ANNUAL REPORT 2010-2011

HIMALAYA GRANITES LIMITED

BOARD OF DIRECTORS
Mr. Saurabh Mittal, Non-Executive Chairman
Mr. Ramesh Kumar Haritwal, Managing Director & CEO
Mr. Beni Gopal Saraf
Mr. Mahesh Kumar Malpani

AUDIT COMMITTEE
Mr. Mahesh Kumar Malpani, Chairman
Mr. Ramesh Kumar Haritwal
Mr. Beni Gopal Saraf

SHARE TRANSFER & INVESTORS GRIEVANCE COMMITTEE
Mr. Beni Gopal Saraf
Mr. Mahesh Kumar Malpani

REGISTERED OFFICE
Panchalam Village
Melpettai Post, Tindivanam
Tamilnadu-604 307

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

REGISTRARS & SHARE TRANSFER AGENTS
M/s. S. K. Computers
34/1A, Sudhir Chatterjee Street
Kolkata – 700 006
Phone : (033) 2219-4815
Fax : (033) 2219-4815

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the members of the Company will be held on Thursday, 29 September, 2011 at the Registered Office of the Company at Panchalam Village, Melpettai Post, Tindivanam, Tamilnadu - 604 307 at 1:00 P.M. to transact the following businesses:

Ordinary Business:

1) To receive, consider and adopt the Audited Accounts of the Company for the year ended 31 March, 2011 together with Directors' Report and Auditors' Report thereon.

2) To appoint a director in place of Mr. Mahesh Kumar Malpani, who retires by rotation and being eligible, offers himself for re-appointment.

3) To appoint statutory auditors and to 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 auditors 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".

Place : Kolkata
Dated : 30 May, 2011

Registered Office :
Panchalam Village
Melpettai Post, Tindivanam,
Tamilnadu-604 307

By Order of the Board
For **Himalaya Granites Limited**

Ramesh Kumar Haritwal
Managing Director & CEO

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 lodged with the company at its Registered office not less than 48 hours before the time of the meeting**.
2. The Register of Members and Share Transfer Books of the company will remain closed from 26 September, 2011 to 29 September, 2011 (both days inclusive).
3. Queries on accounts 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.
4. Members are requested to promptly notify any change in their address to the Share Transfer Agents M/s. S.K. Computers, 34/1A, Sudhir Chatterjee Street, Near Girish Park Metro Station, Kolkata-700 006.
5. Members are requested to bring their attendance slip along with their copies of annual reports to the meeting.
6. Members holding shares in physical form are advised to make nomination in respect of their shareholding in the Company.
7. Company's shares are listed on Bombay Stock Exchange (BSE) and listing fees for the financial year 2011-12 has been paid to above Stock Exchange.
8. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the final dividend for the year ended 31 March, 2003 remaining unpaid or unclaimed for a period of seven years from the date of transfer of the same to the unpaid dividend account, has been transferred to the Investor Education and Protection Fund established 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.
9. Pursuant to the provisions of the Companies Act, 1956, the final dividend for the financial year ended 31 March 2004 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 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 March 2004 to Investor Education and Protection Fund is October, 2011. Shareholders, who have not yet encashed their dividend warrants for the financial year ended 31 March 2004 and any subsequent financial years are requested to make their claim to the Company's Registrars and Share Transfer Agents immediately.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrars and Share Transfer Agents.
11. To support the "Green Initiative in the Corporate Governance" taken by the Ministry of Corporate Affairs regarding electronic mode of service of documents, the shareholders are requested to register and update their e-mail address with their respective Depository Participants if they are holding shares in de-mat mode and with the Registrars & Share Transfer Agents of the Company if they are holding shares in physical mode.
12. **Appointment/Re-appointment of Directors:**
    At the ensuing Annual General Meeting, Mr. Mahesh Kumar Malpani shall retire by rotation and being eligible, offers himself for reappointment.
    Profile(s) of director(s) seeking appointment/re-appointment as stipulated under Clause 49 of the Listing Agreement with stock exchange are furnished in the Corporate Governance Report, which forms an integral part of this Annual Report.

Place : Kolkata
Dated : 30 May, 2011

By Order of the Board
For **Himalaya Granites Limited**

Registered Office :
Panchalam Village
Melpettai Post, Tindivanam,
Tamilnadu-604 307

Ramesh Kumar Haritwal
Managing Director & CEO

DIRECTORS' REPORT

Your Directors present herewith the 23rd Annual Report together with the Audited Accounts of your Company for the year ended 31 March, 2011.

FINANCIAL HIGHLIGHTS:

(₹ in Lacs)

	2010-11	2009-10
Net Sales	3.57	4.10
Other Income	8.79	24.16
Profit/(Loss) before Interest, Depreciation & Extraordinary items	(69.87)	(51.17)
Less :		
a) Interest	0.02	31.47
b) Depreciation	30.51	31.74
c) Extra-ordinary Items	–	0.29
Profit/(loss)Before Tax	**(100.40)**	**(114.67)**
Provision for Tax		
Deferred Tax Release/(Provision)	11.88	(6.64)
Income Tax for earlier years	–	(1.58)
Profit/(loss)After Taxation	**(88.52)**	**(122.89)**
Balance Brought Forward from earlier years	(92.29)	30.60
Balance carried to Balance Sheet	**(180.81)**	**(92.29)**

REVIEW OF OPERATIONS

During the year under review the single unit of the Company situated at Panchalam Village, Melpettai Post, Tindivanam, Tamilnadu-604 307 remained inoperative. Further, the shareholders of the Company vide special resolution passed under section 293(1)(a) of the Companies Act, 1956 through postal ballot voting process on 29 December, 2009 had approved sale of plant and machinery and other fixed assets (excluding land and building) of the unit of the Company situated at Panchalam Village, Melpettai Post, Tindivanam, Tamilnadu – 604 307 and accordingly the Company has sold out part of the plant and machinery of the said Unit.

In the backdrop of the above scenario and in the quest for exploring the possibilities to generate some income for sustainability of the Company, during the year under review, your Company has started letting out part of its factory shades in accordance with the approval of members of the Company under Section 149(2A) of the Companies Act, 1956 for commencement of new business obtained vide resolution passed through postal ballot on 29 December, 2010.

TRANSFER TO GENERAL RESERVE

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

DIVIDEND

Due to huge loss during the year under review, your directors are unable to recommend any dividend.

DIRECTORS

Mr. Shiv Prakash Mittal and Ms. Janaki Venkatramani resigned from the Board of the Company w.e.f. 13 November, 2010. The Board placed on record its appreciation for the contributions made by them during their tenure as Directors of the Company.

Mr. Mahesh Kumar Malpani, director of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Your directors recommend the above re-appointment.

None of the directors of your company is disqualified as per the provisions of Section 274(1)(g) of the Companies Act, 1956.

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 preparation of the annual accounts, applicable accounting standards were followed.

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 loss of the Company for the financial year.

3) The Directors had taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the company's assets and for preventing and detecting fraud and other irregularities.

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 REPORT

A detailed report on Corporate Governance, pursuant to clause 49 of the Listing agreement with the Stock Exchange, 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

During the year under review the CFO has resigned from the Company. Considering Company's closure of operation and financial instability, fresh appointment of CFO was not feasible and Mr. Ramesh Kumar Haritwal, Managing Director and CEO of the Company was requested to head the finance function of the

Company and accordingly the CEO & CFO certificate as required under Clause 49 of the Listing Agreement signed by the Managing Director & CEO is attached with the Annual Report.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Managing Director & CEO of the Company 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 2011. The declaration is attached with the annual report.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding conservation of energy, technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto and form part of this report. There was no foreign exchange earnings and outgo during the year under review.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for the support and co-operation received from the Government of India, State Governments and Shareholders.

On behalf of the Board of Directors
For **Himalaya Granites Limited**

Place : Kolkata
Dated : 30 May, 2011

Saurabh Mittal
Non-executive Chairman

Annexure to the Directors' Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION 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

Since there was no manufacturing activity of the Company during the year under review, the Company had not taken any steps for conservation of energy:

		2010-11	2009-10
I.	**POWER & FUEL CONSUMPTION**		
	Electricity		
	Purchased :		
	Units	21582	33570
	Total Amount (₹)	133452	4,96,958
	Rate per Unit (₹)	6.18	14.80
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	Nil	Nil
	b) Dimensional Granite Blocks	N.A	N.A.

B. TECHNOLOGY ABSORPTION:

Since there was no manufacturing activity of the Company during the year under review, the Company had not taken any steps towards Research & Development and Technology Absorption, Adoption & Innovation. Also there was no expenditure on R & D during the year under review.

On behalf of the Board of Directors
For **Himalaya Granites Limited**

Place : Kolkata
Dated : 30 May, 2011

Saurabh Mittal
Non-executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE AND DEVELOPMENT

During the year under review the single unit of the Company situated at Panchalam Village, Melpettai Post, Tindivanam, Tamilnadu-604 307 remained inoperative. Further, the Company has sold out part of the plant and machinery of the said Unit in accordance with the approval of the Shareholders of the Company.

In the backdrop of the above scenario and in the quest for exploring the possibilities to generate some income for sustainability of the Company, during the year under review, your Company has started letting out part of its factory shades after obtaining necessary approval.

OPPORTUNITIES AND THREATS

The management could not tap any opportunity during the year under review.

OUTLOOK

Yours directors are exploring alternate avenues to make the Company operative.

RISK AND CONCERN

The closure of the Company's unit has posed a challenge for the Company to resume operation. However your directors are exploring alternate avenues to make the Company operative.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has an adequate internal control system. An audit committee headed by non executives independent Director periodically reviews the audit observation and the corrective remedial measures taken in this respect.

HUMAN RESOURCES DEVELOPMENT

The production facilities of the Company continue to remain close since 27-02-2008 and there are no pending dues of its workers.

CAUTIONARY STATEMENT

Certain statements in the directors' report and management discussion and analysis reflecting the company's projections, estimates, objectives and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such projections, estimates, objectives and expectations due to economic and climatic conditions effecting government regulations, policies, taxations and other factors on which the company does not have any direct control.

On behalf of the Board of Directors
For **Himalaya Granites Limited**

Place : Kolkata
Dated : 30 May, 2011

Saurabh Mittal
Non-executive Chairman

CORPORATE GOVERNANCE REPORT :

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

1. Company's philosophy on the Code of Corporate Governance

Your Company believes that good Corporate Governance contemplates that corporate actions balance the interests of all shareholders and satisfy the tests of accountability, transparency and fair play. Further, your company firmly believes that a sound governance process represents the foundation of corporate excellence.

2. Board of Directors

Composition

The present strength of your Company's Board is four directors headed by a Non-Executive Chairman comprising:

- One Non-executive Director representing Promoter Director.
- Two Non-executive independent Directors.
- One Executive Director.

Board Meetings

During the financial year ended 31 March 2011, five Board Meetings were held on 30 May 2010, 9 August 2010, 1 September 2010, 12 November 2010 and 8 February 2011.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting and also the number of other Boards or Board Committees in which the Directors are holding the position of member/Chairperson are as follows:

Name of the Directors and Director Identification Number (DIN)	Category of Directorship	No. of Board Meetings		Attendance at last AGM	No. of outside directorship held *		No. of outside Committees	
		Held	Attd.		Public	Private	Member	Chairman
Mr. Saurabh Mittal (DIN **00273917**)	Non-Executive Promoter Director designated as Non-Executive- Chairman (w.e.f 13.11.2010**)	5	2	No	2	3	4	–
Mr. Ramesh Haritwal (DIN **01486666**)	Managing Director & CEO	5	5	Yes	–	–	–	–
Mr. Beni Gopal Saraf (DIN **00267858**)	Non-Executive- Independent Director	5	4	No	–	–	–	–
Mr. Mahesh Kumar Malpani (DIN **02603222**)	Non-Executive- Independent Director	5	5	No	–	2	–	–
Mr. Shiv Prakash Mittal (DIN **00237242**)	Non-Executive Chairman- Promoter Director (up to 12.11.2010**)	5	2	No	1	1	2	1
Ms. Janaki Venkatramani (DIN **00277900**)	Non-Executive- Independent Director (up to 12.11.2010**)	5	3	No***	–	–	–	–

* *Including directorship in Foreign Company.*

** *Mr. Shiv Prakash Mittal and Ms. Janaki Venkatramani resigned from the Board of the Company w.e.f. 13.11.2010 and Mr. Saurabh Mittal was designated as Non-executive Chairman with effect from that date.*

*** *Due to sickness Ms. Janaki Venkatramani, the then Chairperson of the Audit Committee could not attend the last Annual General Meeting.*