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# **ANNUAL REPORT 2007-2008**

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**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

## **AUDIT COMMITTEE**

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

## **AUDITORS**

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

## **REGISTERED OFFICE**

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

## **REMUNERATION COMMITTEE**

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

## **BANKERS**

Union Bank of India

## **CHIEF FINANCIAL OFFICER**

Mr. Mahendra Kumar Jain

## **COMPANY SECRETARY**

Mr. Pawan Kumar Thakur

## **FACTORY**

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



## 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".

Place : Kolkata  
Dated : 30 June, 2008

By Order of the Board  
**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



## 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.



## 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



## 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:

	<u>2007-08</u>	<i>(Rs. in Lacs)</i> <u>2006-07</u>
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 27<sup>th</sup> February, 2008 (Seond Shift). Consequently, the management has decided Lock-out at the said unit w.e.f. 18<sup>th</sup> March, 2008 and the same is continuing.

### DIVIDEND

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



## **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.



## **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





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

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

On behalf of the Board of Directors

Place : Kolkata  
Dated : 30 June, 2008

**S. P. Mittal**  
Chairman



## 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 27<sup>th</sup> February, 2008 (Seond Shift), Consequently, the management has decided Lock-out at the said unit w.e.f. 18<sup>th</sup> March, 2008 and the same is continuing.

On behalf of the Board of Directors

Place : Kolkata  
Dated : 30 June, 2008

**S. P. Mittal**  
Chairman



## Report on Corporate Governance :

In compliance with clause 49 of the listing Agreement with Stock Exchange, the Company submits the report on the matters mentioned in the said clause and on the practices as followed by the Company for the year ended 31<sup>st</sup> March, 2008.

### 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's firmly believes that a sound governance process represents the foundation of corporate excellence.

### 2. Board of Directors (Board)

#### Composition

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

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

#### Board Meetings

During the financial year ended 31st March 2008, nine Board Meetings were held on 23 April, 2007, 31 May, 2007, 29 June, 2007, 31 July 2007, 27 September, 2007, 31 October, 2007, 8 November, 2007, 31 January, 2008 and 8 March, 2008.

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 as follows:

Name of the Directors	Category of Directorship	No. of Board Meetings		Attendance at last AGM	No. of outside directorship held*		No. of outside Committees	
		Held	Attn		Public	Private	Member	Chairman
Mr. Shiv Prakash Mittal	Non-Executive Chairman cum Managing Director & CEO – Promoter Director (w.e.f 01.02.2007 to 31.05.2007) Non-Executive Chairman - Promoter Director (w.e.f. 01.02.2007)	9	5	No	2	5	1	—
Mr. Rajesh Mittal	Non-Executive- Promoter Director (up to 31.05.2007)	9	1	No	N.A.	N.A.	N.A.	N.A.
Mr. Saurabh Mittal	Non-Executive- Promoter Director	9	4	No	1	3	3	—
Mr. Ramesh Kr. Haritwal	Managing Director & CEO (w.e.f. 01.06.2007)	9	7	Yes	—	—	—	—
Ms. Janaki Venkatramani	Non-Executive- Independent Director	9	7	Yes	—	—	—	—
Mr. Ashok Kumar Sharma	Non-Executive- Independent Director	9	6	No	—	—	—	—
Mr. Beni Gopal Saraf	Non-Executive- Independent Director	9	5	No	—	—	—	—

\* including directorship in Foreign Company.



## Information supplied to the Board of Directors :

During the year under review all applicable information as required under the provisions of the Companies Act, 1956, Corporate Governance and other laws and rules were placed and discussed at the Board Meetings.

## Details of Directors seeking re-appointment at the forthcoming Annual General Meeting :

Name	Mr. Shiv Prakash Mittal	Mr. Ashok Kumar Sharma
Father's Name	Late Sanwarmal Palriwal	Mr. Radhey Shyam Sharma
Date of Birth	7 April, 1949	31.01.1969
Date of Appointment	2 January, 1996	30.10.2003
Expertise in specific functional area	Mr. S. P. Mittal is science graduate possessing vast experience in managing operations across various status.	Mr. Ashok Kumar Sharma has vast experience in the area of Finance & Accounts.
Qualification	B.Sc.	B.Com, ACA
List of outside directorship held excluding alternate directorship	Greenply Industries Ltd., Greenply Leasing & Finance Ltd., Prime Holdings Pvt. Ltd., Prime Properties Pvt. Ltd., Greenlam Asia Pacific Pte. Ltd., Galaxy Décor Pvt. Ltd., Platinum Veneers Pvt. Ltd.	NIL
Chairman/Member of the Committee of the Board of the Company	NIL	<u>Member</u> Audit Committee (w.e.f 31.05.2007), Share Transfer & Investors Grievance Committee, Remuneration Committee
Chairman/Member of the Committee of the Board of Directors of other companies in which he is a director	<u>Member:</u> Operational Committee of Greenply Industries Ltd.	NIL
Number of shares held in the company	12500	NIL



## Disclosures of relationships between directors :

Name of the Directors	Category of Directorship	Relationship between directors
Mr. Shiv Prakash Mittal	Non-Executive Chairman cum Managing Director & CEO-Promoter Director (w.e.f 01.02.2007 to 31.05.2007) Non-Executive Chairman- Promoter Director (W.e.f 01.02.2007)	Mr. Rajesh Mittal (Brother) Mr. Saurabh Mittal (Son)
Mr. Rajesh Mittal	Non-Executive- Promoter Director (up to 31.05.2007)	Mr. Shiv Prakash Mittal (Brother), Mr. Saurabh Mittal (Brother's Son)
Mr. Saurabh Mittal	Non-executive-Promoter Director	Mr. Shiv Prakash Mittal (Father) Mr. Rajesh Mittal (Uncle)
Mr. Ramesh Kumar Haritwal	Managing Director & CEO	None
Ms. Janaki Venkatramni	Non-Executive- Independent Director	None
Mr. Ashok Kumar Sharma	Non-Executive- Independent Director	None
Mr. Beni Gopal Saraf	Non-Executive- Independent Director	None

### 3. Code of conduct

The details of the code of conduct of the Company are available in the Company's website [www.himalayagranites.com](http://www.himalayagranites.com). The annual declaration by the Managing Director & CEO of the Company, pursuant to clause 49 (1) (d) of the stock exchange Listing Agreement is attached with the annual report.

### 4. Audit Committee

#### Composition :

The Company's Audit Committee comprises two non-executive independent directors, and one non-executive promoter director.

Ms. Janaki Venkatramani, Chairperson

Mr. Ashok Kumar Sharma

Mr. Saurabh Mittal (W.e.f 31.05.2007)

Mr. Rajesh Mittal (Up to 31.05.2007)

The members of the Committee are well versed in matters relating to finance, accounts and general management practices.



## The power and role of the Audit Committee

### Powers :

- To investigate into any activity within its terms of reference.
- To seek information from any employee.
- To obtain external legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

### Role :

- 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.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgement by the management.
  - d) Significant adjustments made in the financial statements arising out of audit findings
  - e) Compliance with listing and other legal requirements relating to financial statements
  - f) Disclosure of any related party transactions
  - g) Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses/application of fund raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilised 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/right issue, and making the appropriate recommendation to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, the adequacy of the internal control systems
- 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.
- Discussion with internal auditors any significant finding and follow up there on.



- 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.
- 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.
- 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.
- To review the functioning of the Whistle Blower mechanism, in case it is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### Review of information by the Audit Committee

The Audit Committee will mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters/letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

### Meetings and Attendance during the year

During 2007-08, Five meeting were held on 23 April, 2007, 29 June, 2007, 31 July, 2007, 31 October, 2007 and 31 January, 2008. The meeting is held before finalisation of quarterly and annual accounts.

Name of the Members	Status	No. of Meetings	
		Held	Attended
Ms. Janaki Venkatramani	Non-executive independent director	5	5
Mr. Ashok Kumar Sharma	Non-executive independent director	5	5
Mr. Saurabh Mittal (W.e.f 31.05.2007)	Non-Executive promoter director	5	2
Mr. Rajesh Mittal (Up to 31.05.2007)	Non-Executive promoter director	5	1

### 5. Subsidiaries Companies

The Company does not have any subsidiaries.

### 6. Remuneration Committee

#### Composition :

Ms. Janaki Venkatramani

Mr. Ashok Kumar Sharma

Mr. Beni Gopal Saraf

All the above members directors are Non-executive Independent Directors.



## Terms of reference :

- To determine the Company's policy on the remuneration package for Executive Directors and any compensation payment.
- To discuss, approve the appointment and re-appointment of executive directors, Managing Directors and also to fix their remuneration package and designation.

## Meetings and attendance :

During 2007-08, one meeting was held on 31.05.2007 and the attendance of member directors was as follows:

Members	Status	No. of meeting held	No. of meeting attended
Ms.Janaki Venkatramani	Non-executive independent director	1	1
Mr. Ashok Kumar Sharma	Non-executive independent director	1	1
Mr. Beni Gopal Saraf	Non-executive independent director	1	1

## Remuneration Policy, details of remuneration and other terms of appointment of Directors

In framing the remuneration policy, the committee takes into consideration the remuneration practices prevailing in the industry and performance of the concerned executives. The remuneration package is as per the provisions of the Companies Act, 1956. No sitting fees are paid to the Executive Directors for attending the Board meetings or committee meetings. The necessary approvals were obtained from the shareholders wherever required.

There was no materially relevant pecuniary relationship or transactions of the non-executive directors Vis-a-vis the company, which may affect the independence of the directors.

### I. Executive Director

The details of remuneration to Executive director for the year ended 31 March, 2008 are as follows and the same is within the ceiling prescribed within the applicable provisions of the Companies Act, 1956

Name and designation	Service Contract/ Notice period*	Salary	Perquisite & other allowances
Mr. Ramesh Kumar Haritwal, Managing Director & CEO	Appointed as Managing Director & CEO for five years w.e.f 01.06.2007	1070000	91680

\* The appointment may be terminated by either party by giving three month's notice or salary in lieu thereof or by mutual consent.





## II. Non-Executive Directors

The details of sitting fees to Non-executive Directors for the financial year 2007-08 are as follows:

Name	Service Contracts/ Notice Period	Sitting Fees Paid (Rs.)	No of shares held in the Company
Ms.Janaki Venkatramani	Retire by rotation	3500/-	NIL
Mr.Beni Gopal Saraf	Retire by rotation	2500/-	NIL
Mr. Ashok Kumar Sharma	Retire by rotation	3000/-	NIL
Mr. Shiv Prakash Mittal	Retire by rotation	2000/-	12500
Mr. Saurabh Mittal	Retire by rotation	2000/-	10000
Mr. Rajesh Mittal	Retire by rotation (up to 31.05.2007)	500/-	621250

## 7. Share Transfer and Investors' Grievance Committee

### Composition:

The Share Transfer and Investors Grievance Committee comprises three Non-executive independent directors and one Non-executive promoter directors.

Ms. Janaki Venkatramani, Chairperson  
Mr. Saurabh Mittal  
Mr. Ashok Kumar Sharma (W.e.f 31.05.2007)  
Mr. Beni Gopal Sharma (w.e.f 31.05.2007)  
Mr. Rajesh Mittal (up to 31.05.2007)

Mr. Pawan Kumar Thakur, company secretary, acts as the secretary to the committee and compliance officer of the company. The Committee deals with matters relating to approval of transfers and transmissions, issue of duplicate share certificates, split and consolidation of certificates, dematerialization and rematerialisation requests, monitoring of shareholder complaints and share price movements.

During the year the company complied with all of the following requests/complaints received from its shareholders.

- (a) Request for revalidation of dividend warrants 15 cases
- (b) Request for updating Change of address – 8 cases
- (c) Request for issue of duplicate dividend warrants-NIL

The table gives the number of complaints received, resolved and pending during the year 2007-08.

### Number of complaints :

Received	Resolved	Pending
Nil	Nil	Nil



During the financial year ended 31 March, 2008, Four meetings were held on 11 May, 2007, 9 July, 2007, 27 September, 2007 and 14 January, 2008 and the attendance of member Directors were as follows:

Name of the members	Status	No of Meetingheld	No of meeting attended
Mr. Rajesh Mittal (up to 31.05.2007)	Non-executive - promoter director	4	1
Mr. Saurabh Mittal	Non-executive - promoter director	4	NIL
Ms. Janaki Venkatramani	Non-executive - independent director	4	3
Mr. Beni Gopal Saraf (W.e.f 31.05.2007)	Non-executive - independent director	4	3
Mr. Ashok Kumar Sharma (w.e.f 31.05.2007)	Non-executive - independent director	4	1

## 8. General Body Meetings

i. The details of last three Annual General Meeting of the Shareholders are as under:

Financial Year	Date of AGM	Venue	Time
31.03.2005	21.09.2005	New No.29,Old No.12 No.3-B, Riyaz GardenKodambakkam High Road NungambakkamChennai-600 034	11:00 A.M
31.03.2006	25.09.2006	New No.29,Old No.12 No.3-B, Riyaz GardenKodambakkam High Road NungambakkamChennai-600 034	11:00 A.M
31.03.2007	27.09.2007	New No.29,Old No.12 No.3-B, Riyaz GardenKodambakkam High Road NungambakkamChennai-600 034	11:00 A.M

ii. Special Resolutions passed at the last three Annual General Meetings :

- At the Nineteenth Annual General Meeting held on: 27 September, 2007. NIL
- At the Eighteenth Annual General Meeting held on 25 September, 2006. NIL
- At the Seventeenth Annual General Meeting held on 21 September, 2005 NIL

iii. None of the resolution were put through postal ballot. At the ensuing meeting, there is no resolution proposed to be passed through postal ballot.

## 9. Disclosures

- The company does not have related party transactions, which may have potential conflict with the interest of the company at large. Further, the statutory disclosure requirements relating to related party transactions have been complied with the Annual Accounts.
- The financial statements have been made in accordance with the accounting standards so as to represent a true and fair view of the state of affairs of the company.
- The company laid down procedures to inform Board members about the risk assessment and minimization procedures, which are periodically reviewed.
- No penalties or strictures have been imposed on the company by the stock exchanges or SEBI, or any statutory authority on any matter related to the capital during the last three years.



- e) The company complied with all the mandatory requirements as prescribed and made considerable progress towards adopting the non-mandatory requirements, including the whistleblower policy, in the organization.
- f) In addition to Directors report, a Management Discussion and Analysis Report form part of the Annual Report to the shareholders. All Key Managerial Personnel and Senior Management have confirmed that they do not have any material, financial and commercial interest in transactions with the Company that may have a potential conflict with the interest of the Company at large.

## 10. Means of Communication

The quarterly/half yearly/annual financial results of the company are sent to the Stock Exchange immediately after they are approved by the Board of Directors. These are also published in the prescribed performa within 48 hours of the conclusion of the meeting of the Board in which they are considered in English Newspaper circulating in the whole or substantially the whole of India, and in one vernacular newspaper of the state where the registered office of the Company is situated. In addition, these results are simultaneously posted on the website of the company.

Details about the means of communication :

Recommendation	Compliance
Quarterly results	Published in leading newspapers
Newspapers wherein results are normally published	Business Standard (English daily), Financial Express (English daily), Dinamalar/Malai Murasu (Tamil daily) published from Chennai.
Any website, where displayed	<a href="http://www.himalayagranites.com">www.himalayagranites.com</a>
Whether it also displays official news releases and presentation made to Institutional Investors and analysts.	No specific presentation was made to analysts during the year.

## 11. General Shareholder information

- i. Date, time & venue of the Annual General Meeting  
Friday, 26<sup>th</sup> September, 2008 11:00 A.M at  
New No.29, Old No.12,3-B, Riyaz Garden Kodambakkam  
High Road, Nungambakkam, Chennai-600 034
- ii. Financial Year  
Financial year of the company is from 1 April to 31 March.  
Publication of results for the FY 2008-09 (tentative and subject to change)  
First quarter results: End-July 2008  
Second quarter and half yearly results: End-October2008  
Third quarter results: End-January 2009  
Fourth quarter results and results for the year ending on 31.03.2009: End-April 2009/June 2009
- iii. Book Closure Period  
From 23 September, 2008 to 26 September,2008 (both days inclusive)
- iv. Listing of equity shares at stock exchange  
Bombay Stock Exchange Ltd.(BSE)  
Floor 25, P.J.Towers, Dalal Street, Fort  
Mumbai-400001
- v. Stock code  
BSE : 513723



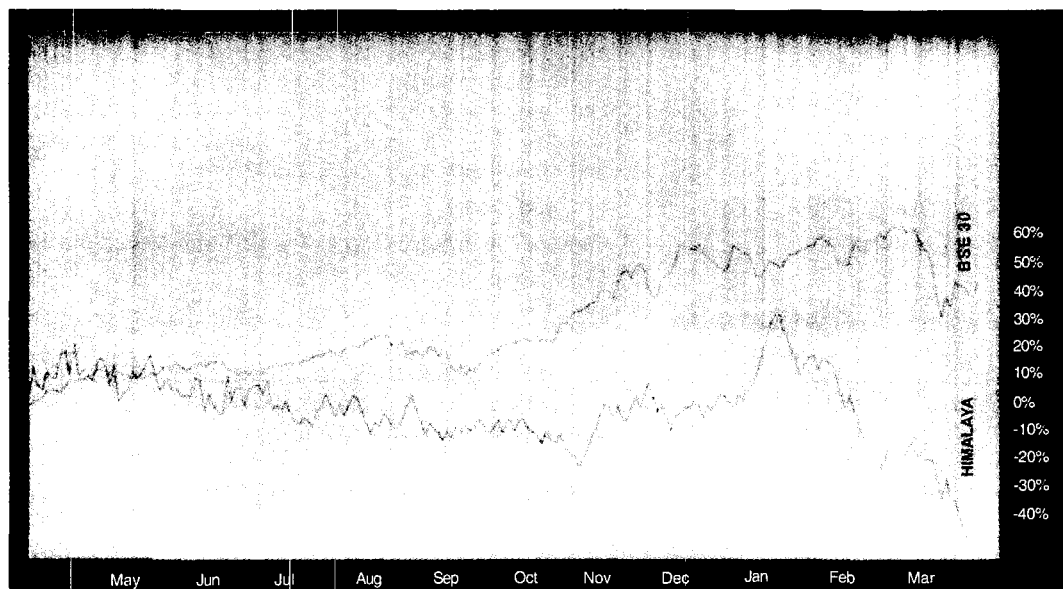
vi. Market price data for the Financial year 2007-08.

Month	At BSE	
	High (Rs)	Low(Rs)
April, 2007	26.95	20.15
May 2007	27.35	20.50
June 2007	23.70	18.20
July 2007	22.90	18.75
August 2007	21.80	18.15
September 2007	20.65	18.55
October 2007	19.95	16.45
November 2007	22.80	19.05
December 2007	25.85	19.45
January 2008	29.35	19.90
February 2008	20.00	15.55
March 2008	17.10	10.30

vii. E-mail ID for Investors: [investors@himalayagranites.com](mailto:investors@himalayagranites.com)

viii. Corporate Identity Number (CIN):L13206TN1987PLC015161

ix. Performance in comparison to broad based indices such as BSE Sensex, CRISIL index etc





# HIMALAYA GRANITES LIMITED

x. Registrar & Share Transfer Agent M/s. S. K. Computers, 34/1A, Sudhir Chatterjee Street, Kolkata – 700 006. Phone: 2219-4815, Fax : 033-2219-4815.

xi. Share Transfer System The Company has a committee of the Board of Directors called Share Transfer and Investors' Grievance Committee, which meets as and when required to approve the transfer of shares. The formalities for transfer of shares in the physical form are completed and the share certificates are dispatched to the transferee within 30 days of receipt of the transfer documents, provided the documents are complete and the shares under transfer are not under dispute.

xii. Distribution of shareholding as on 31 March 2008

Equity shares held	Number of Shareholders	Percent of Shareholders	Number of Shares held	Percent of Shares held
1-500	1259	87.67	172122	5.73
501-1000	88	6.13	73679	2.45
1001-5000	60	4.18	137090	4.56
5001-10000	7	0.48	54992	1.83
10001 & above	22	1.54	2567117	85.43
Total	1436	100.00	3005000	100.00

xiii. Dematerialisation of Shares and Liquidity The Company's equity shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL is **INE 464C01016**. Nearly, **96.17%** of total equity shares have been dematerialized as on 31.03.2008.

xiv. Outstanding ADRs/GDRs Not Applicable

xv. Plant Location: Panchalam Village, Opp to Ponds India Ltd., Melpettai Post Tindivanam-604 307

xvi. Address for correspondence: M/s. S.K. Computers, 34/1A, Sudhir Chatterjee Street Kolkata – 700 006  
Phone:(033)2219-4815 Fax-(033) 2219-4815  
Contact Person: Mr. Dilip Bhattacharya  
Email: agarwalaskc@rediffmail.com

On behalf of the Board of Directors

Place : Kolkata  
Dated : 30 June, 2008

**S. P. Mittal**  
Chairman



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## DECLARATION BY THE MANAGING DIRECTOR AND CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING COMPLIANCE WITH CODE OF CONDUCT

To  
The Members of  
Himalaya Granites Ltd.

In accordance with Clause 49I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended on 31 March, 2008.

Place : Kolkata  
Dated : 30 June, 2008

**Ramesh Kumar Haritwal**  
*Managing Director  
& Chief Executive Officer*



**AUDITORS' CERTIFICATE**

To  
The Members of  
Himalaya Granites Limited

We have examined the compliance of conditions of Corporate Governance by Himalaya Granites Ltd., for the year ended on 31 March 2008, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For D. Dhandaria & Company**  
*Chartered Accountants*

**Dindayal Dhandaria**  
*Partner*

*Membership No. 10928*

Place : Kolkata  
Date : 30 June, 2008



**CERTIFICATION  
BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT  
TO CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Board of Directors  
Himalaya Granites Limited

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended on 31 March, 2008 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that there are no
- (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year except that Employees Benefits have been accounted for in accordance with Accounting Standard-15 (Revised) which became mandatory from this accounting period and the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Ramesh Kumar Haritwal**  
*Managing Director  
& Chief Executive Officer*

**Mahendra Kumar Jain**  
*Chief Financial Officer*

Dated : 30 June 2008





## AUDITORS' REPORT TO THE MEMBERS OF HIMALAYA GRANITES LIMITED

We have audited the attached Balance Sheet of M/s. **HIMALAYA GRANITES LIMITED** as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed hereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- (1) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our comments in the Annexure referred to in paragraph (1) above:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account, as required by the Companies Act, 1956 have been kept by the Company so far as appears from our examination of those books and proper returns, certified by the Branch Managers, adequate for the purpose of our audit have been received from some of the branches which have not been visited by us ;
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with in this report are in agreement with the books of account and returns made available to us;
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, together with notes thereon, comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors and taken on record by Board of Directors, we report that none of the said directors is disqualified as on 31<sup>st</sup> March, 2008 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and other notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008; and
    - (ii) in the case of the Profit & Loss Account, of the Loss of the Company for the year ended on that date.
    - (iii) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.

**For D. Dhandaria & Company**  
*Chartered Accountants*

Place : Kolkata  
Date : 30 June, 2008

**Dindayal Dhandaria**  
*Partner*  
Membership No. 10928



## ANNEXURE TO AUDIT REPORT

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) A substantial portion of the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) As the company has not disposed off any major part of the fixed assets, the going concern status of the company is not affected.
2. (a) As explained to us, the inventory has been physically verified during the year by the management at reasonable intervals.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.
3. (a) As informed to us, the Company has not granted any loans, secured and unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clauses (iii)(a) to (iii)(d) are not applicable.  
(b) As informed to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the registered maintained under section 301 of the Act and as such clauses (iii)(e) to (iii)(g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system;
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;
6. The company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. In respect of the company, no cost records have been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
9. According to the information and explanation given to us in respect of statutory and other dues:  
(a) The company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.



## HIMALAYA GRANITES LIMITED

- (b) According to information and explanations given to us, the following disputed amounts have not been deposited by the company:

### Statement of Disputed Dues

Name of the Statute	Nature of the Dues	Amount (Rs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act 1961	Income Tax, Surcharge, Education Cess and Interest	9,96,511	2004-2005	Commissioner (Appeals) C-III, Kolkata

- (c) According to information and explanations given to us, apart from above, there are no other dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- The company does not have accumulated losses at the year-end and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
  - In our opinion and according to the information and explanations given to us, the Company has issued no debentures. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
  - The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  - In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
  - In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
  - According to information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
  - According to information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
  - According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
  - According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year and hence the question of disclosure and verification of end use of such money does not arise.
  - According to the information and explanations given to us, the company has not issued any debentures.
  - The company has not raised money by public issue during the year and hence the question of disclosure and verification of end use of such money does not arise.
  - According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **D. Dhandaria & Company**  
Chartered Accountants

Place : Kolkata  
Date : 30 June, 2008

**Dindayal Dhandaria**  
Partner  
Membership No. 10928

# HIMALAYA GRANITES LIMITED



## BALANCE SHEET AS AT 31ST MARCH, 2008

SOURCES OF FUNDS:	Schedules	AS AT 31ST MARCH, 2008		AS AT 31ST MARCH, 2007	
		Rs.	Rs.	Rs.	Rs.
<b>1. SHAREHOLDERS' FUNDS :</b>					
Share Capital	A	30050000		30050000	
Reserves & Surplus	B	<u>146104227</u>		<u>176308853</u>	
			176154227		206358853
<b>2. LOAN FUNDS :</b>					
Secured Loans	C	77652993		79369106	
Unsecured Loans	D	<u>—</u>		<u>—</u>	
			77652993		79369106
<b>3. Deferred Tax Liabilities (Net)</b>	E		<u>5332144</u>		<u>5110090</u>
<b>TOTAL :</b>			<u>259139364</u>		<u>290838049</u>
<b>APPLICATION OF FUNDS :</b>					
<b>1. FIXED ASSETS :</b>	F				
Gross Block		213466793		213748699	
Less: Depreciation		<u>156197868</u>		<u>146178178</u>	
Net Block		57268925		67570521	
Add: Capital Work-in-Progress		<u>—</u>		<u>—</u>	
			57268925		67570521
<b>2. INVESTMENTS:</b>	G		32500000		32500000
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES :</b>					
Inventories	H	23509176		55290011	
Sundry Debtors	I	31620609		29822878	
Cash & Bank Balances	J	6913515		7534139	
Loans & Advances	K	<u>134487273</u>		<u>127178726</u>	
		196530573		219825754	
Less : CURRENT LIABILITIES & PROVISIONS	L	<u>27160134</u>		<u>29058226</u>	
<b>NET CURRENT ASSETS</b>			169370439		190767528
<b>4. MISCELLANEOUS EXPENDITURE</b>	M		<u>—</u>		<u>—</u>
<b>TOTAL :</b>			<u>259139364</u>		<u>290838049</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	V				

The Schedules referred to above form an integral part of the Balance Sheet.

AS PER OUR ANNEXED REPORT OF EVEN DATE.

For **D. Dhandaria & Company**  
Chartered Accountants  
**Dindoyal Dhandaria**

**Ashok Kumar Sharma**  
**Janaki Venkatramani**  
Directors

**Shiv Prakash Mittal**  
Chairman

Place : Kolkata  
Dated : 30th June, 2008

Partner  
Membership No. 10928

**P. K. Thakur** **Ramesh Kumar Haritwal**  
Company Secretary Managing Director & CEO



# HIMALAYA GRANITES LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

<b>INCOME :</b>	Schedules	FOR THE YEAR ENDED	
		31ST MARCH, 2008	31ST MARCH, 2007
		Rs.	Rs.
Sales	N	114280115	131506777
Other Income	O	9302966	10965484
Increase/(Decrease) in Stocks	P	(18329081)	1245904
	<b>TOTAL</b>	<b>105254000</b>	<b>143718165</b>
<b>EXPENDITURE :</b>			
Raw Materials Consumed	Q	41078468	52033732
Purchase of Finished Goods		7003839	444215
Cost of Dimensional Granite Blocks		2588381	15110
Manufacturing Expenses	R	20840684	27186411
Payments & Other Benefits to Employees	S	26239948	31021030
Administrative Expenses	T	9594837	15471967
Selling & Distribution Expenses	U	7825510	8176084
Interest		10588348	9310070
Depreciation		11324206	13090387
	<b>TOTAL</b>	<b>137084221</b>	<b>156749006</b>
PROFIT BEFORE TAX		(31830221)	(13030841)
Less : Provision for Taxation		—	—
Less : Tax on Fringe Benefits		(250000)	(398803)
Add : Deferred Tax Release (Provision)		(222054)	1079205
PROFIT AFTER TAX		(32302275)	(12350439)
Add : Balance brought forward from last year		93812254	107568973
AMOUNT AVAILABLE FOR APPROPRIATIONS		61509979	95218534
APPROPRIATIONS :			
Proposed Dividend		—	1202000
Tax on Distribution of Dividend		—	204280
Transfer to General Reserve		—	—
		—	1406280
BALANCE TRANSFERRED TO BALANCE SHEET		61509979	93812254
<b>BASIC &amp; DILUTED EARNINGS PER SHARE</b> V-B-Note II		(10.75)	(4.11)
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	V		

The Schedules referred to above form an integral part of the Profit & Loss Account.  
AS PER OUR ANNEXED REPORT OF EVEN DATE.

For **D. Dhandaria & Company**  
Chartered Accountants

**Dindayal Dhandaria**

Partner

Place : Kolkata

Dated : 30th June, 2008

Membership No. 10928

**Ashok Kumar Sharma**  
**Janaki Venkatramani**  
Directors

**Shiv Prakash Mittal**  
Chairman

**P. K. Thakur** **Ramesh Kumar Haritwal**  
Company Secretary Managing Director & CEO

# HIMALAYA GRANITES LIMITED



	AS AT 31ST MARCH, 2008 Rs.	AS AT 31ST MARCH, 2007 Rs.
<b><u>SCHEDULE 'A'</u></b>		
<b><u>SHARE CAPITAL :</u></b>		
<b><u>AUTHORISED :</u></b>		
40,00,000 Equity Shares of Rs. 10/- each	<u>40000000</u>	<u>40000000</u>
<b><u>ISSUED, SUBSCRIBED AND PAID UP :</u></b>		
30,05,000 Equity Shares of Rs. 10/- each (Of the above 12,03,000 Equity Shares of Rs 10/- each have been allotted as fully paid Bonus Shares by capitalisation of General Reserve)	<u>30050000</u>	<u>30050000</u>
 <b><u>SCHEDULE 'B'</u></b>		
<b><u>RESERVES &amp; SURPLUS :</u></b>		
(a) Share Premium Account	<u>20000000</u>	<u>20000000</u>
(b) Capital Reserve (Capital Investment Subsidy)	<u>1500000</u>	<u>1500000</u>
(c) General Reserve	<u>60996599</u>	<u>50996599</u>
Add: Provision for Gratuity written back on actuarial valuation [as per As-15 (revised)]	<u>2097649</u> <u>63094248</u>	<u>—</u> <u>60996599</u>
(d) Profit & Loss Account - balance at credit	<u>61509979</u>	<u>93812254</u>
	<u>146104227</u>	<u>176308853</u>



# HIMALAYA GRANITES LIMITED

<b>SCHEDULE 'C' :</b>	<b>AS AT 31ST MARCH, 2008 Rs.</b>	<b>AS AT 31ST MARCH, 2007 Rs.</b>
<b><u>SECURED LOANS :</u></b>		
<b>A. <u>TERM LOANS :</u></b>		
Axis Bank Limited (Ixis) (formerly UTI Bank Limited)	<b>37041853</b>	41025074
<b>B. <u>WORKING CAPITAL :</u></b>		
Union Bank of India (UBI)	<b>40611140</b>	38344032
	<b><u>77652993</u></b>	<b><u>79369106</u></b>

## **PARTICULARS OF SECURITIES**

### **A. TERM LOANS**

Loan from Axis is accured by a first charge over the movable and immovable assets of the company, present & future, (except 1.85 acres of quarry lands at Omandur Village, Tindivanam Taluk & 3.50 acres quarry across quarry land at Sendur Villages, Tindivanam Taluk, Tamil Nadu and office premises of the Company situated at Riyaz Garden, Nungambakkam, Chennai) and second charge over the current assets of the Company, present & future, and personal guarantee of all the directors of the company.

### **B. WORKING CAPITAL**

The export facilities from SBI are secured by hypothecation of Raw Materials, WIP, Finished Goods and other consumable spares, first charge over 1.85 acres of quarry lands at Omandur Village and 3.50 acres at Sendur Village, both at Tindivanam Taluk, Tamil Nadu & office premises of the Company situated at Riyaz Garden, Nungambakkam, Channai and second charge over entire fixed assets of the Company except Quarry Land at Omandur and Sendur.

## **SCHEDULE 'D' :**

### **UNSECURED LOANS :**

## **SCHEDULE 'E' :**

### **DEFERRED TAX ASSETS & LIABILITIES**

#### **DEFERRED TAX ASSETS**

Provision for Gratuity	<b>1812283</b>	2505418
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#### **DEFERRED TAX LIABILITIES**

Depreciation	<b>7144427</b>	7615508
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<b>NET DEFERRED TAX LIABILITIES</b>	<b><u>5332144</u></b>	<b><u>5110090</u></b>
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## SCHEDULE 'F':

## FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As At 01/04/2007	Addition during the year	Deductions during the year	Cost As At 31/3/2008	Upto 31/03/2007	For the year	Adjustment	Upto 31.03.2008	As At 31/03/2008	As At 31/03/2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Land & Developments	1132849	—	—	1132849	—	—	—	—	1132849	1132849
2. Quarry Land & Developments	38776749	—	—	38776749	31960250	6816499	—	38776749	—	6816499
3. Building (Factory)	33711409	—	—	33711409	12282471	1125644	—	13408115	20303294	21428938
4. Building (Others)	13619568	—	—	13619568	1733610	221996	—	1955606	11663962	11885958
5. Plant & Machinery	105750177	1238034	—	106988211	87008414	2070076	—	89078490	17909721	18741763
6. Vehicles	6743942	831228	2007757	5567413	2312432	683844	908484	2087792	3479621	4431510
7. Electrical Fittings	6726043	—	—	6726043	6199869	30983	—	6230852	495191	526174
8. Furniture & Fittings	3942442	—	43148	3899294	2414824	202276	40993	2576107	1323187	1527618
9. Office Equipments	3067805	68495	91043	3045257	1997763	172888	86494	2084157	961100	1070042
10. Tools & Equipments	277715	—	277715	—	268545	—	268545	—	—	9170
<b>Total</b>	<b>213748699</b>	<b>2137757</b>	<b>2419663</b>	<b>213466793</b>	<b>146178178</b>	<b>11324206</b>	<b>1304516</b>	<b>156197868</b>	<b>57268925</b>	<b>67570521</b>
<b>Previous Year's Total</b>	<b>214827578</b>	<b>213388</b>	<b>1292267</b>	<b>213748699</b>	<b>133893749</b>	<b>13090387</b>	<b>805958</b>	<b>146178178</b>	<b>67570521</b>	<b>—</b>







# HIMALAYA GRANITES LIMITED

AS AT 31ST  
MARCH, 2008  
Rs.

AS AT 31ST  
MARCH, 2007  
Rs.

## SCHEDULE 'G' :

### INVESTMENTS (At Cost)

#### LONG TERM INVESTMENTS

##### OTHER THAN TRADE

##### UNQUOTED

In Ashiana Properties (P) Limited 25000 Shares of Rs.10 each	2500000	2500000
In Avinash Mercantile (P) Limited 60000 Shares of Rs.10 each	3000000	3000000
In Binod Resources (P) Limited 25000 Shares of Rs.10 each	2500000	2500000
In Ekta Nivesh (P) Limited 50000 Shares of Rs.10 each	2500000	2500000
In Hanuman Trading & Feeds (P) Limited 30000 Shares of Rs.10 each	3000000	3000000
In Harvard Trading (P) Limited 40000 Shares of Rs.10 each	4000000	4000000
In Laxminarayan Vyapaar (P) Limited 100000 Shares of Rs.10 each	2500000	2500000
In R.A. Trading (P) Limited 25000 Shares of Rs.10 each	2500000	2500000
In Ritz Credit Promotion (P) Limited 50000 Shares of Rs.10 each	2500000	2500000
In Safeaid Finance Company (P) Limited 30000 Shares of Rs.10 each	3000000	3000000
In Suryalata Trexim (P) Limited 25000 Shares of Rs.10 each	2500000	2500000
In Usha Polychem (I) (P) Limited 20000 Shares of Rs.10 each	2000000	2000000
	<b>32500000</b>	<b>32500000</b>
Aggregate Book Value of Investments		
Quoted	—	—
Unquoted	<b>32500000</b>	<b>32500000</b>
	<b>32500000</b>	<b>32500000</b>
Market Value of Quoted Investments	—	—

# HIMALAYA GRANITES LIMITED



<b>SCHEDULE 'H' :</b>	<b>AS AT 31ST MARCH, 2008 Rs.</b>	<b>AS AT 31ST MARCH, 2007 Rs.</b>
<b>INVENTORIES:</b>		
(As taken, valued and certified by the Management)		
Raw Materials	6436589	13978753
Consumables	342978	4519375
Stores & Spares	632538	1925225
Finished Goods	1034694	13018893
Goods under process	15062377	21847765
	<u>23509176</u>	<u>55290011</u>

## **SCHEDULE 'I' :**

### **SUNDRY DEBTORS** (considered good) :

Debts outstanding for a period exceeding six months (Unsecured)	—	—
Other Debts		
Unsecured	31620609	29822878
	<u>31620609</u>	<u>29822878</u>

## **SCHEDULE 'J' :**

### **CASH & BANK BALANCES :**

Cash in Hand	6467867	6474916
Balances with Scheduled Banks :		
On Current Accounts	445648	608069
On Fixed & Recurring Deposit Accounts	—	451154
	<u>6913515</u>	<u>7534139</u>



# HIMALAYA GRANITES LIMITED

## SCHEDULE 'K' :

	AS AT 31ST MARCH, 2008 Rs.	AS AT 31ST MARCH, 2007 Rs.
<b>LOANS &amp; ADVANCES :</b>		
(Unsecured, Considered good):		
Advances (recoverable in cash or in kind or for value to be received or adjusted):		
- To Staff	188244	649853
- Against Purchase of Raw Materials, Stores & Others	90962563	87019781
Loans	32361278	31000000
Prepaid expenses	418595	633163
Security Deposits	2262839	2482735
Income Tax Advance (net off Provisions)	6431976	2762650
Sales Tax Refund Receivable	495803	1180473
Service Tax Refund Receivable	1365975	1450071
	<u>134487273</u>	<u>127178726</u>

## SCHEDULE 'L' :

### CURRENT LIABILITIES & PROVISIONS :

#### [A] CURRENT LIABILITIES :

Sundry Creditors for Goods, Expenses etc.	6235719	10517841
Unclaimed Dividends ★	387846	298537
Liabilities		
For Expenses	5360744	6574223
For Other Finance	582295	466012
Temporary Overdraft from Bank	9261717	2352024
TOTAL-A	<u>21828321</u>	<u>20208637</u>

#### [B] PROVISIONS :

For Taxation (less tax deducted at source)	—	—
For Gratuity	5331813	7443309
For Proposed Dividend	—	1202000
For Tax on Distribution of Dividend	—	204280
TOTAL-B	<u>5331813</u>	<u>8849589</u>

TOTAL (A+B)	<u>27160134</u>	<u>29058226</u>
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★ Amounts due and outstanding to be credited to the Investor Education and Protection Fund Nil (Previous year Nil).

# HIMALAYA GRANITES LIMITED



	AS AT 31ST MARCH, 2008	AS AT 31ST MARCH, 2007
	Rs.	Rs.
<b>SCHEDULE 'M' :</b>		
<b>MISCELLANEOUS EXPENDITURE :</b>	<u>                    </u>	<u>                    </u>
	—	—
	<u>                    </u>	<u>                    </u>
	FOR THE YEAR ENDED 31ST MARCH, 2008	FOR THE YEAR ENDED 31ST MARCH, 2007
	Rs.	Rs.
<b>SCHEDULE 'N' :</b>		
<b>SALES (EXPORTS) :</b>		
Monuments & Slabs	110581459	129483149
Dimensional Granite Blocks	3698656	2023628
	<u>114280115</u>	<u>131506777</u>
<b>SCHEDULE 'O' :</b>		
<b>OTHER INCOME :</b>		
Interest Received	9241900	10529924
Dividend on Long Term Investments	—	391740
Gain due to fluctuation in foreign exchange rates	58986	—
Miscellaneous Income	2080	43820
	<u>9302966</u>	<u>10965484</u>
<b>SCHEDULE 'P' :</b>		
<b>INCREASE/(DECREASE) IN STOCKS :</b>		
<b>CLOSING STOCK</b>		
Finished Goods	1034694	13018893
Goods under Process	15062377	21847765
	<u>16097071</u>	<u>34866658</u>
<b>OPENING STOCK</b>		
Finished Goods	12578387	11747029
Goods under Process	21847765	21873725
	<u>34426152</u>	<u>33620754</u>
<b>Increase / (Decrease) in Stocks</b>	<u>(18329081)</u>	<u>1245904</u>



# HIMALAYA GRANITES LIMITED

<b>SCHEDULE 'Q' :</b>	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	31ST MARCH, 2008	31ST MARCH, 2007
	Rs.	Rs.
<b>RAW MATERIALS CONSUMED :</b>		
Opening Stock	13978753	12875389
Add : Purchases (including procurement costs)	33536304	53137096
	<u>47515057</u>	<u>66012485</u>
Less : Closing Stock	6436589	13978753
Consumption during the year	<u>41078468</u>	<u>52033732</u>

## **SCHEDULE 'R' :**

### **MANUFACTURING EXPENSES :**

Consumption of consumables & stores	9433303	14331558
Power & Fuel	4911705	5562930
Repairs		
- To Machinery	5302019	5972010
- To Building	79423	37445
- To Others	—	105382
Yard Expenses	1114234	1177086
	<u>20840684</u>	<u>27186411</u>

## **SCHEDULE 'S' :**

### **PAYMENTS & OTHER BENEFITS TO EMPLOYEES :**

Salary, Wages & Bonus	22143675	26014675
Contribution to Provident & Other Funds	1494011	1648654
Employees' Welfare Expenses	1535862	2022852
(including Workmens' compensation)		
Gratuity	1066400	1334849
	<u>26239948</u>	<u>31021030</u>



FOR THE YEAR ENDED 31ST MARCH, 2008  
Rs.

FOR THE YEAR ENDED 31ST MARCH, 2007  
Rs.

**SCHEDULE 'T' :****ADMINISTRATIVE EXPENSES :**

Rent	323750	444100
Rates & Taxes	245259	339714
Insurance Charges	1364355	1188368
Telephone Expenses	441592	526392
Travelling Expenses (including Foreign Travel)	659487	906895
Miscellaneous Expenses	3105461	2567220
Vehicle Expenses	1076184	1112007
Sales Tax	21279	—
Directors' Remuneration	1070000	1100000
Directors' Sitting Fees	13500	—
Bank Charges	803428	1072605
Auditors' Remuneration	158205	117285
Sundry balances written off (net)	102190	3307
Loss due to fluctuation in foreign exchange rates	—	5671502
Loss on Sale of Investments	—	47030
Loss on Sale of Fixed Assets	193773	375542
Value of Assets Discarded	16374	—
	<u>9594837</u>	<u>15471967</u>

**SCHEDULE 'U' :****SELLING & DISTRIBUTION EXPENSES :**

Advertisement & Sales Promotion Expenses	236959	647782
Packing & Forwarding	6882332	6133521
Commission	706219	1394781
	<u>7825510</u>	<u>8176084</u>



## **SCHEDULE 'V'**

### **SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

#### **A. SIGNIFICANT ACCOUNTING POLICIES :**

##### **1. ACCOUNTING CONCEPTS & BASIS OF PRESENTATION**

- a) The company follows mercantile system of accounting and recognises income and expenditure on accrual basis except in case of few items stated under the heading "Revenue Recognition" hereinafter. The accounts have been prepared on historical cost basis, as a going concern and are prepared in accordance with generally accepted accounting principles.
- b) Where changes are made in presentation, the comparative figures of the previous year are regrouped accordingly.
- c) Figures have been rounded off to the nearest rupee.

##### **2. FIXED ASSETS:**

Capitalised at acquisition cost including directly attributable costs such as freight, insurance, installation charges and incidental expenses for bringing the assets to its working condition for use.

##### **3. INVESTMENTS:**

Investments, being long term in nature, are stated at cost of acquisition. Adjustment for increase/decrease in the value of investments, if any, will be accounted for on realisation of the investments. However, any permanent fall in market value of investments is considered.

##### **4. INVENTORIES:**

- a) Raw Materials, Consumables, Stores and spare parts and Goods under Process are valued at cost. Cost represents purchase price and other costs for bringing inventories upto their present location and condition and is generally determined on weighted average basis.
- b) Finished goods are valued at lower of cost and net realisable value.

##### **5. TAXATION:**

Income-tax expenses comprises current tax and deferred tax charge or release. The deferred tax charge or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets based on expected future profits. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed as at each Balance Sheet date to reassess realisation.

##### **6. FOREIGN CURRENCY TRANSACTIONS:**

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transactions.
- b) In conformity with revised Accounting Standard (AS – 11), issued by the Institute of Chartered Accountants of India (ICAI), monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the difference between the forward rate and exchange rate on the date of transaction, such difference having been amortised over the life of the contract.



- c) Non-monetary items carried at historical cost are reported using the rate at the date of transaction.
- d) Other non-monetary items are carried at fair value, are reported using the rate that existed when the fair values were determined.

## 7. CONTINGENT LIABILITIES :

Contingent Liabilities are not provided for but are disclosed by way of Notes on Accounts.

## 8. REVENUE RECOGNITION:

Income and Expenditure are recognised on accrual basis except in case of the following:-

- a) Leave wages are accounted for when the employees proceed on leave or at the time of encashment.
- b) Sale of waste and scrap are accounted for on actual sales basis.

## 9. VAT, SERVICE TAX & EDUCATION CESS

Various expenses are accounted for after deducting the refunds receivable in respect of VAT, Service Tax & Education cess.

## 10. DEPRECIATION:

- a) Depreciation on Fixed Assets (other than Quarry Land & Development) is provided for on straight line method in accordance with and generally at the rates specified in Schedule XIV to the Companies Act, 1956. The revised rates have been straightaway applied to all existing assets and to those assets acquired during the year. The value of Quarry Land is amortised over the period of lease.
- b) Depreciation in respect of additions to assets has been charged on pro rata basis with reference to the period of use of such assets. The provision for depreciation for multiple shifts has been made on the basis of the actual utilisation of respective eligible assets.

## 11. Employee Benefits:

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- b) Post Employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of past employment and other long term benefits are charged to the Profit and Loss Account.

## B. NOTES ON ACCOUNTS:

	31.03.2008	31.03.2007
	Rs.	Rs.
1) CONTINGENT LIABILITIES		
Contingent liabilities not provided for:		
a. Counter guarantees given to the banker / others in respect of the others guarantees given by them.		
for removal of excisable goods / customs duty	15000000	15000000
i) for import of consumables	300000	300000
ii) Letters of Credit established but material not received	—	—
b. Disputed Demand of Income Tax in Appeal	996511	—
c. Export Bills Discounted with Bank	13173130	23570380





# HIMALAYA GRANITES LIMITED

2) AUDITORS' REMUNERATION INCLUDES :	<b>31.03.2008</b>	<b>31.03.2007</b>
FOR THE YEAR ENDED	<b>Rs.</b>	<b>Rs.</b>
(a) Audit fees	75000	(75000)
(b) Tax Audit fees	10000	(10000)
(c) Fees for Certifications	13000	(4500)
(d) For reimbursement of expenses ( Net of input tax credit availed Rs Nil Previous year Rs 11302/- )	37589	(27785)
(e) For Service Tax	22616	—
	<u>158205</u>	<u>(117285)</u>
3) a) The Company has been advised that the computation of net profits for the purpose of Directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration has been paid to the Managing Director as per Schedule XIII to the Companies Act, 1956.		
(b) Directors' Remuneration:		
Managing Director's Salary	1070000	(1100000)
Contribution to Provident Fund	91680	(132000)
	<u>1161680</u>	<u>(1232000)</u>
4) As no enterprise has informed to the company that it is registered under the Micro, Small & Medium Enterprises Development (MSMED) Act, 2006, the company has nothing to disclose under this Act.		
5) Balances under Sundry Debtors, Sundry Creditors, Loans and Advances payable or receivable are subject to confirmation to be received from some of the parties.		
6. Additional information pursuant to the provisions of Paragraph III & IV of the Schedule VI of the Companies Act, 1956.	<b><u>31/3/2008</u></b>	<b><u>31/3/2007</u></b>
a. <b>Licensed Capacity :</b>		
Granite Monuments (Sq. mtr)	26500	26500
Dimensional Granite Blocks (CBM)	Not Applicable	Not Applicable
b. <b>Installed Capacity :</b>		
Granite Monuments (Sq. mtr)	26500	26500
Dimensional Granite Blocks (CBM)	Not Ascertainable	Not Ascertainable
c. <b>Particulars of Manufactured/Traded Goods :</b>		
<b>Granite Monuments</b>	<b>Quantity (Sq. mtr.)</b>	<b>Value (Rs.)</b>
	<b><u>31/3/2008</u></b>	<b><u>31/3/2007</u></b>
Opening Stock	1247.346	1071.706
Production *	7495.350	10278.150
Purchases	—	—
Sales	9810.203	9921.508
Closing Stock	90.247	1247.346
		110581459
		12549452
		1005759
		12549452
* as certified by the management, being a technical matter.		
<b>Goods under process ( Monuments)</b>	<b>Quantity (Sq. mtr.)</b>	<b>Value (Rs.)</b>
	<b><u>31/3/2008</u></b>	<b><u>31/3/2007</u></b>
Opening Stock	2795.866	2614.864
Closing Stock	1638.112	2795.866
		21847765
		21847765



	Quantity (CBM)		Value (Rs.)	
	31/3/2008	31/3/2007	31/3/2008	31/3/2007
<b>Dimensional Granite Blocks</b>				
Opening Stock	36.076	89.376	469441	1340733
Production *	—	—	—	—
Purchases	97.261	18.543	2147875	444215
Sales	127.385	83.777	3698656	2023628
Closing Stock	11.630	36.076	28935	469441

\* as certified by the management, being a technical matter.

	31.03.2008		31.03.2007	
	Qty.	Value	Qty.	Value
d. Raw Materials Consumed				
Dimensional Granite Blocks (CBM)	1458.101	41078468	1979.12	52033732
Consumption of Raw Matetrials is inclusive of transportation Rs. 8029341/- (previous year Rs. 12640714/-), travelling and others expenses of Markers' visit Rs. 1885695/- (Previous year Rs. 1019118/-)				
e. Value of Imports calculated on CIF Basis :		31.03.2008		31.03.2007
i. Components, Spare Parts and consumables		4080393		8787785
f. Expenditure in Foreign Currency				
i. Travelling		133160		269999
ii. Others		2183113		2871958
g. Earnings in Foreign Currency				
FOB value of Exports		113182937		130388742
h. Value of raw materials, stores & spare parts consumed		CONSUMPTION		PERCENTAGE
		VALUE		TO TOTAL
				CONSUMPTION
a) Raw Materials				
Indigenous		41078468		100
		(52033732)		(100)
b) Consumable Stores & Spares				
Imported		6364553		67
		(6593996)		(46)
Indigenous		3068750		33
		(7737562)		(54)

Note: The figures and words in brackets are for previous year.



## 7. Earnings per Share

Profit after taxation as per Profit & Loss Account	(32302275)	(12350439)
Weighted average number of equity shares outstanding	3005000	3005000
Basic and diluted earnings per share in rupees (face value Rs. 10 per share)	(10.75)	(4.11)

## 8. Segment Reporting (Under Accounting Standard AS - 17 issued by ICAI)

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company. As part of Secondary reporting, revenues are attributed to geographical areas based on the location of the customers. The following table present the revenue, profit, assets and liabilities information relating to the business / geographical segment for the year ended 31st March, 2008.

### Information about Business Segments - Primary

REPORTABLE SEGMENT	MONUMENTS		DIMENSIONAL GRANITE BLOCKS		UN ALLOCATED		TOTAL	
	(2007-2008)	(2006-2007)	(2007-2008)	(2006-2007)	(2007-2008)	(2006-2007)	(2007-2008)	(2006-2007)
<b>REVENUE</b>								
External Sales	110581459	129483149	3698656	2023628	—	—	114280115	131506777
Other Income					9302966	10965484	9302966	10965484
Total Revenue	<u>110581459</u>	<u>129483149</u>	<u>3698656</u>	<u>2023628</u>	<u>9302966</u>	<u>10965484</u>	<u>123583081</u>	<u>142472261</u>
<b>RESULT</b>								
Segment Result	-12591012	10232285	(7093132)	(5424238)	9302966	10965484	-10381178	15773531
Unallocated Corporate Expenses					10860695	19494302	10860695	19494302
Operating Profit							(21241873)	(3720771)
Less : Interest (net)					10588348	9310070	10588348	9310070
Profit before Tax							(31830221)	(13030841)
Less : Provision for Taxation							—	—
Less : Provision for Fringe Benefit Tax							(250000)	(398803)
Add/(Less) : Deferred Tax Release / (Provision) & adjustment of earlier years							(222054)	1079205
Profit after Tax							<u>(32302275)</u>	<u>(12350439)</u>
<b>OTHER INFORMATION</b>								
Segment Assets	78130246	104687609	35903420	52317011	172265832	162891655	286299498	319896275
Segment Liabilities	14317608	21047838	117202	117202	12725324	7893187	27160134	29058227
Loan Funds					77652993	79369106	77652993	79369106
Deferred Tax Liabilities (Net)					5332144	5110090	5332144	5110090
Shareholders' Funds					176154227	206358852	176154227	206358852
Total Liabilities							<u>286299498</u>	<u>319896275</u>
Capital Expenditure	1243734	56754	—	—	894023	92367	2137757	149121
Depreciation	2532566	4206448	7897392	6056771	894248	2827168	11324206	13090387
Non-cash expenses other than depreciation	546669	1379640	—	—	292548	286440	839217	1666080



## Secondary Segment - Geographical by location of customers

	Sales Revenue		Carrying Amount of Segment Assets		Additions to Fixed Assets	
	(2007-2008)	(2006-2007)	(2007-2008)	(2006-2007)	(2007-2008)	(2006-2007)
India	-	-	284428654	317655020	2137757	149121
Australia	75973	-				
European Union	95387971	114873316	1030479	1486884		
Canada & United States	18816171	16633461	840365	754371		
	114280115	131506777	286299498	319896275	2137757	149121

### NOTES:

#### a) Segment Assets and Liabilities :

All Segment Assets and liabilities are directly attributable to the segment. Segment assets include all operating assets used by the segment and consist principally of fixed assets, inventories, sundry debtors, advances and operating cash and bank balances. Segment assets and liabilities do not include investments, inter-corporate deposits and advances, share capital, reserves and surplus, borrowings, provision for gratuity, proposed dividend and income tax (both current and deferred).

#### b) Segment Revenue and Expenses :

Segment revenue and expenses are directly attributable to the segment. It does not include dividend income, profit on sale of investments, interest expense, other expenses which cannot be allocated on a reasonable basis and provision for income tax (both current and deferred).

### 9 Related Party Disclosures (under Accounting Standard AS - 18 issued by ICAI)

#### A) List of Related Parties

Parties with whom the Company has entered into transactions during the year

##### a) Parties where control exists

- i) Greenply Industries Ltd.
- ii) Sri Shiv Prakash Mittal, Chairman
- iii) Sri Ramesh Kumar Haritwal, Managing Director & CEO
- iv) Sri Saurabh Mittal, Director
- v) Sri Rajesh Mittal, resigned w.e.f. 01.06.2007.

##### b) Key Management Personnel

- i) Smt. Janaki Venkatramani, Director
- ii) Sri Ashok Kumar Sharma, Director
- iii) Sri Beni Gopal Saraf, Director

Note : Related Party Relationship is as identified by the Company and relied upon by the Auditors.



## B) Transactions with Related Parties :

Particulars	Control		Key Management Personnel		Total	
	(2007-08)	(2006-07)	(2007-08)	(2006-07)	(2007-08)	(2006-07)
Rendering of Services	-	-	-	-	-	-
Receiving of Services	1552230	1570964	-	-	1552230	1570964
Dividend Received	-	391740	-	-	-	391740
Managerial Remuneration & meeting fees	1166180	1236500	9000	7500	1175180	1244000
Outstanding Debit /(Credit)						
Balances as on 31st March	(1576898)	-	-	-	(1576898)	-



## 10. BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE AS AT & FOR THE YEAR ENDED 31ST MARCH, 2008

### 1. REGISTRATION DETAILS

REGISTRATION NO.	:	15161	STATE CODE	18
BALANCE SHEET DATE	:	31/03/2008		

### 2. CAPITAL RAISED DURING THE YEAR

PUBLIC ISSUE	:	NIL	BONUS ISSUE	NIL
RIGHT ISSUE	:	NIL	PRIVATE PLACEMENT	NIL

### 3. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount in Rs. Thousands)

TOTAL LIABILITIES	286299	TOTAL ASSETS	286299
SOURCE OF FUNDS		APPLICATION OF FUNDS	
PAID-UP-CAPITAL	30050	NET FIXED ASSETS	57269
RESERVES & SURPLUS	146104	INVESTMENTS	32500
SECURED LOANS	77653	NET CURRENT ASSETS	169370
UNSECURED LOANS	-	MISC. EXPENDITURE	-
DEFERRED TAX LIABILITIES	5332		

### 4. PERFORMANCE OF COMPANY

TURNOVER (INCLUDING OTHER INCOME)	123583	PROFIT BEFORE TAX	(31830)
		PROFIT AFTER TAX	(32302)
TOTAL EXPENDITURE	155413	DIVIDEND RATE (%)	-
EARNING PER SHARE (IN Rs.)	(10.75)		

### 5. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

ITEM CODE NO. (ITC) CODE	2516.90.90
PRODUCT DESCRIPTION	GRANITE MONUMENTS
ITEM CODE NO. (ITC) CODE	2516.11.00
PRODUCT DESCRIPTION	DIMENSIONAL GRANITE BLOCKS

Signatures to Schedules A to V

AS PER OUR ANNEXED REPORT OF EVEN DATE

For **D. Dhandaria & Company**

*Chartered Accountants*

**Dindayal Dhandaria**

*Partner*

**Ashok Kumar Sharma**

**Janaki Venkatramani**

*Directors*

**Shiv Prakash Mittal**

*Chairman*

Place : Kolkata

Dated : 30th June, 2008

*Membership No. 10928*

**P. K. Thakur**

*Company Secretary*

**Ramesh Kumar Haritwal**

*Managing Director & CEO*



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	FOR THE YEAR ENDED 31ST MARCH, 2008		FOR THE YEAR ENDED 31ST MARCH, 2007	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES:</b>				
Net Profit before Tax and Extraordinary items		(31830221)		(13030841)
Add: a) Depreciation	11324206		13090387	
b) Interest	19830248		19839994	
c) Loss on Sale of Fixed Assets	210147		375542	
d) Gratuity	1066400		1334849	
		<u>32431001</u>		<u>34640772</u>
		600780		21609931
Less: a) Interest Income	9241900		10529924	
b) Profit on sale of investments	-		-	
c) Dividend Received	-	9241900	391740	10921664
Operating Profit before Working Capital Changes		<u>(8641120)</u>		<u>10688267</u>
Less: a) Increase in Trade and Other Receivables	9106278		(22334825)	
b) Decrease in Inventories	(31780835)		4880909	
c) Decrease in Trade Payables	<u>(1619684)</u>	<u>(24294241)</u>	<u>(4372188)</u>	<u>(21826104)</u>
Cash Inflow (+)/Outflow (-) from Operations		<u>(+)15653121</u>		<u>(+) 32514371</u>
Add/Less: a) Interest Paid	19830248		19839994	
b) Gratuity Paid	1080247		1334849	
c) Income Tax Paid/refund received (-)	250000	21160495	1430011	22604854
Net Cash Inflow (+)/Outflow (-) in course of Operating Activities		<u>(+) (5507374)</u>		<u>(+) 9909517</u>
<b>B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:</b>				
<b>INFLOW</b>				
a) Sale of Fixed Assets	905000		46500	
b) Sale of Investments	-		20437630	
c) Interest Received	9241900		10529924	
d) Dividend Received	-		391740	
e) Loans Received	-	10146900	-	31405794
Less : OUTFLOW				
a) Acquisition of Fixed Assets	2137757		149121	
b) Acquisition of Investments	-	2137757	32500000	32649121
Net Cash Inflow (+) / Outflow (-) in course of Investing Activities		<u>(+) 8009143</u>		<u>(+) (1243327)</u>



	FOR THE YEAR ENDED 31ST MARCH, 2008		FOR THE YEAR ENDED 31ST MARCH, 2007	
	Rs.	Rs.	Rs.	Rs.
<b>C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:</b>				
<b>INFLOW</b>				
a) Borrowings	<u>2267108</u>		<u>41025074</u>	
		<u>2267108</u>		<u>41025074</u>
<b>DEDUCT : OUTFLOW</b>				
a) Repayment of Borrowings	<u>3983221</u>		<u>49396726</u>	
b) Dividend & Corporate Dividend Tax Paid	<u>1406280</u>		<u>3426451</u>	
		<u>5389501</u>		<u>52823177</u>
Net Cash Outflow/(Inflow ) in course of Financing Activities		<u>3122393</u>		<u>11798103</u>
Net Increase/ (Decrease) in Cash/Cash Equivalents (A+B+C)		<b>(620624)</b>		<b>(3131913)</b>
ADD : Balance at the begining of the year		<u>7534139</u>		<u>10666052</u>
Cash / Cash Equivalents at the close of the Year		<u>6913515</u>		<u>7534139</u>

AS PER OUR ANNEXED REPORT OF EVEN DATE.

For **D. Dhandaria & Company**  
Chartered Accountants  
**Dindayal Dhandaria**

Partner

Membership No. 10928

**Ashok Kumar Sharma**  
**Janaki Venkatramani**  
Directors

**Shiv Prakash Mittal**  
Chairman

Place : Kolkata  
Dated : 30th June, 2008

**P. K. Thakur** **Ramesh Kumar Haritwal**  
Company Secretary Managing Director & CEO





## HIMALAYA GRANITES LIMITED

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

DP.ID*	
Client ID*	

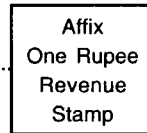
### PROXY FORM

Master Folio No.	
------------------	--

I/We..... of..... in the district of  
 ..... being member(s) of **HIMALAYA GRANITES LIMITED**, hereby appoint  
 .....of.....  
 in the District of .....or failing him/her ..... of  
 .....in the district of .....as my/our proxy  
 to attend and vote for me / us and on my / our behalf at the 20th Annual General Meeting of the Company to be  
 held on Friday the 26th September, 2008 and at any adjournment thereof.

Signed this..... day of .....2008.

Full Name.....



Folio No.....No. of Share Held.....

#### Note :

The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding of the aforesaid meeting.

★ Applicable for investors holding shares in electronic form.

## HIMALAYA GRANITES LIMITED

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

DP.ID*	
Client ID*	

### ATTENDANCE SLIP

Master Folio No.	
------------------	--

Please complete this Attendance Slip and hand it over at the entrance of the meeting hall.

<b>NAME OF THE MEMBERS</b>
----------------------------

<b>NO. OF SHARE(S) HELD</b>
-----------------------------

I hereby record my presence at the 20th Annual General Meeting being held at Himalaya Granites Limited, New No.29, Old No.12, No.3-B, Riyaz Garden, Kodambakkam High Road, Nungambakkam, Chennai - 600 034

SIGNATURE OF THE MEMBER OR PROXY
----------------------------------

★ Applicable for investors holding shares in electronic form.

**ANNUAL REPORT**  
**2007-2008**

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