

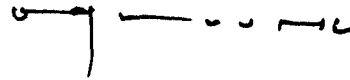
HIMALAYAN

NATURAL

MINERAL

WATER

REPORT JUNCTION



ANNUAL REPORT

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2001-2002

MOUNT EVEREST MINERAL WATER LTD

MOUNT EVEREST MINERAL WATER LIMITED

BOARD OF DIRECTORS

Dr. Dadi Balsara
Chairman & Managing Director

Mrs. Christina Balsara
Mr. Vinod Sethi
Mr. Salim Govani
Mr. Milan Sharma

Company Secretary & GM Corporate

Mr. Rajesh K. Ranga

Statutory Auditors

K.N. Gutgutia & Co.
Chartered Accountants

Registered Office & works

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

Bankers

Bank of India
The Hongkong and Shanghai Banking Corpn. Ltd.
State Bank of India

Registrar & Share Transfer Agent.

Skyline Financial Services Pvt. Ltd.
123, Vinoba Puri
Lajpat Nagar - II
New Delhi - 110024

Mount Everest Mineral Water Limited

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the members of Mount Everest Mineral Water Ltd. will be held on Monday, September, 30, 2002 at 4.30 PM 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, 2002 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 Mr. Milan Sharma, who retires by rotation and being eligible offers himself 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. Vinod Sethi who was appointed as an Additional Director of the Company on 30th January 2002, 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."

5. 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. Salim Govani who was appointed as an Additional Director of the Company on 30th January 2002, 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."

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 23.09.2002 to 30.09.2002 (both days inclusive).
4. Proxy Form and Attendance slips are enclosed.

BY ORDER OF THE BOARD
R.K.Ranga
Company Secretary

Place: New Delhi
Date: July 30, 2002

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

Mr.Vinod Sethi was appointed by the Board of Directors of the company as Additional Director pursuant to the relevant provisions of the Companies Act, 1956 w.e.f. 30th January 2002 under Article 92 of the Articles of Association of the company and he holds office upto the date of this Annual General Meeting. Particulars about Mr.Vinod Sethi are given in para 2 of Corporate Governance Report. A Notice has been received u/s 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member signifying his intention to propose the appointment of Mr.Vinod Sethi as a Director of the company liable to retire by rotation. None of the Directors of the company is concerned or interested in the resolution except Mr.Vinod Sethi himself.

ITEM NO.5

Mr.Salim Govani was appointed by the Board of Directors of the company as Additional Director pursuant to the relevant provisions of the Companies Act, 1956 w.e.f. 30th January 2002 under Article 92 of the Articles of Association of the company and he holds office upto the date of this Annual General Meeting. Particulars about Mr.Salim Govani are given in para 2 of Corporate Governance Report. A Notice has been received u/s 257 of the Companies Act, 1956 along with a deposit of Rs.50/- from a member signifying his intention to propose the appointment of Salim Govani as a Director of the company liable to retire by rotation. None of the Directors of the company is concerned or interested in the resolution except Mr.Salim Govani himself.

For Mount Everest Mineral Water Ltd.

R.K.Ranga
Company Secretary

Place: New Delhi

Date: July 30, 2002

DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure placing before you the Annual Report and Accounts for the year ended on 31st March 2002.

FINANCIAL RESULTS OPERATIONS & FUTURE PROSPECTS

The financial results for the yr ended on 31st March 2002 are as below:-

	31.3.2002 (Rs. in lacs)	31.3.2001 (Rs. in lacs)
Gross Revenue	449.33	411.65
Profit (Loss) (after interest but before depreciation)	(26.16)	(253.57)
Depreciation	79.54	80.08
Net Profit (Loss) for the year	(105.70)	(333.65)
Add Profit (Loss) brought forward from earlier years	(1047.10)	(713.46)
Profit (Loss) Carried Forward	(1171.11)	(1047.10)

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Despite the best efforts of your Directors, there could be no substantial increase in the turnover of the company. This has been primarily on account of reduced intake by the hotels and institutions on account of fall in the tourist inflow due to terrorist attack on World Trade Centre, New York in September 2001. As the hotels and institutions continue to be the main buyers of "Himalayan" any disturbance in the Tourism sector affects the sale of "Himalayan".

The efforts of the company to increase its base in Retail Market Segment could not derive the expected results. The retail market is still dominated by bottled waters and purified waters manufacturers who have been able to sell their product at much low price than "Himalayan". "Himalayan" however, continues to be in top bracket as far as quality standards are concerned. The new team of Additional Directors are making all efforts to explore the possibilities of tie-up with international chains, brands or multinational companies to market the company's product. In nutshell your Directors are making all efforts to find ways and means of increasing the turnover of company and maintaining the same in the long run. Your Directors made sincere efforts to reduce the expenditure thereby initiating several cost cutting measures. As a result substantial amount of expenditure was reduced. The efforts to negotiate with business groups with sound financial and infrastructure are continuing for strategic alliances/arrangements. Your Directors are hopeful and optimistic to have some breakthrough at the earliest and current year end the situation may take a positive turn.

DIVIDEND

In view of the losses your Directors regret their inability to pay any 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 has made all efforts to comply with Clause 49 of the Listing Agreement. Various committees have been formed. A certificate from the Auditors has already been obtained and forms part of Annual Report. Efforts are being made to broaden the Board of Directors and induct new members in the various committees in conformity with requirement of statutes.

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 out have been given in Annexure-1 forming part of this report.

LISTING OF SHARES

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

DIRECTORS RESPONSIBILITY STATEMENT

In compliance of Section 217(1)(e) of the Companies Act, 1956 your Directors confirm, subject to the statements given in the Annual Accounts:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.

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- (ii) that the Directors have selected and applied consistently such accounting policies and have made judgments 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;

DISPUTE WITH BANK OF INDIA

The suits filed by Bank of India with Delhi High Court and Debt Recovery Tribunal are continuing. The company has not given up hope of arriving at an out of court settlement. Various meetings have taken place with the officials of Bank of India. In the said meetings the company made sincere efforts to explain that it had never been a wilful defaulter, the prevailing circumstances and conditions forced the company to defer the payment of interest/installments. Your Directors are hopeful to arrive at a settlement on mutually agreed terms and conditions with Bank of India.

In respect to the Auditor's observation regarding non provision of interest on Term Loan, your Directors wish to state that the provisions of interest made upto 31st March 2001 should be sufficient to cover the liability towards interest as and when settled. Hence no interest has been provided for the year ended 31st March 2002.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company Mr. Milan Sharma retires by rotation at his Annual General Meeting and offers himself for reelection as Director of the company.

During the year Mr. Vinod Seth and Mr. Salim Govani were appointed as Additional Directors of the company under section 260 of the Companies Act, 1956. These Directors hold office upto the date of ensuing Annual General Meeting and notice under section 257 of the Companies Act, 1956 has been received from members signifying their intention to propose Mr. Vinod Seth and Mr. Salim Govani's appointment as Directors.

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(1) 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

All Directors of your company 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

Dr. Dadi Balsara
Chairman & Managing Director

Place: New Delhi

Date: July 30, 2002

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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 2002)

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.

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

Total Foreign Exchange earned & used.

	<u>2001-2002</u>	<u>2000-2001</u>
Foreign Exchange earned	2,33,554.96	59,91,582.89
Foreign Exchange used	5,24,830.72	9,74,382.33

For and on behalf of the Board

Dr. Dadi Balsara
Chairman & Managing Director

Place: New Delhi

Date: July 30, 2002

ANNEXURE - II TO DIRECTORS' REPORT**MANAGEMENT DISCUSSION AND ANALYSIS**

The information required in compliance of Clause 49 of the Listing Agreement and forming part of the Directors' Report for the year ended 31st March 2002 is given herein under:

BUSINESS ORGANISATION**PRESENT SCENARIO - INDUSTRY STRUCTURE**

The company is in the business of manufacturing Natural Mineral Water with in-house facility to manufacture PET Bottles and Caps for its captive use. The growth of natural mineral water in the premium segment is dependent upon the tourist inflows in the country. The overall economic scenario and in particular the tourism industry remained sluggish during the year, primarily on account of terrorist attack on World Trade Centre in New York on September 11, 2001. This caused a major set back in the efforts of the company to establish itself as a world class packaged water supplier.

OPPORTUNITIES AND THREATS

The company's product "Himalayan Natural Mineral Water" is one of the very few brands which is natural mineral water obtained from source through Hi-Tech Bore Wells without any processing. The entire working is automatic without any human touch and thus the final product maintains highest world class standards. The bottles are of world class quality manufactured from the PET Chips supplied by Reliance Industries Ltd. Its main threat in the domestic market, which has been one of the reasons of its low domestic performance, is competition from the other brands of bottled waters available at a very low price. These established bottled waters are not mineral water by any

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standard offer big margins to the retailers. Moreover, the entry of multinationals has also affected the company's sale though the products offered by such multinationals are much inferior to "Himalayan". The company is exploring marketing tie-up with leading international brands for the retail and institutional sales throughout the country. Further international markets are being explored for exporting "Himalayan" to various countries.

The costing of 'Himalayan' is directly affected by increase in all related costs including transportation and in particular by any increase in the price of PET Chips and other Raw Materials required to manufacture bottles of international standard.

OUT LOOK

The company looks forward to the Government to educate the people as to make them understand the difference between Natural Mineral Water, Mineral Water and Bottled water. On its own the company has ambitions plans to educate the masses about the qualitative aspects of bottled water.

With the increase in the trend of tourist infolws from Europe, USA and other parts of the world the occupancy in the hotel industry is gradually picking up and the same is likely to have positive impact on the prospects of your company's product "Himalayan".

INTERNAL CONTROL SYSTEM

The company has adequate internal control system and procedures with regard to purchase, stores and raw materials including components, plant & machinery, other assets and for sale of goods. It has proper system to ensure that all its assets are properly insured and protected. Internal Audit is being entrusted to a firm of Chartered Accountants and its reports have been reviewed in the meeting of the Audit Committee. Elaborate measures are being taken to strengthen Internal Control System wherever required.

RELATIONSHIP WITH EMPLOYEES

The company has about 45 employees including workers at factory. The company values the employees as the biggest asset and many schemes for welfare of the employees have been worked out for implementation in the near future. Industrial relations continued to be harmonious throughout the year. Senior Executives of the company are regularly sent for training, seminars and meeting for sharpening and enhancing their management skills. In terms of ISO-9002 requirement specific work training are provided to all levels of employees.

CAUTIONARY STATEMENT

Statement in this report on Management's Discussions and Analysis describing the company's objectives, projections, estimates, exceptions or predictions may be forward looking statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference in the company's operation include the situation in the sub continent affecting the tourist inflow in the country. The other factors that could make a difference are raw material cost, cost of transportation, changes in Government regulations and laws and other statutes and other incidental factors.

For and on behalf of the Board

Dr.Dadi Balsara
Chairman & Managing Director

Place: New Delhi
Date: July 30, 2002

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ANNEXURE - III TO DIRECTORS' REPORT**CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company believes that good Corporate Governance is essential for all corporate entities in order to enhance confidence of shareholders in the company where they have made investments.

2. BOARD OF DIRECTORS

The strength of Board of Directors is five as on 31.03.2002.

During the financial year ended 31st March 2002, four Board Meetings were held on 27th June 2001, 30th July 2001, 30th October, 2001 and 30th January 2002.

The composition of the Board of Directors, the attendance of each Director on Board Meetings and the last Annual General Meeting (AGM) are as under:

<u>Name of Director</u>	<u>Category</u>	<u>Attendance Particulars</u>	
		<u>Board Meeting</u>	<u>Last AGM</u>
<u>Present Directors as on 31.03.2002</u>			
DR.DADI BALSARA	Promoter – Non Executive Director	4	No
MRS.CHRISTINA BALSARA	Promoter – Non Executive Director	Nil	No
MR.MILAN SHARMA (Whole-time Director upto June 2001)	Executive Independent from June 2001	4	No
MR.VINOD SETHI (appointed w.e.f. 30.01.2002)	Independent – Non Executive Director	Nil	No
MR.SALIM GOVANI (appointed w.e.f. 30.01.2002)	Independent – Non Executive Director	Nil	No
<u>RESIGNED DURING 01-04-2001 TO 31-03-2002</u>			
MR.SANTOSH KUMAR (Resigned w.e.f. 30.01.2002)	Executive	Nil	Yes

**Information on Directors retiring by rotation seeking re-appointment and
Additional Directors seeking appointment at this Annual General Meeting**

Name	Mr.Vinod Sethi	Mr.Salim Govani	Mr.Milan Sharma
Date of Birth & Age	May 22, 1962, 40 years	October 17, 1964, 38 years	October 29, 1936, 36 years
Appointed on	January 30, 2002	January 30, 2002	December 1, 1998
Qualifications	Chemical Engineer (IIT) MBA	B.Com	Graduate
Expertise in specific functional areas	Investment Management	Finance	Administration
Directorship held in other public companies	GTL Ltd. Axys Health Tech. Ltd. Super Systems Ltd. Indus Age Advisors P Ltd. Asia Bio Energy Ltd. Ruhem Engineers Ltd. Shantha Biotech Pvt.Ltd. Green Power Management Services Pvt.Ltd.	Foresight Holdings (P)Ltd. Veera Treelwood Ltd. G-Slot Entertainment Ltd.	Edi Resorts & Hotels Ltd. Edi Watches Ltd. Edi Perfumes & Cosmetics Ltd. Edi Holding & Investments Pvt.Ltd.