

# ANNUAL REPORT



**HIMALAYAN**  
**NATURAL MINERAL WATER**  
**100 % by Nature**

2004-2005

**MOUNT EVEREST MINERAL WATER LTD.**

## Mount Everest Mineral Water Limited

### Corporate Information

<b>Board of Directors</b> .....	Salim Govani, Managing Director Vinod Sethi Raj K. Vaisoha V. Balaji Bhat
<b>Co. Secretary &amp; V.P (Corporate)</b> .....	R.K. Ranga
<b>Auditors</b> .....	K.N. Gutgutia & Company Chartered Accountants
<b>Bankers</b> .....	Bank of India The Hongkong & Shanghai Banking Corpn. Ltd. Indian Overseas Bank State Bank of India
<b>Registrar &amp; Share Transfer Agent</b> .....	Skyline Financial Services Pvt. Ltd. 123, Vinoba Puri, Lajpat Nagar - II New Delhi - 110 024 E-mail : admin@skylinerta.com Tel : 29847136, 29833777 Fax: 26918352
<b>Registered Office &amp; Works</b> .....	Village Dhaula Kuan Distt. Sirmour, Himachal Pradesh
<b>Corporate Office</b> .....	C-146, Sarvodaya Enclave, New Delhi-110017

**Mount Everest Mineral Water Limited****NOTICE**

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of the members of Mount Everest Mineral Water Ltd. will be held on Friday, September 30, 2005 at 9.30 AM 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 31<sup>st</sup> March, 2005 and Profit & Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Raj K Vaisoha, 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.

**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 Register of Members and Share Transfer Book of the company will remain closed from 23.09.2005 to 30.09.2005 (both days inclusive).
3. Proxy Form and Attendance slips are enclosed.

BY ORDER OF THE BOARD

R.K.Ranga  
Company Secretary

Place: New Delhi  
Date : June 30, 2005

**Mount Everest Mineral Water Limited****DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in placing before you the Annual Report and Accounts for the year ended 31<sup>st</sup> March 2005.

**FINANCIAL RESULTS, OPERATIONS & FUTURE PROSPECTS**

The financial results for the year ended on 31<sup>st</sup> March 2005 are as below:-

	31.3.2005 (Rs. in lacs)	31.3.2004 (Rs. in lacs)
Income from Sales	1083.55	743.70
Other Income	-	0.23
Profit/(Loss) before interest and depreciation	13.48	4.56
Interest	82.67	237.17
Depreciation & Amortisation	135.60	131.11
Net Profit (Loss) for the year	(115.46)	(363.72)
Add Profit (Loss) brought forward from earlier years	(1673.08)	(1309.36)
Profit (Loss) Carried Forward	(1788.54)	(1673.08)

The year 2004-05 has shown a good sign of growth for the company, marked by several achievements and accomplishments. The turnover of the company, for the first time crossed a 10 Crore mark, showing a growth of 41% over the last year. The cash profit has shown a growth of 195%. Though the net profit could not be achieved in view of high depreciation cost, the net loss shown a remarkable decline of 215% from Rs.363.72 lacs to 115.46 lacs. However, a lot needs to be done to increase the turnover of the company for absorbing fixed assets costs and to attain a net profit.

The product of the company "Himalayan" Natural Mineral Water continue to rule the hospitality industry. All major five star category hotels, Restaurant chains and Airlines continue to be the major market for your product. Efforts initiated by the company to widen the base in retail market received a good response and the company has been able to make its presence felt in the retail segment, though a lot has yet to be done in this segment for increasing the volume of sales. Your Directors would like to assure you that the efforts put into increase the volume of sales will show results in the ensuing months of current year and the off-take of "Himalayan" in the retail as well as Institutional Segments, is poised to higher growth in the current year.

Quality-wise the product of your company remained undisputed leader in all respects. It continues to enjoy a goodwill and reputation in the natural mineral water segment and is constantly holding major market share in this particular segment. With the constant increase in the inflow of tourists from abroad the tourism industry has shown good sign of recovery, resulting into a noticeable upward movement in the turnover of the company during the year. Further, the gradual awareness amongst the general public of our country regarding the difference between packaged water.



## Mount Everest Mineral Water Limited

mineral water and natural mineral water, has also helped in picking up of demand of your product in the current year. Your directors are thus of the opinion that the prospects of "Himalayan" is quite promising in the Current Year.

Though the business prospects for the year 2005-06 appears to be encouraging yet the challenge and competition from the packaged water industry and those in unorganized sector have to be met. For countering the aggressive advertisement campaign initiated by the packaged water industries, equally extensive advertisement, publicity and promotion campaign is required by your company too. To meet such a high cost of these campaigns, financial alliances and strategic collaboration with leading and established business houses are being worked out.

### EXPANSION PLAN

During the year under review the company carried out an expansion and upgradation exercise which resulted into increase in production capacity and consequent to it, the company has got an exemption from payment of excise duty for a period of 10 years, in terms of Industrial policy declared by the Govt. of Himachal Pradesh. The financial resources for carrying out this expansion program was augmented through the issue and allotment of Optionally Convertible Debentures (OCDs) during the financial year 2003-04.

### CONVERSION OF OPTIONALLY CONVERTIBLE DEBENTURES (OCDs)

As you are aware the company had issued OCDs @ Rs.22/- in terms of approval of shareholders in Extra Ordinary General Meeting held on 17<sup>th</sup> January 2004. The term of issue of the debentures allotted in April 2004, had a clause where by the debenture holders had an option to get their debentures converted into Equity Shares within a period of 18 months from the date of allotment of Debentures i.e. by 15<sup>th</sup> October 2005. We may inform you that the said debenture holders have already exercised their option for conversion of their holdings into equity shares. Necessary formalities are being carried out for giving effect to this conversion.

### SETTLEMENT WITH BANK OF INDIA/PREFERENTIAL ISSUE OF SHARES

As reported in our last communication to you, an out of court settlement has been arrived at with Bank of India to settle their outstanding at Rs.850 lacs. Out of this amount, Rs.590 lacs have been paid till date and the balance Rs.260 lacs is expected to be paid by 30<sup>th</sup> September 2005. In view of this One Time settlement, no provision for interest has been made on the outstanding amount of Bank of India. Furthermore, in order to augment the resources for paying off the balance amount of Rs.260 lacs to Bank of India and for meeting the working capital requirements the Board of Directors of your company has decided to offer Equity shares on preferential basis to select investors at Rs.45/- per share for which necessary approvals are being sought.

### TRADE MARK

Your Directors have pleasure in informing you that the Trade Mark "HIMALAYAN" has been registered in the name of the company by the Trade Mark Registry, Government of India under the Trade Marks Act 1999 vide their certificate dated May 12, 2005.

### DIVIDEND

In view of the continued 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.

## Mount Everest Mineral Water Limited

### 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 are being made to induct more professionals into the Board as Independent Director.

### 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.

### DISCLOSURES UNDER LISTING AGREEMENT

The Equity Shares of the Company have been delisted from Ahmedabad, Delhi and Ludhiana Stock Exchanges. The company has also already completed all the formalities for delisting of Equity Shares of the company with Calcutta Stock Exchange long back but has not received any intimation as yet from the Exchange. After delisting from Calcutta Stock Exchange, your company will remain listed only with Mumbai Stock Exchange. The company is regular in paying the listing fees.

### 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.

### DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company Mr. Raj K Vaisoha retires by rotation at this Annual General Meeting and offers himself for re-election 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.

## Mount Everest Mineral Water Limited

### 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, Company's bankers and all local and Central Govt. authorities.

### PERSONNEL

The Directors of the company wish to place on record their appreciation for the sincerity, dedication and hard work of the employees at factory and other offices. Several performance based schemes of benefits and perquisites are being framed, as part of incentives to the employees who are working hard and to retain them in the company for longer duration.

For and on behalf of the Board

**Salim Govani**  
Managing Director

**Raj K. Vaisoha**  
Director

Place: New Delhi

Date: June 30, 2005

### 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 31<sup>st</sup> March 2005)

#### **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 conformed.

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.

**Mount Everest Mineral Water Limited**Total Foreign Exchange earned & used.

	<u>2004-2005</u>	<u>2003-2004</u>
Foreign Exchange earned	Nil	2,22,955
Foreign Exchange used	7,26,180	6,02,713

For and on behalf of the Board

Salim Govani  
Managing Director

Raj K. Vaisoha  
Director

Place: New Delhi

Date: June 30, 2005

**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 31<sup>st</sup> March 2005 is given herein under:

**BUSINESS OVERVIEW**

The turnover of the company increased from 743.70 lacs during the year ended 31<sup>st</sup> March 2004 to 1083.55 lacs for the year ended 31<sup>st</sup> March 2005. The strategy of the company to strengthen and widen its market base in the institutional and retail segments, has contributed largely to this growth.

**OPPORTUNITIES, OUTLOOK AND THREATS**

The gradual awareness amongst the general public about the quantitative aspects and characteristics of natural mineral water and understanding the difference between packaged water and mineral water has raised the company's hope that it would be able to multiply its business turnover in the years to come. Your company has been able to encash the opportunity provided by the constant rise in the flow of traffic of tourists in our country, and is hopeful for doing the same in the years to come. Further, the implementation of the expansion plan resulting into exemption of excise duty for a period of 10 years will be a major contributory factor in the growth of sales turnover in the years to come.

Though it has been a matter of satisfaction for all of us that the general public has by and large started distinguishing between a bottled packaged water and mineral water, the company is still facing stiff competition from manufacturers of packaged drinking water under popular brands. Further, any change in the political scenario at the international level may affect the company's prospects, as the inflow of tourists to India is closely linked with the political situation globally. Also, any increase in the cost of PET Chips, HDPE Chips, Freight and other inputs may affect the performance and profitability of the company.



## Mount Everest Mineral Water Limited

### INTERNAL CONTROL SYSTEM

The company has adequate internal controls at all levels. The adequacy of internal controls exercise at various levels is checked by a firm of Chartered Accountants and their report have been reviewed by the Audit Committee from time to time. No major internal control weakness were observed during the year. Further, all efforts are being made to strengthen the internal controls wherever required.

### HUMAN RESOURCES

The company has been able to maintain harmonious and cordial relationship with the workers and employees at all levels. No man days were lost on account of strikes or lock outs etc. The policy of rewarding the employees on the basis of their qualifications, experience and over all performance has been introduced and focus of the management will be to provide perquisites and benefits to motivate the employees to put in their best efforts. The total number of employees as on 31<sup>st</sup> March 2005 was 86 including those working at Delhi/Mumbai office.

### 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 operations include situation in the sub continent affecting the tourist inflow in the country, cost of raw materials and other inputs, cost of transportation, changes in Government regulations and laws and other incidental factors.

For and on behalf of the Board

Salim Govani  
Managing Director

Raj K. Vaisoha  
Director

Place: New Delhi

Date: June 30, 2005

### **ANNEXURE – III TO DIRECTORS' REPORT**

#### **CORPORATE GOVERNANCE REPORT**

##### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The philosophy of the company in relation to Corporate Governance is to ensure total transparency at all levels and reporting pattern which conforms to laws, regulations and guidelines along with an effort to approach with primary objective of emphasising shareholders worth. The company is committed to follow strong level of ethics in its dealings with shareholders, suppliers, customers and employees.

##### **2. BOARD OF DIRECTORS**

The strength of Board of Directors was four as on 31.03.2005.

## Mount Everest Mineral Water Limited

During the financial year ended 31<sup>st</sup> March 2005, six Board Meetings were held on 16<sup>th</sup> April 2004, 30<sup>th</sup> June 2004, 30<sup>th</sup> July 2004, 29<sup>th</sup> October 2004, 31<sup>st</sup> January 2005, and 31<sup>st</sup> March 2005.

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:

Name of Director	Category	No. of Board Meeting attended	Last AGM attendance	No. of positions in the Board of other Companies		
				Directorship	Committee Chairmanship	Committee Membership
Mr. Salim Govani	MD	6	No	3	Nil	Nil
Mr. Vinod Sethi	NED-I	2	No	8	Nil	Nil
Mr. Raj K. Vaisoha	NED-I	6	Yes	Nil	Nil	Nil
Mr. V. Balaji Bhat *	NED-I	3	No	3	Nil	Nil

MD : Managing Director

NED : Non Executive Director

NED-I : Non Executive Director (Independent)

ED : Executive Director

\* Appointed on 30<sup>th</sup> July 2004

### Information of Directors retiring by rotation seeking re-appointment and Additional Directors seeking appointment at the ensuing Annual General Meeting

Name	Mr. Raj K Vaisoha
Date of Birth & Age	October 19, 1964, 41 years
Appointed on	October 7, 2002
Qualifications	Graduate
Expertise in specific Functional areas	Marketing
Directorship held in Other Public Ltd. Companies	-

### 3. AUDIT COMMITTEE

The Board of Directors had set up an Audit Committee pursuant to the provisions of Section 292A of the Companies Act, 1956 to ensure compliance with all the relevant provisions including Code of Corporate Governance. The members included -