

HIMALAYAN

NATURAL

MINERAL

WATER

ANNUAL REPORT

2000-2001

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MOUNT EVEREST MINERAL WATER LIMITED

Mount Everest Mineral Water Limited

MOUNT EVEREST MINERAL WATER LIMITED

-----BOARD OF DIRECTORS-----

Dr. Dadi Balsara

Chairman & Managing Director

Christina Balsara

Milan Sharma

Santosh Kumar

Company Secretary & GM Corporate

Rajesh K. Ranga

Statutory Auditors

K.N. Gutgutia & Co.

Chartered Accountants

Registered Office & Works

Vill. Dhaula Kuan, Dist, Sirmour (H.P.)

Bankers

Bank of India

The Hongkong and Shanghai Banking Corp. Ltd.

State Bank of India

Registrar & Share Transfer Agent

Skyline Financial Services Pvt. Ltd.

123, Vinobapuri,

Lajpat Nagar-II,

New Delhi - 24

NOTICE

Notice is hereby given that the 10th Annual General Meeting of the members of Mount Everest Mineral Water Ltd. will be held on November 30, 2001 at 9.30 AM at Company's Registered Office at Village Dhaula Kuan, Distt. Sirmour, H.P. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001 and Profit & Loss Account for the year ended on that date and report of the Board of Directors and Auditor's thereon.
2. To appoint a Director in place of Mrs. Christina Balsara, who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditors and to authorise the Board of Directors to fix their remuneration. The retiring Auditors M/s K.N. Gutgutia & Co., Chartered Accountants are eligible for reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution.

"Resolved that the appointment of Mr. Santosh Kumar who was appointed as an Additional Director and also Wholetime Director of the Company on 1st December 2000, and whose term expires u/s 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the company has received a notice from a member u/s 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

"Resolved that the appointment of Mr. Santosh Kumar as Whole-time Director of the company w.e.f. 1st December 2000 and payment of remuneration to him as detailed below for this period be and hereby approved in terms of Section 198/269/309 and other applicable provisions of the Companies Act, 1956.

- (i) Salary : Rs.4,200/- per month
- (ii) HRA : Rs.2,100/- per month
- (iii) Perquisites in accordance with and within the limits prescribed in the Section I and Section II, whichever is applicable of Part II of Schedule XIII to the Companies Act, 1956. Perquisites, including HRA however, restricted to an amount equal to the Annual Salary, but not more than the allowable limits prescribed in Schedule XIII to the said Act.

"Further Resolved that remuneration amounting to Rs.31,264/- paid to Mr. Santosh Kumar as a Wholetime Director for the period from 1st December 2000 to 31st March 2001 be and is hereby ratified."

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the company. Proxies, in order to be effective must be received at the Registered office of the company not less than forty eight hours before commencement of the Annual General Meeting.
2. The Explanatory Statement pursuant to the provisions of the Companies Act, 1956 relating to Special Business set out in the notice is annexed hereto.
3. The Register of Members and Share Transfer Book of the company will remain closed from 26.11.2001 to 30.11.2001 (both days inclusive).
4. Proxy Form and Attendance slips are enclosed.

BY ORDER OF THE BOARD OF DIRECTORS

Place: New Delhi
Date : October 5, 2001

R.K.Ranga
Company Secretary

ANNEXTURE TO NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956****ITEM NO.4:**

Mr.Santosh Kumar was appointed by the Board of Directors of the company as Additional Director and also as Whole-time Director pursuant to the relevant provisions of the Companies Act, 1956 w.e.f. 1st December 2000. As a Whole-time Director he is entitled to the remuneration as approved by the Board of Directors (as detailed in the Resolution) pursuant to Section 198, 269 & 309 of the Companies Act, 1956 read with Schedule XIII thereto. The Board of Directors commends the appointment of Mr.Santosh Kumar as Whole-time Director.

None of the Directors of the company is concerned or interested in the resolution except Mr.Santosh Kumar himself.

For MOUNT EVEREST MINERAL WATER LTD.

Place: New Delhi

Date : October 5, 2001

R.K.Ranga

Company Secretary

DIRECTORS REPORT**TO THE MEMBERS**

Your Directors have pleasure in placing before you the Annual Report and Accounts for the year ended on 31st March 2001.

OPERATIONS & FUTURE PROSPECTS

The financial results for the year ended on 31st March 2001 are as below:-

| | 31.03.2001 (Rs. in lacs) | 31.03.2000 (Rs. in lacs) |
|---|-----------------------------|-----------------------------|
| Turnover | 411.65 | 260.70 |
| Gross Loss (after interest but before depreciation) | 253.57 | 239.11 |
| Depreciation | 80.08 | 79.76 |
| Net Loss for the year | 333.65 | 318.87 |
| Add Loss brought forward from earlier years | 713.46 | 394.59 |
| Loss Carried Forward | 1047.10 | 713.46 |

During the year under review, the turnover of the company increased from Rs. 260.70 lacs to Rs. 411.64 lacs registering a growth of over 58%. However due to substantial interest and depreciation charge, the loss for the year was at the same level as of the previous year. The management's effort in increasing institutional sales yielded excellent results, with the "Himalayan" water being made available by all the leading hotels and airlines to their clientele. However, the managements efforts to increase the retail sales, which has been dominated by low cost "Purified Water" suppliers did not yield the desired results. The positioning of the brand "Himalayan" as a premium category with a pricing of more than 50% above the "Purified Water Category" also resulted in lower offtake in the retail market, which to certain extent is price sensitive.

Mount Everest Mineral Water Limited

Due to substantial losses being incurred, the management was constrained on resources to spend on creating brand awareness as well as educating consumers on the differentiation between Natural Mineral Water and Purified Water.

With the notification issued by the Union Ministry of Health and Family Welfare, Government of India, making it compulsory for mineral water to be sold only after complying with ISI standards, the management believes that substantial low cost bottlers will have to close their operations. Further, consolidation is expected in the industry leading to healthier competition and better consumer awareness towards premium water brands.

The management is in the process of expanding the retail and distribution network, as well as simultaneously increasing the instituted sales. The management is also in negotiation with various group of investors for infusing funds for marketing as well as for strategic partnership for marketing and brand enhancement. The management believes all these steps will result in substantial growth in the volumes and revenue in the years to come.

DIVIDEND

In view of the heavy losses your Directors regret their inability to pay dividend.

PARTICULARS OF EMPLOYEES

Information required under section 217(2A) of the Companies Act, 1956 read with companies (particulars of employees) Rule 1975 forming part of this report is Nil.

PUBLIC DEPOSITS

The Company has not accepted any public deposits during the year.

CORPORATE GOVERNANCE & AUDIT COMMITTEE

The company is required to comply with Clause 48 of the Listing Agreement w.e.f. 1st April, 2001. The company has already initiated various steps to comply with the various requirements of the aforesaid clause. A detailed exercise is being carried out by your Directors to ensure that the company follows the best practices of corporate governance.

As part of the complying with the Corporate Governance and in terms of newly inserted Section 292(A) of the Companies Act, 1956 an Audit Committee has been constituted with Dr.Dadi Balsara, Mrs.Christina Balsara and Mr.Milan Sharma as its members and Mr.R.K.Ranga, Company Secretary as Secretary of the committee. The committee meets at regular intervals to discuss the various matter as stipulated by SEBI. The other measures as considered necessary are being taken by your Directors to comply with other provisions relating to Corporate Governance and by 31st March 2002 all the activities relating to Corporate Governance shall be completed in all respects.

DEMATERIALISATION OF SECURITIES/INVESTORS GRIEVANCES

As you are aware the shares of your company are under compulsory demat. Your company had already entered into the agreements with NSDL and CDSL in accordance with the Depository Act, 1995. The number of members holding the shares in demat form has been consistently growing. Further the Company Secretary who is also Compliance Officer of the Company has been directed to attend to all the investors queries and grievances. Your Directors greatly value the continued support from the shareholders of the company and have an approach that the grievances of shareholders of the company, if any, should be attended to, on priority. To achieve this objec-

tive the Company Secretary of the company who is also a Compliance Officer has been directed to attend to all the queries of investing public on utmost priority.

THE COMPANY'S (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1998.

In accordance with the requirement of the above Rules, the particulars in respect of Conservation of energy, research and development, technology absorption and foreign exchange earnings and outgo have been given in Annexure-1 forming part of this report.

LISTING OF SHARES

The companies shares are listed in Delhi, Mumbai, Calcutta, Ludhiana and Ahmedabad Stock Exchanges. The company is regular in paying listing fees. No delisting has taken place during the year. The company has paid listing fees to all Stock Exchanges.

DIRECTORS RESPONSIBILITY STATEMENT

In compliance of Section 217(1)(e) of the Companies Act, 1956 your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) that the Directors have selected and applied consistently such accounting policies and have been made judgements and estimates that are reasonable and prudent, so as to give 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;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

DISPUTE WITH BANK OF INDIA

Your Directors regretfully inform that Bank of India has filed a suit against the company for the recovery of their outstanding in the Debt Recovery Tribunal, New Delhi. The company has made all efforts to contest the claims filed by the said bank in the court. Efforts are also made simultaneously to arrive at a mutually agreed settlement.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company Mrs. Christina Balsara retires by rotation at this Annual General Meeting and offers herself for reelection as Director of the company.

AUDITORS

The Auditors M/s K.N. Gutgutia & Company, Chartered Accountants retire and are eligible for re-appointment. They have confirmed that their re-appointment if made at the ensuing Annual General Meeting shall be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The observations of the Auditors are self explanatory and do not require any explanations.

ACKNOWLEDGEMENT

The Chairman & Managing Director and other Directors would like to place on record their sincere appreciation of the support and continuous co-operation by the various office of Govt. of Himachal Pradesh, Stock Exchanges and all local and Central Govt. authorities.

PERSONNEL

The Chairman and other Directors wish to place on record their appreciation for the dedication and hard work of the employees of the company who have stood with the management in all times.

For and on behalf of the Board

Place: New Delhi
Date: October 5, 2001

DR. DADI BALSARA
Chairman & Managing Director

ANNEXURE - I TO DIRECTORS' REPORT

(Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 31st March 2001)

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

The company's effort to achieve maximum productivity with optimum consumption of energy is continuing. As the capacity utilisation of the plant is considerably low, the plant is run in a phased manner as and when required. The company has been maintaining the consumption of energy and standards set for the optimum use of energy and minimising its wastage have been confirmed.

No import of technology is required for running the plant and all the raw materials and consumables are available indigenously and the same are at par with the imported ones in all respects.

Total Foreign Exchange earned & used.

| | <u>2000-2001</u> | <u>1999-2000</u> |
|-------------------------|------------------|------------------|
| Foreign Exchange earned | 59,91,582.89 | 27,46,608.55 |
| Foreign Exchange used | 9,74,382.33 | 13,05,550.26 |

For and on behalf of the Board

Place: New Delhi
Date: October 5, 2001

DR.DADI BALSARA
Chairman & Managing Director

NAME & ADDRESS OF THE STOCK EXCHANGES WHERE THE COMPANY'S SHARES ARE LISTED

1. The Ludhiana Stock Exchange Association Ltd.
Feroze Gandhi Market, Ludhiana - 141 001
2. Delhi Stock Exchange Association Ltd.
DSE House, 3/1 Asaf Ali Road, New Delhi - 110 002
3. The Stock Exchange Mumbai
Phiroze Jee Jee Bhoy Towers, Dalai Street,
Mumbai - 400 002
4. The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Calcutta - 700 001
5. The Stock Exchange Ahmedabad
Kamdhenu Complex, Opp. Sahajanand College,
Panjarapole, Ahmedabad - 3800 015

NAME & ADDRESS OF REGISTRAR & SHARE TRANSFER AGENTS

M/s Skyline Financial Services Pvt. Ltd.
123, Vinoba Puri, Lajpat Nagar-II
New Delhi - 110 024

Tel. 011-683 3777, 683 8501, 6847136
Fax : 011-6918352
E-Mail : snag@del6.vsnl.net.in