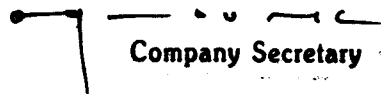


For Mount Everest Mineral Water Ltd.


Company Secretary

HIMALAYAN
NATURAL MINERAL WATER

ANNUAL REPORT

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2002-2003

MOUNT EVEREST MINERAL WATER LTD

Mount Everest Mineral Water Limited**Corporate Information****Board of Directors**

Dr. Dadi Balsara, Chairman

Mrs. Christina Balsara

Mr. Vinod Sethi

Mr. Salim Govani

Mr. Milan Sharma

Mr. Raj K. Vaisoha

Chief Executive Officer

Mr. Suveen Sahib

Secretary

Mr. R.K. Ranga

AuditorsK.N. Gutgutia & Company
Chartered Accountants**Bankers**

Bank of India

The Hongkong & Shanghai Banking Corpn. Ltd.

State Bank of India

Registrar & Share Transfer Agent

Skyline Financial Services Pvt. Ltd.

123, Vinoda Puri, Lajpat Nagar - II

New Delhi - 110 024

Registered Office & Work

Village Dhaula Kuan

Distt. Sirmour,

Himachal Pradesh

Mount Everest Mineral Water Limited**NOTICE**

Notice is hereby given that the 12th Annual General Meeting of the members of Mount Everest Mineral Water Ltd. will be held on Tuesday, September 30, 2003 at 9.30 AM at Company's Registered Office at Village Dhaura 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, 2003 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. Raj K. Vaisoha who was appointed as an Additional Director of the Company on 7th October 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 approve Voluntary Delisting of the Company's Equity Shares from the Stock Exchanges at Ahmedabad, Calcutta, Delhi, and Ludhiana.

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

"RESOLVED THAT in terms of the Guidelines issued by the Securities and Exchange Board of India (SEBI), and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (whether acting through Board, a Committee of the Board or any Director or any person authorised by the Board), consent be and is hereby accorded to "the Board" to delist the Company's Equity Shares from the Stock Exchange, Ahmedabad, Calcutta, Delhi and Ludhiana at such time as the Board may in its absolute discretion, consider appropriate and on terms and conditions as may be stipulated and/or mutually agreed to in the best interests of the Company.

RESOLVED FURTHER THAT "the Board" be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

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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 23.09.2003 to 30.09.2003 (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, 2003

ANNEXTURE TO NOTICE **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)** **OF THE COMPANIES ACT, 1956**

ITEM NO.4:

Mr.Raj K. Vaisoha 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. 7th October 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.Raj K. Vaisoha 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.Raj K. Vaisoha 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.Raj K. Vaisoha himself.

ITEM NO. 5:

The company's Equity Shares are presently listed on the Stock Exchanges at Ahmedabad, Calcutta, Delhi, Ludhiana and Mumbai. The Securities and Exchange Board of India (SEBI) has brought out revised guidelines in February 2003 regarding voluntary delisting. According to the revised guidelines your company may delist from any one or more Stock Exchanges where its equity shares are listed, provided the company's equity shares are listed either in Mumbai Stock Exchange or at National Stock Exchange. The trading volumes on these stock exchanges have been very negligible and no extra benefits is available to the shareholders or to the company. Further, with the networking of various centres of the stock exchanges, the members of the company can have on line dealing in the company's shares from any part of the country. Accordingly, the process of the delisting from these four stock exchanges will not adversely affect any investor in any part of the country including the region where the shares are being delisted. This will also help the company to reduce the listing fee payable to these stock exchanges. Further, it will also reduce the formalities and compliance related to the listing of shares in these stock exchanges. The Board of Directors of your company has decided to delist the company's equity shares from Ahmedabad, Calcutta, Delhi and Ludhiana Stock Exchanges subject to the approval of shareholders. The said resolution is recommended by the Board for approval by the shareholders. As required under SEBI Regulation for Voluntary delisting of shares the members approval is required by way of a special resolution. None of the Directors of the company is concerned or interested in this resolution.

For Mount Everest Mineral Water Ltd.

Place: New Delhi
Date: July 30, 2003

R.K.Ranga
Company Secretary

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in placing before you the Annual Report and Accounts for the year ended 31st March 2003.

FINANCIAL RESULTS, OPERATIONS & FUTURE PROSPECTS

The financial results for the year ended on 31st March 2003 are as below:-

	31.3.2003 (Rs. in lacs)	31.3.2002 (Rs. in lacs)
Income from Sales	330.38	376.49
Other Income	0.22	72.84
Profit (Loss) (after interest but before depreciation)	(10.09)	(26.16)
Depreciation	80.61	79.54
Net Profit (Loss) for the year	(138.25)	(105.70)
Add Profit (Loss) brought forward from earlier years	(1171.11)	(1047.10)
Profit (Loss) Carried Forward	(1309.36)	(1171.11)

You would observe from the aforesaid results that sales of the company for the year under review have marginally gone down from last year and is substantially below the targets. However, the product of your company "Himalayan" continued to be the first choice of all Star Category Hotels, Airlines, Embassies and Restaurant chains. The results would have been more encouraging, had there been no tension and instability in the sub continent caused by US-Iraq war and the outbreak of SARS. As hotels and Institutions are the major buyers of your company's product "Himalayan", any fall in the occupancies of the hotels due to decline in tourist inflows directly affects the turnover of the company's product.

The tourism industry in India unfortunately, in the last few years suffered major set backs such as attack on World Trade Centre, the deterioration in Indo-Pak relations followed by US-Iraq war. These all factors had direct impact on sale of your company's product.

The aforesaid factors compelled your Directors to reconsider the Marketing strategy by attempting to increase the retail market base which continues to be dominated by packaged and processed water manufactures. This, however, requires an all round effort to educate the general consumers to identify and understand the difference between Natural Mineral Water, mineral water, processed and packaged drinking water. Requirements of substantial funds and resources for carrying out such a massive exercise was a big challenge before the company. Fortunately, for the company, Bureau of Indian Standards laid down strict norms for certification of Mineral water after the

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considerable media coverage on the analysis conducted by an NGO which found that most of the mineral waters in the market had large percentage of pesticides in it. It is a matter of great satisfaction to all of us to note that your product "Himalayan" was amongst very few brands which were practically pesticide free.

The aforesaid efforts on the part of Bureau of Indian Standards and several other agencies coupled with the efforts of the company to increase its market base resulted into an all around increase in the sales turnover in the first quarter of the current financial year. Your Directors are hopeful that the results of the current financial year, i.e. 2003-04 may be encouraging and may live upto expectations. Further more, in the current financial year your company has re-organized its marketing team and appointed new personnel at senior level to co-ordinate and oversee the marketing functions and achieve a respectable turnover. The company is also exploring possibilities of arriving at strategic alliances and mutually beneficial business relationships with large corporate groups.

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 broad based its Directors by inducting new Directors and make them part of the various committees in order to comply with the requirements of Clause 49 of the Listing Agreement and other statutes. Efforts will be made to induct more independent Directors.

THE COMPANY'S (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE 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 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 has been generally regular and upto date in paying listing fees. No delisting has taken place during the year.

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year. It however proposes to get the shares delisted from Ahmedabad, Calcutta, Delhi and Ludhiana Stock exchanges. Specific attention of the members is drawn to Item No.5 of Notice of Annual General Meeting and explanatory statement attached thereto, whereby the company proposes to delist its equity shares from all stock exchanges except Mumbai Stock Exchange.

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.
- (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 are of the view that dispute with Bank of India should be settled out of court on mutually acceptable terms and conditions. Efforts are still continuing in this direction. The suits filed by Bank of India with DRT and Delhi High Court are still pending and your company is being regularly represented in these courts.

Though there had been no major break-through in the issue relating to out of court settlement with Bank of India, your Directors have positive outlook for the current financial year.

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.

During the year Mr.Raj K. Vaisoha was appointed as Additional Director of the company under section 260 of the Companies Act, 1956. The Director holds office upto the date of ensuing Annual General Meeting and notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr.Raj K. Vaisoha's appointment as Director.

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.

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 shall be sufficient to cover the liability towards interest as and when settled. Hence no interest has been provided for the year ended 31st March 2003.

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All other observations of the Auditors are self explanatory and do not require any explanations.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER

For achieving overall operational excellence, there was a need to avail services of a Chief Executive Officer who could effectively lead a team of professionals heading various departments of the company. In view of this, your Directors have appointed Mr. Suveen Sahib as C.E.O. of the company w.e.f. 1st April 2003. Mr. Suveen Sahib was the Director for India & South East Asia at Dannon Waters and he was also on the Asia Pacific Management committee for global brands - 'Evian' and 'Volvic'. Your Directors are hopeful of a turn around for the company with the induction of Mr. Suveen Sahib as C.E.O. of the company.

INSURANCE

All properties and insurable assets of the Company, including Building, Plant & Machinery and Stocks had been adequately insured, wherever necessary, and to the extent required.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere appreciation of the support and continuous co-operation by the various offices of Govt. of Himachal Pradesh, Stock Exchanges and all local and Central Govt. authorities.

PERSONNEL

The Directors of the company wish to place on record their appreciation for the dedication and hard work of the employees at all levels. Your Directors also wish to convey their appreciation to the new marketing team for the enormous efforts being put in by them for targeting to achieve a turnaround during the current financial year.

For and on behalf of the Board

Salim Govani
Director

Raj K. Vaisoha
Director

Place: New Delhi

Date: July 30, 2003

Due to non availability of chairman, the reports have been signed by two Directors, as authorised by the Board.

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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 2003)

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 is at par with the imported ones in all respects.

Total Foreign Exchange earned & used.

	<u>2002-2003</u>	<u>2001-2002</u>
Foreign Exchange earned	31,014.00	2,33,554.96
Foreign Exchange used	Nil	5,24,830.72

For and on behalf of the Board

Salim Govani
Director

Raj K. Vaisoha
Director

Place: New Delhi

Date: July 30, 2003

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 2003 is given herein under:

BUSINESS OVERVIEW

The year under review has not been very encouraging one for the company. The overall turnover fell short of the expectations, primarily because of reduction in the tourist inflow in the country on account of several reasons including disturbances caused by US-Iraq war and outbreak of SARS in the sub continent.

OPPORTUNITIES, OUTLOOK AND THREATS

While the bottled water market may have been in its early stages on infancy, the recent pesticides for bottled water is going to become a business enabler for quality water brands.

In this regard, the brand "Himalayan" and your company should see a significant boost in its sales in the coming months, given that it is the only bottled water in the country today, which meets EU standards.

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The Government has recently issued the notification making it mandatory for all packaged waters to conform to the EU norms from January 1, 2004.

Your management hopes to leverage this opportunity available and introduce initiatives, which will lead to the development of the natural mineral water category. Himalyan will be the primary beneficiary of these initiatives.

The outlook therefore looks very healthy for your company.

At the same time the current macro economic enviros is robust, it is still vulnerable to international developments and peace in the sub continent. Any adverse situation here can impact your company's performance by way of drop in sale due to lower tourist arrivals/corporate travel or increase in raw material and freight costs, which happen to be driven by crude oil prices. The PET and freight costs, account for a substantial part of the total cost of packaged water. Your management will however, continue to track these developments closely and hopes to address these issues to its best competence.

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 50 employees including workers at factory. It has opened a fully operational office in Mumbai in order to strengthen the marketing network in the western region. The company value 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

Salim Govani
Director

Raj K. Vaisoha
Director

Place: New Delhi

Date: July 30, 2003