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# ANNUAL REPORT 2005-2006

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Report



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**HIMALAYA GRANITES LIMITED**

**HIMALAYA GRANITES LIMITED****BOARD OF DIRECTORS**

Mr. Shiv Prakash Mittal, Chairman cum Managing Director & CEO  
 Mr. Rajesh Mittal  
 Mr. Saurabh Mittal  
 Mr. Ashok Sharma  
 Ms. Janaki Venkatramani  
 Mr. Beni Gopal Saraf

**SHARE TRANSFER & INVESTORS  
GRIEVANCE COMMITTEE**

Mr. Rajesh Mittal  
 Mr. Saurabh Mittal  
 Ms. Janaki Venkatramani

**REMUNERATION COMMITTEE**

Ms. Janaki Venkatramani  
 Mr. Ashok Sharma  
 Mr. Beni Gopal Saraf

**AUDIT COMMITTEE**

Ms. Janaki Venkatramani, Chairperson  
 Mr. Rajesh Mittal  
 Mr. Ashok Sharma

**AUDITORS**

M/s. D. Dhandaria & Company  
 Thana Road, Tinsukia, Assam

**BANKERS**

State Bank of India

**CHIEF FINANCIAL OFFICER**

Mr. Manoj Kumar Sharma

**COMPANY SECRETARY**

Mr. Pawan Kumar Thakur

**REGISTERED OFFICE**

New No. 29, Old No. 12  
 No. 3-B, Riyaz Garden  
 Kodambakkam High Road  
 Nungambakkam  
 Chennai-600 034

**FACTORY**

Panchalam Village  
 Opp to Ponds India Ltd.  
 Melpettai Post  
 Tindivanam-604 307



## HIMALAYA GRANITES LIMITED

### NOTICE

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the Members of the Company will be held on Monday, 25 September, 2006 at the Registered Office of the Company at New No.29, Old No.12, No.3-B, Riyaz Garden, Kodambakkam High Road, Nungambakkam, Chennai- 600 034 at 11:00 A.M. to transact the following business:

#### Ordinary Business :

- 1) To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 March, 2006 together with Directors' Report and Auditors' Report thereon.
- 2) To declare a dividend for the year ended 31 March, 2006.
- 3) To appoint a director in place of Mr. Saurabh Mittal, who retires by rotation and being eligible, offer himself for re-appointment.
- 4) To appoint a director in place of Mr. Ashok Sharma who retires by rotation and being eligible, offer himself for re-appointment.
- 5) To appoint auditors and fix their remuneration and in this connection, to consider, and if thought fit, to pass with or without modification (s) the following resolution as an **ordinary resolution**:

**"RESOLVED THAT** M/s D. Dhandaria & Company, Chartered Accountants, the retiring auditor be and are hereby appointed as Statutory Auditors of the Company to hold office as such from the conclusion of this meeting till the conclusion of next Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the company, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company".

By Order of the Board

Place : Kolkata  
Dated : 26 June, 2006

**P. K. Thakur**  
Company Secretary

Registered Office:  
New No.29, Old No.12  
No.3-B, Riyaz Garden  
Kodambakkam High Road  
Nungambakkam  
Chennai-600 034

**HIMALAYA GRANITES 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/herself and the proxy need not be a member of the company. Proxies in order to be effective must be received by the company at its Registered office not less than 48 hours before the time of the meeting.
2. Members holding share in dematerialised form are requested to bring their Depository Account Number and Client I.D No. for identification.
3. The Register of Members and Share Transfer Books of the company will remain closed from 22 September, 2006 to 25 September, 2006 (both days inclusive) for determination of name of shareholders who will be eligible for dividend on equity shares which may be declared at the meeting and the dividend so declared will be paid to those members whose names appear on the register of members of the Company on 25 September, 2006. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details to be taken from the National Securities Depository Ltd. and Central Depository Services (India) Ltd.
4. Queries on accounts and operation of the Company, if any, may please be sent to the Company at least seven days in advance of the meeting so that the answers may be made readily available at the meeting.
5. Members are requested to promptly notify any change in their address to the Share Transfer Agent i.e., M/s S. K. Computers, 34/1A, Sudhir Chatterjee Street, Near Girish Park Metro Station, Kolkata-700 006, Phone:033- 2219-4815.
6. Shareholders are requested to bring their copies of Annual Report to the Meeting.
7. In the fifteenth Annual General Meeting held on 19 September, 2003 the Company passed required resolution for voluntary de-listing of the Company's Equity Shares from the Madras Stock Exchange Ltd. and the Calcutta Stock Exchange Association Ltd. and pursuant thereto, the Madras Stock Exchange Ltd. has delisted the equity shares of the Company with effect from 5 May, 2004. Further, the Calcutta Stock Exchange Association Ltd. has agreed in-principal to grant the delisting of the Company's equity shares from the exchange. In respect of other Stock Exchange, viz. Bombay Stock Exchange Ltd. (BSE) the Company continues to be listed with them and has paid the listing fee due to them for the 2006-7.
8. With a view to provide protection against fraudulent encashment of dividend warrants, shareholders were requested by company to provide their bank account number, name and address of the Bank branch to enable the company to incorporate the said details on the dividend warrants. The Company once again request you to provide such detail quoting their folio no. to the Share Transfer Agent of the Company.
9. Members holding shares in electronic form may please note that their bank details as furnished by the respective depositories to the company will be printed on their dividend warrants as per the applicable regulations of the Depositories. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.



## HIMALAYA GRANITES LIMITED

10. Pursuant to the provisions of the Companies Act, 1956, final dividend for the financial year ended 31.03.1999 and dividends declared thereafter, which remain unclaimed for a period of seven years, will be transferred by the Company to the Investor Education and Protection Fund pursuant to the section 205C of the Companies Act, 1956. Please be informed that the due month for transferring the unclaimed final dividend for the financial year ended 31.03.1999 to Investor Education and Protection Fund is November, 2006. Shareholders, who have not yet encashed their dividend warrants for the financial year ended 31st March, 1999 and any subsequent financial years are requested to make their claim to the Company's Share Transfer Agent immediately.
11. Pursuant to provisions contained in section 205A and 205C of the Companies Act, 1956, the Company, has transferred final dividend for the financial year ended 31.03.1998 remaining unclaimed for a period of seven years from the date of it first become due for payment to the Investor Education and Protection Fund constituted by the Central Government and no claim shall lie against the Investor Education and Protection Fund or the Company in respect of individual amount(s) so credited to the Investor Education and Protection Fund.

### 12. Re-appointment of Directors:

At the ensuing Annual General Meeting Mr. Saurabh Mittal and Mr. Ashok Sharma retires by rotation and being eligible, offer themselves for re-appointment. Pursuant to clause 49 of the Listing Agreement relating to the code of Corporate Governance, the particulars of the aforesaid directors are furnished in the Corporate Governance Report annexed to this Annual Report.

By Order of the Board

Place : Kolkata  
Dated : 26 June, 2006

**P. K. Thakur**  
Company Secretary

Registered Office:  
New No.29, Old No.12  
No.3-B, Riyaz Garden  
Kodambakkam High Road  
Nungambakkam  
Chennai-600 034

**HIMALAYA GRANITES LIMITED****DIRECTORS' REPORT**

Your Directors are pleased to present the Eighteenth Annual Report together with the Audited Accounts of your company for the year ended 31 March, 2006.

**FINANCIAL HIGHLIGHTS:**

|  | <b>2005-06</b> | <b>(Rs. in Lacs)</b><br><b>2004-05</b> |
|--|----------------|--|
| Net Sales                                  | 1572.36        | 2029.69                                |
| Other Income                               | 857.62         | 31.13                                  |
| Profit before Interest & Depreciation      | 1024.51        | 237.98                                 |
| Less :                                     |                |  |
| a) Interest                                | 6.45           | 73.90                                  |
| b) Depreciation                            | 177.40         | 129.86                                 |
| <b>Profit Before Tax</b>                   | <b>840.66</b>  | <b>34.23</b>                           |
| Provision for Tax                          |                |  |
| Less: Current                              | 15.00          | 15.00                                  |
| Less: Tax on Fringe Benefits               | 3.00           | 0.00                                   |
| Add: Deferred Tax Release                  | 26.52          | 7.98                                   |
| <b>Profit After Taxation</b>               | <b>849.18</b>  | <b>27.21</b>                           |
| Balance Brought Forward from earlier years | 360.78         | 357.27                                 |
| Amount available for appropriation         | 1209.95        | 384.48                                 |
| APPROPRIATION:                             |                |  |
| <b>Proposed Dividend</b>                   | <b>30.05</b>   | <b>12.02</b>                           |
| Tax on Dividends                           | 4.21           | 1.69                                   |
| Transfer to General Reserve                | 100.00         | 10.00                                  |
| <b>Balance carried to Balance Sheet</b>    | <b>1075.69</b> | <b>360.78</b>                          |

**REVIEW OF OPERATIONS**

During the year under review the performance of the Company was quite satisfactory. Other income for the year 2005-06 includes profit on sale of investment Rs.845.31 lacs. The Company is taking various steps to enhance performance and profitability. Your Directors are pleased to inform you that your Company has been accorded the Status of One Star Export House in accordance with the provisions of the Foreign Trade Policy, 2004-09.

**TRANSFER TO GENERAL RESERVE**

Your directors propose to transfer Rs.1.00 crore to the General Reserve.

**FUTURE OUTLOOK**

The cost of production is expected to be further down during the current year by controlling the cost. This can be achieved by selecting raw material /consumables up to the quality at moderate rates. Further steps being taken to create confidence among the overseas customers to maintain and improve its market share.

**DIVIDEND**

Your Directors recommended the final dividend for fiscal year 2005-06 @ 10% on equity shares of the Company.



## HIMALAYA GRANITES LIMITED

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### DIRECTORS

Mr. Saurabh Mittal and Mr. Ashok Sharma, are the directors liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### AUDITORS AND THEIR REPORT

M/s. D.Dhandaria & Company, Chartered Accountants, Statutory Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The company has received a certificate from the above Auditors to the effect that the re-appointment if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- 1) in preparing the annual accounts, applicable accounting standards were followed along with proper explanations relating to material departures;
- 2) the Directors had selected such accounting policies and applied them consistently and made reasonable and prudent judgments and estimates so as to provide a true and fair view of the company at the end of the financial year and of the profit of the company for that period;
- 3) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the company and to prevent and detect fraud and other irregularities; and
- 4) the Directors had prepared the annual accounts on a going concern basis.

### PUBLIC DEPOSITS

The Company did not invite or accept any deposits from the public under Section 58A of the Companies Act, 1956.

### CORPORATE GOVERNANCE

A detailed report on Corporate Governance, pursuant to clause 49 of the Listing agreement with the Stock Exchanges, along with Auditors' certificate, on compliance with the mandatory recommendation on Corporate Governance, is annexed to this report.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis report, pursuant to clause 49 of the Listing agreement with the Stock Exchanges, for the year under review is given as a separate statement in the Annual Report.

### CEO/CFO CERTIFICATION

As required by clause 49 of the Listing Agreement, the CEO/CFO certification is provided elsewhere in the Annual Report.

## HIMALAYA GRANITES LIMITED



### PARTICULARS u/s. 217 OF THE COMPANIES ACT, 1956

#### 1) PARTICULARS OF EMPLOYEES

The Company had no employee of the category indicated under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

#### 2) ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The particulars regarding Conservation of energy, Technology absorption, Foreign Exchange earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

### ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation for the excellent support and co-operation received from the Financial Institutions, Bank, Government of India, State Governments, Vendors and Valued Customers. Your directors also thank all the employees of the Company for their devoted service during the year.

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On behalf of the Board of Directors

Place : Kolkata  
Dated : 26 June, 2006

**S. P. Mittal**  
Chairman cum Managing Director & CEO





# HIMALAYA GRANITES LIMITED

## Annexure to the Directors' Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

### A. CONSERVATION OF ENERGY :

#### Energy Conservation measures taken

The Company is taking adequate steps for conservation of energy :

|   | 2005-06   | 2004-05   |
|---|-----------|-----------|
| <b>I. POWER &amp; FUEL CONSUMPTION</b>          |           |           |
| <b>ELECTRICITY</b>                              |           |           |
| <b>Purchased :</b>                              |           |           |
| Units   | 11,84,683 | 12,66,060 |
| Total Amount (Rs.)                              | 58,73,431 | 60,34,027 |
| Rate per Unit (Rs.)                             | 4.96      | 4.77      |
| <b>II. CONSUMPTION PER UNIT OF PRODUCTION :</b> |           |           |
| Units   |           |           |
| a) Granite Monuments                            | Sq.Mtr.   | Sq.Mtr.   |
| b) Dimensional Granite Blocks                   | Cbm.      | Cbm.      |
| Electricity Consumption (Unit) :                |           |           |
| a) Granite Monuments                            | 104.00    | 108.66    |
| b) Dimensional Granite Blocks                   | N. A.     | N. A.     |

### B. TECHNOLOGY ABSORPTION:

The Company has hardly any activity relating to Research & Development and Technology Absorption, Adoption & Innovation.

### C. FOREIGN EXCHANGE EARNINGS & OUTGO:

Earnings and outgo :

|                                 | 2005-06<br>(Rs.in Lacs) | 2004-05<br>(Rs.in Lacs) |
|---------------------------------|-------------------------|-------------------------|
| Earnings (FOB Value of Exports) | 1561.25                 | 1721.18                 |
| Outgo on account of :           |                         |                         |
| a) Raw-Materials & Consumables  | 92.91                   | 98.07                   |
| b) Travelling                   | 3.93                    | 2.83                    |
| c) Others                       | 34.63                   | 46.11                   |
| <b>TOTAL</b>                    | <b>131.47</b>           | <b>147.01</b>           |

On behalf of the Board of Directors

Place : Kolkata  
Dated : 26 June, 2006

**S. P. Mittal**  
Chairman cum Managing Director & CEO

**HIMALAYA GRANITES LIMITED****MANAGEMENT DISCUSSION AND ANALYSIS REPORT:****INDUSTRY STRUCTURE AND DEVELOPMENT**

The Natural Stone Industry is currently expanding all over the world. The use of Natural Stone has increased in the last ten years. More colour stones being offered. Ever since, sand stone established to identify and the western countries preferred to manufacture Monuments in Sand Stones. In recent times Teak wood and Rainbow Sand stones the name attribute for their shades have been in good demand in the overseas market. The company has received lot of enquiries about the Sand Stones. At present Rajasthan is having largest deposits of Sand stones in various colours, The experts in the industry hopes strongly that Stone Industries will achieve more growth in the near future.

**OPPORTUNITIES AND THREATS**

European Market identified our unit as one of the leading manufacturer of Monuments from India. Due to global economic recession, stiff competition from China, the profit margin on export would be under pressure. Even then lot of scope for growth predicted by exporting quality monument.

**OUTLOOK**

The cost of production is expected to be further down during the current year by controlling the cost. This can be achieved by selecting raw material / consumables up to the quality at moderate rates. Further steps being taken to create confidence among the overseas customers to maintain and improve its market share.

**RISK AND CONCERN**

Chinese intervention into the Granite Market especially in Europe is considered a biggest threat to the units in India. They are selling 50% cheaper than our price. Fluctuation in foreign currency – Risk in Granite export due to non L/c terms, growing trend for more DA terms are factors which would put the Stone Industry under high risk.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The company has an adequate internal control system on operations of all working area. Expert quality control section being created to check the quality of Raw Material for effective utilization and to minimise wastage.

Further Daily Report which provides daily production, labour strength, consumable utilization, etc., are maintained. Cost alterness is being motivated to the concerned to save wherever is possible without compromise in quality area. An audit committee headed by non finance executives independent Directors periodically reviews the audit observation and the corrective remedial measures would be instructed then and there.

**HUMAN RESOURCES DEVELOPMENT**

The present industrial relations is peaceful cordial and healthy, throughout the year. The Management believe its growth, is engineered by the growth of its people and the quality of its human resource. As a part of human resources development an integrated production levied Incentive scheme based on performance make way for recognition and competency development through motivation has been launched.

On behalf of the Board of Directors

Place : Kolkata  
Dated : 26 June, 2006

**S. P. Mittal**  
Chairman cum Managing Director & CEO