **Particulars of Energy, Technology and Foreign exchange**

- A- Energy conservation – The Company makes continuous efforts to explore new technologies And techniques to make the infrastructure more energy efficient. Moreover, the operations of the Company are not energy intensive. Company has changed its oil fired boilers to agro waste.
- B- Technology absorption – Company uses Indian technical manpower to Operate Indian and imported infrastructure.
- C- Foreign Exchange earnings and out go:
- |                                 |                    |
|---------------------------------|--------------------|
| Earnings in foreign exchange    | : Rs. 3744.39 Lacs |
| Expenditure in foreign exchange | : Rs. 1077.19 Lacs |

### **Personnel and Particulars of Employees**

The industrial relations with the workers and staff of the company remained cordial throughout the year. There was unity of purpose among all levels of employees, continuously striving for improvement in work practices and productivity. Training and development of employees continue to be an area of prime importance. Pursuant to Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975, as amended a statement containing list of employees and drawing remuneration exceeding Rs. 24.00 Lacs annum or Rs. 2.00 Lacs per month is given herein below.

## HIMALYA INTERNATIONAL LTD

S.No	Name	Designation	Remuneration Received (Rs. In lacs)	Qualification	Exp	Age	Date of Commence-Ment	Particulars of Last Employment
1.	Mr.ManMohan Malik	Chairman and Managing Director	29.33	Honors Graduate-in physics	30 years	55	1992	Industrialist

### **Auditors**

M/s Anujeet Dandona & Co., Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting, being eligible offer themselves for re-appointment. The Company has received a certificate from them that their re-appointment if made would be within prescribed limits under Section 224(1B) of the Companies Act, 1956.

### **Auditors' Report**

The Auditors Observations and relevant Notes on Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further explanation u/s 217(3) of the Companies Act' 1956.

### **Listing of Shares**

The Equity Shares of the Company continued to be listed at the Bombay Stock Exchange. The Company is complying with the guidelines for listing of shares at National Stock Exchange.

### **Management Discussion and Analysis**

A detailed chapter on "Management Discussion & Analysis" (MDA) pursuant to Clause 49 of the Listing Agreement is annexed to the Annual Report and forms integral part of Directors' Report.

### **Corporate Governance Report**

We strive to attain high standards of corporate governance while interacting with all our stakeholders. The Company has duly complied with revised Clause 49 - Corporate Governance Code as stipulated in the listing agreement with Stock Exchanges. A separate section on Corporate Governance along with Certificate from M/s. Anujeet Dandona & Co., Chartered Accountants, confirming level of Compliance is annexed and forms part of the Directors' Report.

### **Subsidiary**

The Company has a 100% subsidiary in US in the name of Himalya International Inc., 901 Cranston Drive Wood Land, California USA for exploring its cheese business in Company.

### **Acknowledgement**

Your Directors greatly appreciate the dedication and commitment of employees at all levels who have contributed towards the effective functioning of the Company. We also wish to convey gratitude to company's Bankers, Financial Institutions, Government Authorities, Clients, Vendors, and Investors for their support and encouragement during the year and look forward for their continued support in the future.

For and on Behalf of the Board

Place: Paonta Sahib  
Dated: 03.09.2010

(Man Mohan Malik)  
Chairman & Managing Director



## **MANAGEMENT DISCUSSIONS AND ANALYSIS**

### **Industry Structure and Developments**

#### **Company Business**

The Company's primary business is manufacture of Mushroom, vegetables, Cheese, Yogurt, Appetizers, snacks and sweets and daily one tablet etc.

#### **Discussions on Financial Performance With Respect to Operational Performance**

During the year under review, the total income of your Company was Rs. 7262.06 Lacs as compared to Rs. 5822.85 Lacs in the previous year thereby registered a growth of 24.71%. The profit before tax of the company for the current financial year is of Rs. 1699.46 lacs as compared to Rs. 1380.73 lakhs in the previous year. There is an impressive growth of 23.08% in operational profits as compared to the last financial year.

#### **Human Resources**

During the year 2009-10 your company's Human Resources has undergone large-scale initiatives in the form of total revamping and restructuring.

<b>Category</b>	<b>As on 31.03.2010</b>	<b>As on 31.03.2009</b>
Skilled Employees	140	120
Non-Skilled Employees	700	500
<b>TOTAL</b>	<b>840</b>	<b>610</b>

#### **Outlook**

The Company is expecting a growth and better performance in the Cheese, Yoghurt and breaded appetizer division and is expecting better performance in the forthcoming financial year.

#### **Internal Control System and Their Adequacy**

Broadly the internal controls and systems are broken up into following areas:

- Financial Systems and Reporting
- Management Reporting
- H R Systems and Reporting
- Sales Systems and Reporting
- Capital Asset Systems and Reporting
- Operational Fulfillment Systems and Reporting
- General Administrative Systems and Reporting
- Knowledge Management Systems

For the size of the business, most of the systems are considered adequate. Due to the severe resource crunch in the company, it has been unable to implement its plans of automotive systems. For making better control in financial system and reporting company has implemented SAP.

### **Risk and Concerns**

The Company is operating its business in the Growth Oriented environment with innovations, changes and varying levels of resources available to food processing industry.

The most of company turnover comes from export and the company had large customer base in export markets.

The management of the Company is exploring new markets also. During the year company has started domestic sales and achieved a turnover of Rs. 30.43 crore in 2009-10.

### **Cautionary Statement**

"Management Discussion and Analysis" report contains forward looking statements, which may be identified by the use of the words in that direction, or connoting the same. All the statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditure and financial results are forward looking statements.

The Company's actual results, performance or achievements could thus differ materially from those projected in such forward looking statements. The Company assumes no responsibility to public, to amend, modify or revise any forward looking statements on the basis of subsequent developments, information or events.

## **REPORT ON CORPORATE GOVERNANCE**

### **I. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Corporate Governance assumes a great deal of importance in the business life of the Company. The Company's philosophy on corporate governance is based on the belief that timely disclosures, transparent accounting policies, and a strong and independent Board go a long way in preserving shareholders trust while maximizing long-term shareholders value. It has been a constant endeavor on the part of the Company to follow good Corporate Governance by following the principles of transparency, accountability and integrity in functioning, so as to constantly enhance value for all stakeholders and fulfill the social obligation entrusted upon the corporate sector.

### **II. BOARD OF DIRECTORS**

#### **(A) Composition of Board**

The Present Board of Directors of our Company comprises Directors consisting of one Non-Executive and 4 Executive Directors.

#### **(B) Non Executive Director's Compensation and Disclosures**

The Non Executive Directors of the Company are paid sitting fees as fixed by the Board of Directors within limits prescribed under the Companies Act, 1956. Besides sitting fee non-executive directors are not paid any remuneration.