

ANNUAL REPORT 2007-2008

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HIMALAYA GRANITES LIMITED

HIMALAYA GRANITES LIMITED



BOARD OF DIRECTORS

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

SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE

Mr. Saurabh Mittal
Mr. Ashok Kumar Sharma
Ms. Janaki Venkatramani
Mr. Beni Gopal Saraf

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

Ms. Janaki Venkatramani, Chairperson
Mr. Saurabh Mittal
Mr. Ashok Kumar Sharma

BANKERS

Union Bank of India

AUDITORS

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

CHIEF FINANCIAL OFFICER

Mr. Mahendra Kumar Jain

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 Twentieth Annual General Meeting of the Members of the Company will be held on Friday, 26 September, 2008 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, 2008 together with Directors' Report and Auditors' Report thereon.
- 2) To appoint a director in place of Mr. Shiv Prakash Mittal, who retires by rotation and being eligible, offer himself for re-appointment.
- 3) To appoint a director in place of Mr. Ashok Kumar Sharma who retires by rotation and being eligible, offer himself for re-appointment.
- 4) 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

P. K. Thakur

Company Secretary

Place : Kolkata

Dated : 30 June, 2008

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 23 September, 2008 to 26 September, 2008 (both days inclusive).
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. Company's shares are listed on Bombay Stock Exchange (BSE) and listing fees for the financial year 2008-09 has been paid to above Stock Exchange.
8. Pursuant to the provisions of the Companies Act, 1956, the final dividend for the financial year ended 31.03.2001 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 31.03.2001 to Investor Education and Protection Fund is November, 2008. Shareholders, who have not yet encashed their dividend warrants for the financial year ended 31st March, 2001 and any subsequent financial years are requested to make their claim to the Company's Share Transfer Agent office immediately.
9. 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 31.03.2000 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. 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.
10. Members are requested to approach their DPs for dematerialization of equity shares of the Company.



HIMALAYA GRANITES LIMITED

11. Appointment/Re-appointment of Directors:

Pursuant to clause 49 of the Listing Agreement relating to the code of Corporate Governance, the particulars of Mr. Shiv Prakash Mittal & Mr. Ashok Kumar Sharma are furnished in the Corporate Governance Report annexed to this Annual Report.

By Order of the Board

Place : Kolkata
Dated : 30 June, 2008

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

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HIMALAYA GRANITES LIMITED**DIRECTORS' REPORT**

Your Directors are pleased to present the Twentieth Annual Report together with the Audited Accounts of your company for the year ended 31 March, 2008.

FINANCIAL HIGHLIGHTS:

	2007-08	(Rs. in Lacs) 2006-07
Net Sales	1142.80	1315.07
Other Income	93.03	109.65
Profit before Interest & Depreciation	99.18	93.70
Less :		
a) Interest	105.88	93.10
b) Depreciation	113.24	130.90
Profit/(loss)Before Tax	(318.30)	(130.31)
Provision for Tax		
Less: Current	—	—
Less: Tax on Fringe Benefits	(2.50)	(3.99)
Add: Deferred Tax Release/(Provision)	(2.22)	10.79
Profit/(loss)After Taxation	(323.02)	(123.51)
Balance Brought Forward from earlier years	938.12	1075.69
Amount available for appropriation	615.10	952.19
APPROPRIATION:		
Proposed Dividend	—	12.02
Tax on Dividends	—	2.04
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	615.10	938.12

REVIEW OF OPERATIONS

During the year under review, the operation of the Company was not favourable. The growth in this sector over the years has been inconsistent in terms of value because of the global recession and competition.

TRANSFER TO GENERAL RESERVE

In view of the losses incurred, no transfer is proposed to the General Reserve.

STRIKE AND LOCK-OUT

During the year under review, the workers of the Company unit situated at Panchalam Village, Melpettai Post, Tindivanam, Tamilnadu-604 307 has gone on strike w.e.f 27th February, 2008 (Seond Shift). Consequently, the management has decided Lock-out at the said unit w.e.f. 18th March, 2008 and the same is continuing.

DIVIDEND

Considering the overall financial position of your company, no dividend payment is recommended.



HIMALAYA GRANITES LIMITED

DIRECTORS

Mr. Shiv Prakash Mittal and Mr. Ashok Kumar 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

Pursuant to the requirement 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 to provide a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss 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 Exchange, for the year under review is given as a separate statement in the Annual Report.

CEO AND CFO CERTIFICATION

As required by clause 49 of the Listing Agreement, the CEO and CFO certification is attached with the Annual Report. The Managing Director & CEO and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of clause 41 of the Listing Agreement.

HIMALAYA GRANITES LIMITED



CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Managing director & Chief Executive Officer has given a declaration that all directors and the senior management personnel concerned have affirmed compliance with the code of conduct with reference to the year ended on 31 March 2008. The declaration is attached with the annual report.

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

1) PARTICULARS OF EMPLOYEES

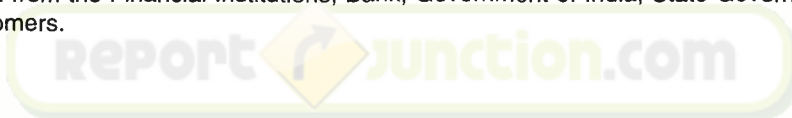
The Company had no employee of the category indicated under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

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.



On behalf of the Board of Directors

Place : Kolkata
Dated : 30 June, 2008

S. P. Mittal
Chairman



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 :

	<u>2007-08</u>	<u>2006-07</u>
I. POWER & FUEL CONSUMPTION		
ELECTRICITY		
Purchased :		
Units	899753	1150514
Total Amount (Rs.)	42,42,420	55,62,930
Rate per Unit (Rs.)	4.71	4.83
II CONSUMPTION PER UNIT OF PRODUCTION:		
Units		
a) Granite Monuments	Sq.Mtr.	Sq.Mtr.
b) Dimensional Granite Blocks	Cbm.	Cbm.
Electricity Consumption (Unit):		
a) Granite Monuments	120.04	111.94
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.

Expenditure on R & D

Rs. In lacs

Capital	—
Revenue	—
Total	—

Total R & D expenditure as percentage of total turnover Nil

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

Earnings and outgo:

	<u>2007-08</u> (Rs.in Lacs)	<u>2006-07</u> (Rs.in Lacs)
Earnings (FOB Value of Exports)	1131.83	1303.89
Outgo on account of :		
a) Raw-Materials& Consumables	40.80	87.88
b) Travelling	1.33	2.70
c) Others	21.83	28.72
TOTAL	63.96	119.30

On behalf of the Board of Directors

Place : Kolkata
Dated : 30 June, 2008

S. P. Mittal
Chairman

HIMALAYA GRANITES LIMITED



MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE AND DEVELOPMENT

The growth in this sector over the years has been inconsistent because of the global recession and competition. Technological advances and market competition has changed basic feature of the monument industry and the margins it works with. While granite has an image of luxury product, in the production side, the processing industry has changed from being a low volume high margin one to a low margin high volume business. We are facing stiff competition from China because of its proximity to European countries, strong yuan and support from Government.

OPPORTUNITIES AND THREATS

Production has decreased drastically in the recent past and the decline in prices is also very steep. Gross margins have come sharply down. During the year 2007-08, our average per sq. mtr. sale price has witnessed a downward pressure of 15.78% in comparison with the previous year.

Fluctuations in foreign currencies and increase in the raw material costs has lead to retail price volatility and intense price competition, and had influence trade buying patterns.

China has become a serious factor in the world markets in granite monuments, is offering cheaper prices even in Indian granites. Its fast increasing presence has sharply accelerated the trend of lower prices.

OUTLOOK

Export of granite monuments involves different approach and strategy. We should cope-up with the foreign buyer's expectations in terms of quality, uniform colour, polish, price and timely delivery.

International marketing is mainly through personalised selling, Periodical visits to buyer countries and participation in trade fairs will help in sustaining the clientele and evaluating competition and global market trends.

Outlook looks grim due to increasing cost and reducing sales prices.

RISK AND CONCERN

Competitive challenges in the markets, including price gaps with competitor's products and the increasing price-consciousness of end users. A rising cost environment and the limited ability to increase prices.

A trend toward increasing consolidation in the retail trade and consequent pricing pressure and inventory reductions. A growing presence of discount retailers, primarily in Europe, with an emphasis on own retail counters and show rooms.

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 executive independent Director periodically reviews the audit observation and the corrective remedial measures would be instructed then and there.

HUMAN RESOURCES DEVELOPMENT

During the year under review, the workers of the Company unit situated at Panchalam Village, Melpettai Post, Tindivanam, Tamilnadu-604 307 has gone on strike w.e.f 27th February, 2008 (Seond Shift). Consequently, the management has decided Lock-out at the said unit w.e.f. 18th March, 2008 and the same is continuing.

On behalf of the Board of Directors

Place : Kolkata
Dated : 30 June, 2008

S. P. Mittal
Chairman