
ANNUAL REPORT 2017-18



HIMALAYA GRANITES LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Saurabh Mittal, Non-Executive Chairman
Mr. Ramesh Kumar Haritwal, Managing Director & CEO
Mr. Beni Gopal Saraf, Independent Director
Mr. Mahesh Kumar Malpani, Independent Director
Ms. Mathangi Ramanujam, Non-Executive Director

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

Mr. Mahesh Kumar Malpani, Chairman
Mr. Beni Gopal Saraf
Ms. Mathangi Ramanujam

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. Beni Gopal Saraf, Chairman
Mr. Mahesh Kumar Malpani

CHIEF FINANCIAL OFFICER

Mr. Jayasankar Ramalingam

COMPANY SECRETARY

Mr. Hariom Pandey

STATUTORY AUDITORS

M/s. S Mahendra & Co.
Chartered Accountants
615, Diamond Heritage
16, Strand Road, Kolkata-700001

REGISTERED OFFICE

Panchalam Village, Melpettai Post
Tindivanam, Tamil Nadu - 604 307
CIN: L13206TN1987PLC015161
Telefax: 044-26693378
Website: www.hgl.co.in
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REGISTRARS & SHARE TRANSFER AGENT

M/s. S. K. Infosolutions Pvt. Ltd.
34/1A, Sudhir Chatterjee Street
Kolkata - 700 006
Phone: (033) 2219-4815/6797
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**DIRECTORS' REPORT** for the Financial Year 2017-18

Dear Shareholders,

Your Directors have the pleasure in presenting the 30th Annual Report on the business and operations of the Company and the Audited Financial Statements of the Company for the financial year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

(Amount in ₹)

| Particulars | 2017-18 | 2016-17 |
|--|----------------------|----------------------|
| Revenue from Operations | - | 79,800 |
| Other Income | 73,76,349 | 70,27,511 |
| Profit/(Loss) before Finance Cost, Depreciation & Amortization Expenses and Tax Expenses | (24,21,190) | (86,49,387) |
| Less : Finance Cost | - | - |
| Less : Depreciation & Amortization Expenses | 12,68,883 | 14,80,740 |
| Profit/(loss) before tax | (36,90,073) | (1,01,30,127) |
| Less : Provision for Taxation | - | - |
| Profit/(loss) for the year | (36,90,073) | (1,01,30,127) |
| Add : Other Comprehensive Income (Net of Taxes) | - | (1,37,353) |
| Total Comprehensive Income (Net of Taxes) | (36,90,073) | (1,02,67,480) |
| Balance brought forward from earlier years | (3,37,77,008) | (2,35,09,528) |
| Balance carried to Balance Sheet | (3,74,67,081) | (3,37,77,008) |

2. STATE OF AFFAIRS OF THE COMPANY AND FUTURE OUTLOOK

During the year under review, your Company continued to let out part of its factory sheds and office space. The closure of the Company's unit has posed a challenge for the Company to resume operations. Your Directors are exploring alternate avenues to make the Company operative.

3. DIVIDEND

Considering the loss incurred in the current financial year and accumulated losses, your Directors have not recommended any dividend for the financial year under review.

4. SUBSIDIARIES AND ITS PERFORMANCE

Your Company has no subsidiaries, Joint Venture or Associate Company during the year under review.

5. TRANSFER TO GENERAL RESERVE

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

6. BOARD OF DIRECTORS

Your Company has received declarations from all the Independent Directors viz. Mr. Mahesh Kumar Malpani [DIN: 02603222], Mr. Beni Gopal Saraf [DIN: 00267858] confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Ramesh Kumar Haritwal [DIN: 01486666], Managing Director & CEO of the Company, will retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment. The Board recommends his re-appointment at the ensuing AGM.



During the financial year 2017-18, Mr. Pradip Manharlal Domadia, Independent Director of the Company resigned from the directorship of the Company and also from Nomination & Remuneration Committee of the Company effective from the close of business hours of January 02, 2018. There was no other change in the composition of Board of Directors of the Company. None of the Directors of your Company is disqualified under the provisions of Section 164(2)(a) & (b) of the Companies Act, 2013.

7. CHANGES IN SHARE CAPITAL

During the year under review, there was no change in the Share Capital of the Company.

8. KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Jayasankar Ramalingam, was appointed as Chief Financial Officer and Whole-time Key Managerial Personnel (KMP) of the Company by the Audit Committee and Board of Directors at their meeting held on January 02, 2018 on the recommendation of Nomination & Remuneration Committee of the Company. There was no further appointment or resignation of Key Managerial Personnel (KMP) during the year under review.

As on March 31, 2018 the Company has the following Whole-time KMPs :

1. Mr. Ramesh Kumar Haritwal (Managing Director & CEO)
2. Mr. Jayasankar Ramalingam (Chief Financial Officer)
3. Mr. Hariom Pandey (Company Secretary)

9. MEETINGS OF THE BOARD

During the financial year 2017-18, six (6) meetings of the Board of Directors of the Company were held on April 10, 2017, May 30, 2017, August 12, 2017, November 14, 2017, January 02, 2018 and February 14, 2018. The composition of the Board of Directors and their attendances at the Board Meetings held during the financial year 2017-18 were as below:

| Name of the Directors and Director Identification Number [DIN] | Category of Directorship | No. of Board Meetings | |
|--|---|-----------------------|----------|
| | | Held | Attended |
| Mr. Saurabh Mittal [DIN:00273917] | Non-Executive Chairman, Promoter Director | 6 | 1 |
| Mr. Ramesh Kumar Haritwal [DIN:01486666] | Managing Director & CEO | 6 | 6 |
| Mr. Beni Gopal Saraf [DIN:00267858] | Non-Executive - Independent Director | 6 | 6 |
| Mr. Mahesh Kumar Malpani [DIN:02603222] | Non-Executive - Independent Director | 6 | 6 |
| Mr. Pradip Manharlal Domadia [DIN:05292129] | Non- Executive - Independent Director | 6 | 5* |
| Ms. Mathangi Ramanujam [DIN: 07095686] | Non-Executive Director | 6 | 6 |

* Mr. Pradip Manharlal Domadia, resigned from the Directorship of the Company with effect from close of business hours of January 02, 2018.

10. PERFORMANCE EVALUATION

Pursuant to the provisions of the Schedule IV and other relevant provisions of Companies Act, 2013 and Regulation 25(3) & (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors in their separate meeting held on March 31, 2018 have evaluated the performance of Non-Independent Directors, Chairperson of the Company after considering the views of the Executive and Non-Executive Directors, Board as a whole and assessed the quality, quantity and timely flow of information between the Company's Management and the Board. The Nomination & Remuneration Committee has also carried out evaluation of performance of every Director of the Company. On the basis of evaluation made by the Independent Directors and the Nomination & Remuneration Committee and by way of individual and collective feedback from the Non-Independent Directors, the Board has



carried out the annual performance evaluation of the Directors individually as well as evaluation of the working of the Board as a whole and Committees of the Board.

The criteria for evaluation are outlined below :

a. For Independent Directors:

- Knowledge and Skills
- Professional conduct
- Duties, role and functions
- Compliance with Code of Business Ethics and Code of Conduct of the Company
- Rendering independent and unbiased opinion and judgements
- Attendance and active participation in meetings of Board and Committees of the Board and Members of the Company
- Assistance in implementing corporate governance practices
- Updation of skills and knowledge
- Information regarding external environment
- Raising of concerns, if any, to the Board
- Study of agenda in depth prior to Meeting
- Contribution towards the formulation and implementation of strategy for achieving the goals of the Company

b. For Executive & Non-Executive Directors:

- Performance as Team Leader/Member
- Evaluating Business Opportunity and analysis of Risk Reward Scenarios
- Professional Conduct and Integrity
- Sharing of Information with the Board
- Attendance and active participation in the Board and Committee of the Board and Meetings of Members of the Company
- Whether difference of opinion was voiced in the meeting
- Whether Executive Directors were able to answer the queries raised by Independent Directors
- Compliance with Code of Business Ethics and Code of Conduct of the Company
- Assistance in implementing corporate governance practices
- Independent view on key appointments and strategy formulation
- Review of integrity of financial information and risk management
- Updation of skills and knowledge
- Information regarding external environment
- Raising of concerns, if any, to the Board



- Assistance in formulation of statutory and non-statutory policies for the Company
- Ensures implementation of decisions of the Board
- Ensures compliance with applicable legal and regulatory requirements
- Alignment of Company's resources and budgets to the implementation of the organization's strategic plan
- Creativity and innovations in creating new products
- Understanding of the business and products of the Company

c. For Committees of the Board:

- Adequate and appropriate written terms of reference
- Volume of business handled by the committee set at the right level?
- Whether the committees work in an 'inclusive' manner
- Effectiveness of the Board's Committees with respect to their role, composition and their interaction with the Board
- Are the committees used to the best advantage in terms of management development, effective decision, etc.
- Attendance and active participation of each member in the meetings
- Review of the action taken reports and follows up thereon

d. For Board of Directors as a whole:

- Setting of clear performance objectives and how well it has performed against them
- Contribution to the testing and development and strategy
- Contribution to ensuring robust and effective risk management
- Composition of the Board and its committees appropriate with the right mix of knowledge and skills sufficient to maximize performance in the light of future strategy
- Effectiveness of inside and outside Board relationship
- Responding to the problems or crises that have emerged
- Relationship between Board and its Committees and between committees themselves
- Communication with employees and others
- Updation with latest developments in regulatory environments and the market in which the Company operates
- Role and functioning of the Board on the matters pertaining to financial reporting and internal controls
- Contribution of the Board for ensuring that the Company is adhere to the statutory and regulatory compliances as applicable to the Company.

The Directors expressed their satisfaction with the evaluation process.

11. AUDIT COMMITTEE

As on March 31, 2018, the Audit Committee of the Company comprises of three members with two Independent Directors namely Mr. Mahesh Kumar Malpani (Chairman), Mr. Beni Gopal Saraf and one Executive Director namely Mr. Ramesh Kumar Haritwal, Managing Director & CEO as members. The Committee, *inter alia*, reviews the Internal



Control System and reports of Internal Auditors and compliance of various Regulations. The Committee also reviews the Financial Statements before they are placed before the Board. The brief terms of reference of the Committee and the details of the Committee meetings are provided herein below:

Terms of reference for the Audit Committee :**Powers of Audit Committee**

The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the Audit Committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors except those which are specifically prohibited;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions;
 - vii. Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;



10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as may be referred to by the Board or mandated by regulatory provisions from time to time.

Review of information by Audit Committee

1. The Audit Committee shall mandatorily review the following information:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses;
 - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee; and
 - f. Statement of deviations:
 - i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulations 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meetings and attendance:

During the financial year 2017-18, five (5) meetings of the Audit Committee were held on May 30, 2017, August 12,



2017, November 14, 2017, January 02, 2018 and February 14, 2018 and the attendances of the Committee Members were as under:

| Name of the Committee Members | Category | No. of Meetings | |
|-------------------------------|-------------------------------------|-----------------|----------|
| | | Held | Attended |
| Mr. Mahesh Kumar Malpani | Non-Executive -Independent Director | 5 | 5 |
| Mr. Beni Gopal Saraf | Non-Executive -Independent Director | 5 | 5 |
| Mr. Ramesh Kumar Haritwal | Executive- Non- Promoter Director | 5 | 5 |

12. NOMINATION AND REMUNERATION COMMITTEE

As on March 31, 2018, the Nomination and Remuneration Committee of the Company comprises of three Directors namely Mr. Mahesh Kumar Malpani (Chairman), Mr. Beni Gopal Saraf and Ms. Mathangi Ramanujam as members of the Committee. The brief terms of reference of the Committee and the details of the Committee meetings are provided herein below:

Terms of reference for the Nomination and Remuneration Committee:

1. To formulate criteria for:
 - a. determining qualifications, positive attributes and independence of a director;
 - b. evaluation of independent directors and the Board.
2. To devise and recommend policies on:
 - a. remuneration including any compensation related payments of the directors, key managerial personnel and other employees and recommend the same to the board of the Company;
 - b. board diversity laying out an optimum mix of executive, independent and non-independent directors keeping in mind the needs of the Company.
3. To identify persons who are qualified to:
 - a. become directors in accordance with the criteria laid down, and recommend to the Board the appointment and removal of directors;
 - b. be appointed in senior management in accordance with the policies of the Company and recommend their appointment to the HR Department and to the Board.
4. To carry out evaluation of the performance of every director of the Company.
5. To express opinion to the Board that a director possesses the requisite qualification(s) for the practice of the profession in case the services to be rendered by a director are of professional nature.
6. To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
7. To carry out such other business as may be required by applicable law or delegated by the Board or considered appropriate in view of the general terms of reference and the purpose of the Nomination and Remuneration Committee.

Meetings and attendance:

During the financial year 2017-18, two (2) meetings of the Nomination & Remuneration Committee were held on



January 02, 2018 and March 31, 2018 and the attendances of the Committee Members were as under:

| Name of the Committee Members | Category | No. of Meetings | |
|-------------------------------|-------------------------------------|-----------------|----------------|
| | | Held | Attended |
| Mr. Pradip Manharlal Domadia | Non-Executive -Independent Director | 2 | 1* |
| Mr. Mahesh Kumar Malpani | Non-Executive -Independent Director | 2 | 2 |
| Mr. Beni Gopal Saraf | Non-Executive -Independent Director | 2 | 2 |
| Ms. Mathangi Ramanujam | Non-Executive | 2 | 1 [#] |

* Mr. Pradip Manharlal Domadia, resigned from the Nomination & Remuneration Committee with effect from close of business hours of January 02, 2018.

[#]Ms. Mathangi Ramanujam appointed as member of Nomination & Remuneration Committee w.e.f. 02/01/2018.

Summary on Nomination & Remuneration Policy of the Company

The Board of Directors has adopted the Remuneration Policy on the recommendation of the Nomination and Remuneration Committee in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Policy applies to all the “Executives” of the Company and is valid for all employment agreements entered into after the approval of the Policy and for changes made to existing employment agreements thereafter. In keeping with the provisions of Section 178, the remuneration structure of the Company comprises of fixed remuneration (including fixed supplements), performance-based remuneration (variable salary) such as pension schemes, where applicable, other benefits in kind and severance payment, where applicable, other benefits in kind and severance payment, where applicable. Further, the Policy states that the Non-Executive Directors and Independent Directors of the Company may receive remuneration only by way of fee and reimbursement of expenses for participation in meetings of the Board or Committee thereof and profit related commission, as may be permissible by the applicable law. Additionally, the Policy also lays down the overall selection criteria for the Executives of the Company which is based on broad heads such as competencies, capabilities, compatibility, strong interpersonal skills, commitment among others. The Policy also entitles Executives to a severance fee.

13. STAKEHOLDERS’ RELATIONSHIP COMMITTEE

As on March 31, 2018, the Stakeholders’ Relationship Committee of the Company consists of two Independent Directors namely Mr. Beni Gopal Saraf (Chairman) and Mr. Mahesh Kumar Malpani as member of the Committee. The brief terms of reference of the Committee and the details of the Committee meetings are provided herein below:

Terms of reference for the Stakeholder’s Relationship Committee:

- (i) To ensure proper and timely attendance and redressal of grievances of security holders of the Company in relation to:
 - a. Transfer of shares,
 - b. Non-receipt of annual reports,
 - c. Non-receipt of declared dividend,
 - d. All such complaints directly concerning the shareholders / investors as stakeholders of the Company; and
 - e. Any such matters that may be considered necessary in relation to shareholders and investors of the Company.
- (ii) Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- (iii) To review and / or approve applications for transfer, transmission, transposition and mutation of share certificates including issue of duplicate certificates and new certificates on split / sub-division / consolidation / renewal and to deal with all related matters.