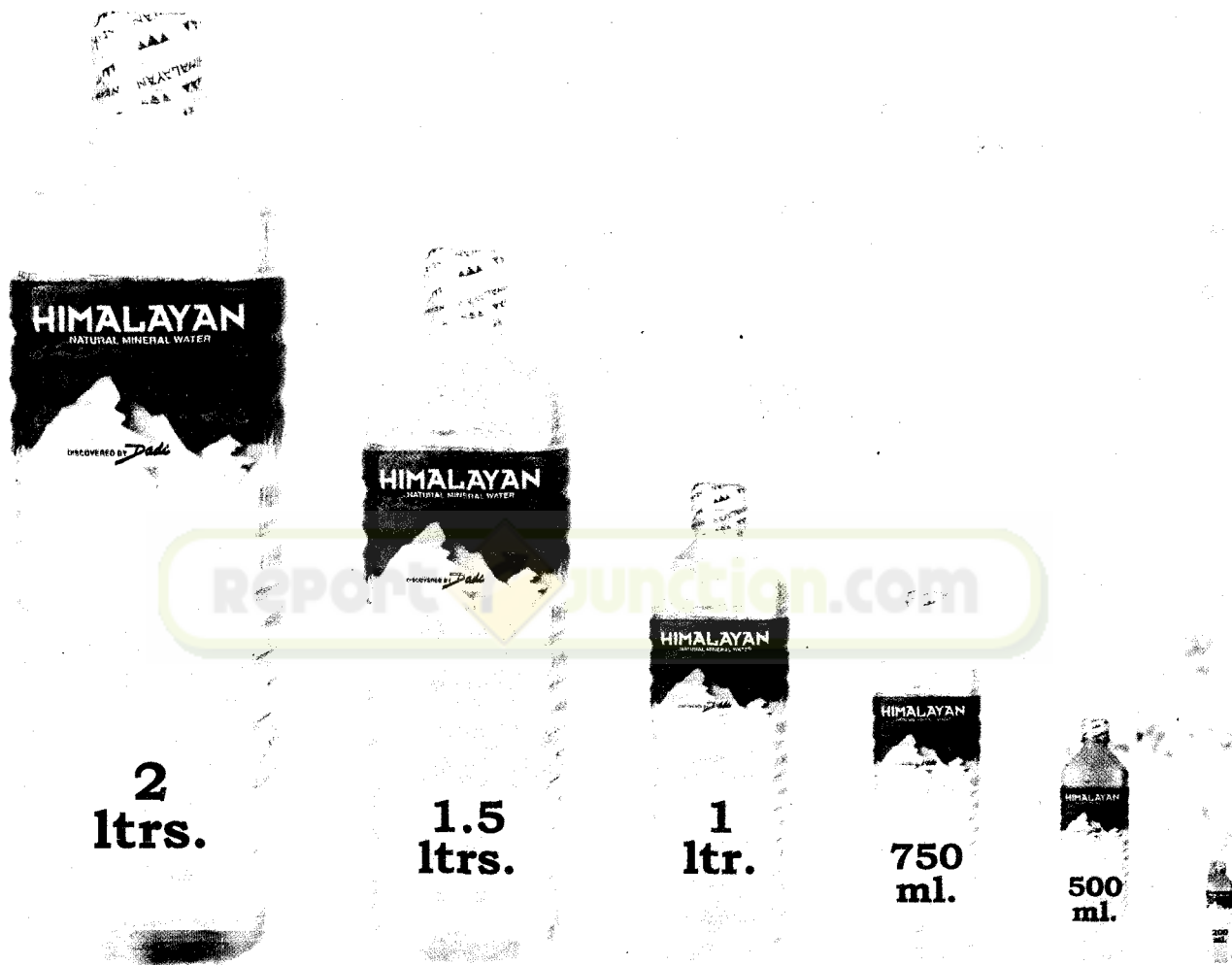


# HIMALAYAN<sup>®</sup>

## NATURAL MINERAL WATER

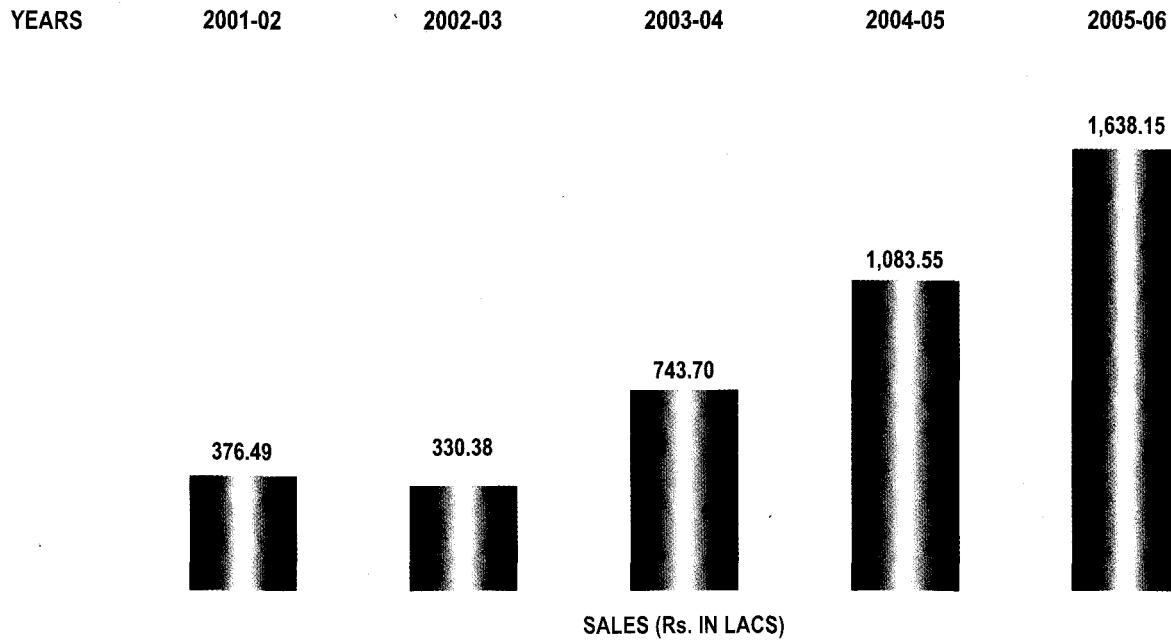
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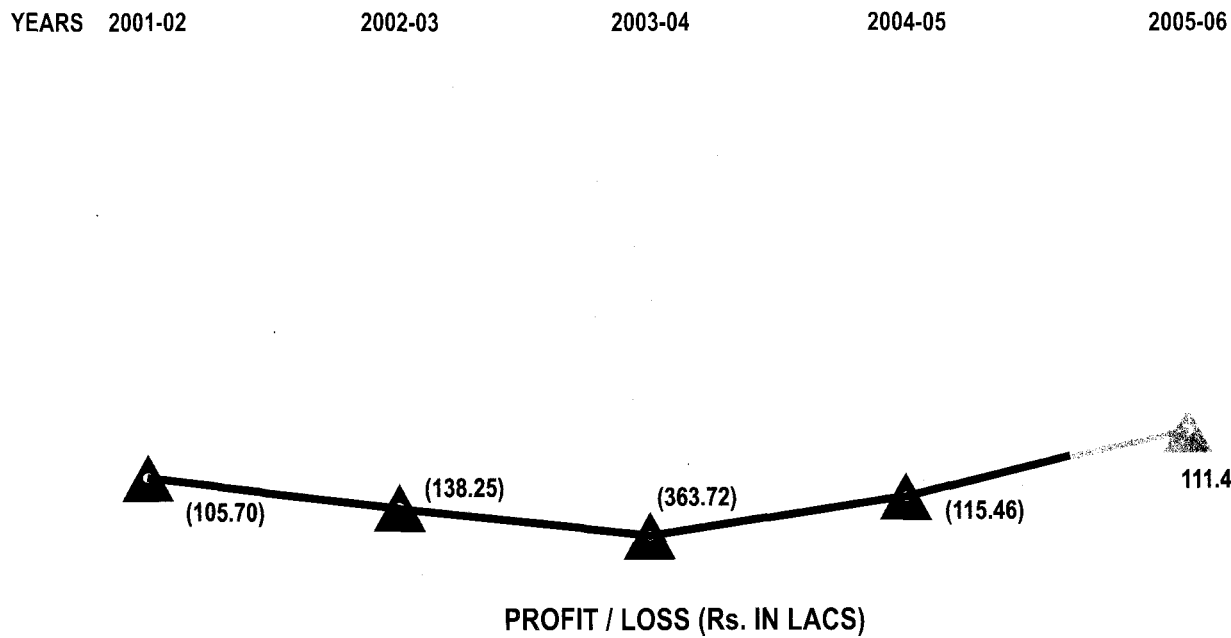
**MOUNT EVEREST  
MINERAL WATER LTD.**

**Annual Report 2005-06**

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## Mount Everest Mineral Water Limited

### Corporate Information

<b>Board of Directors</b> .....	Salim Govani, Managing Director Vinod Sethi Raj K. Vaisoha Jaidev R. Shroff Rohit Aggarwal
<b>Co. Secretary &amp; V.P (Corporate)</b> .....	R.K. Ranga
<b>Auditors</b> .....	K.N. Gutgutia & Company Chartered Accountants
<b>Bankers</b> .....	The Hongkong & Shanghai Banking Corpn. Ltd. Indian Overseas Bank State Bank of India ING Vysya Bank
<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>Corportate Office</b> .....	C-146, Sarvodaya Enclave, New Delhi-110017

## Mount Everest Mineral Water Limited

### NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the members of Mount Everest Mineral Water Ltd. will be held on Friday, September 29, 2006 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, 2006 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. Vinod Sethi, 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 Mr. Jaidev R Shroff who was appointed as an Additional Director of the Company on January 1, 2006, pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds such office up to the date of ensuing Annual General Meeting of the company and in respect of whom the company has received a notice in writing from a member under section 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 Mr. Rohit Aggarwal who was appointed as an Additional Director of the Company on May 1, 2006 pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds such office up to the date of ensuing Annual General Meeting of the company and in respect of whom the company has received a notice in writing from a member under section 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."

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

"RESOLVED that in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the company hereby approves the appointment and payment of remuneration to Mr. Salim Govani, Managing Director effective from 01.04.2006 to 31.03.2009 as detailed herein under subject to approval of Shareholders in the General meeting, Remuneration Committee and the Central Government if applicable upon terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. Salim Govani and placed before this meeting and initialed by the Director for the purpose of identification.

a) Salary per month: Rs. 1,00,000/- with an annual increment of Rs. 10,000/-

b) Perquisites

- |  |  |
|--|--|
| i) House Rent Allowance                | (@ 50% of Basic Salary)  |
| ii) Gas, Electricity and Water at home | : Actuals with a ceiling of 5% of basic salary   |
| iii) Furnishing Allowance              | : 5% of Basic salary   |
| iv) LTA                                | : One month of Basic salary  |
| v) Medical Reimbursements              | : One month of Basic Salary  |
| vi) Club Membership                    | : @ 5% of the monthly salary. However, admission fee of the club shall not be payable. |

c) The following Perquisites are not included in the remuneration.

- |                                   |   |
|-----------------------------------|---|
| i) Contribution to Provident Fund | : @ 12% of the Basic Salary   |
| ii) Gratuity                      | : In accordance with the Payment of Gratuity Act which is at the rate of 15 days for each |

## Mount Everest Mineral Water Limited

- iii) Leave Encashment Completed year of service  
: At the end of the tenure subject to maximum  
30 days per year.

- d) Besides above he would be entitled for company car/telephone including cell phone except that cost of personal and long distance calls shall be borne by the appointee.

The aggregate of salary, monetary value of all perquisites and retirement benefits in accordance with the Rules of the Company shall not exceed the limits specified in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER that notwithstanding anything herein, above stated, where in any financial year during the currency of the tenure of the Managing Director, the company has incurred a loss or its profits are inadequate, the company may pay to Mr.Salim Govani remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limits as provided in Section II part II of Schedule XIII of the Companies Act, 1956 or re-enactment thereof subject to necessary compliance/approvals under the Act as may be necessary.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised as the Board may deem fit to alter and vary such terms as to remuneration and perquisites so as not to exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the Companies Act, 1956, as existing or as amended, modified or re-enacted from time to time by the Government of India."

RESOLVED FURTHER that all Directors of the company and the Company Secretary of the company be and are hereby jointly and severally authorised to take all actions as may be necessary in regard to the appointment of and/or regularisation remuneration of Mr.Salim Govani, the Managing Director of the company and to obtain required approvals as may be required, to sign or file the necessary resolution/intimation/ applications with the appropriate authorities and to execute necessary agreement for and on behalf of the company to this effect, if any, and to appoint consultants/advocates/ practicing Chartered Accountant for the said purpose and to do all acts and deeds, matters and this as are necessary and ancillary/incidental thereto."

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

"RESOLVED THAT pursuant to the relevant guidelines issued by the Government of India/Reserve Bank of India and subject to such other approvals or permissions as may be required, the consent of the company be and is hereby accorded to permit one or more Foreign Institutional Investors (FIIs) to invest in the company aggregating upto 49% of the paid up share capital of the company."

Resolved further that the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, matters and things and to execute such documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

### 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 22.09.2006 to 29.09.2006 (both days inclusive).
3. Proxy Form and Attendance slips are enclosed.

BY ORDER OF THE BOARD

Place: New Delhi  
Date : June 7, 2006

**R.K.Ranga**  
Company Secretary

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

Mr.Jaidev R Shroff was appointed by the Board of Directors of the company as Additional Director w.e.f. 1<sup>st</sup> January 2006 pursuant to the relevant provisions of the Companies Act, 1956 and under Article 92 of the Articles of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about Mr.Jaidev R Shroff are given in para 2 of Corporate Governance Report. A Notice in writing 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.Jaidev R Shroff, a Director of the company liable to retire by rotation. Mr.Jaidev R Shroff is an Industrialist and has got rich and wide experience in the corporate field. Your Board of Directors are of the opinion that with his appointment, the company will be benefited a lot and hence commends the resolution for approval.

None of the Directors of the company is concerned or interested in the resolution except Mr.Jaidev R. Shroff himself.

**ITEM NO.5:**

Mr.Rohit Aggarwal was appointed by the Board of Directors of the company as Additional Director w.e.f. 1<sup>st</sup> May 2006 pursuant to the relevant provisions of the Companies Act, 1956 and under Article 92 of the Articles of Association of the company and he holds such office only upto the date of this Annual General Meeting. Particulars about Mr.Rohit Aggarwal are given in para 2 of Corporate Governance Report. A Notice in writing 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.Rohit Aggarwal, a Director of the company liable to retire by rotation. Mr.Rohit Aggarwal is a business man of repute and has got rich and wide experience in the corporate field. Your Board of Directors are of the opinion that with his appointment, the company will be immensely benefited and hence recommends the resolution for approval.

None of the Directors of the company is concerned or interested in the resolution except Mr.Rohit Aggarwal himself.

**ITEM NO.6:**

The Board of Directors of the company in their meeting held on April 5, 2006 appointed Shri Salim Govani as Managing Director for a period of 3 years w.e.f. 1<sup>st</sup> April 2006 at a remuneration and terms and conditions detailed herein under, subject to consent of the members of the company and further subject to approval of Central Government and/or any other authority as may be required.

- a) Salary per month: Rs.1,00,000/- with an annual increment of Rs.10,000/-
- b) Perquisites
  - i) House Rent Allowance (@ 50% of Basic Salary)
  - ii) Gas, Electricity and Water at home : Actuals with a ceiling of 5% of basic salary
  - iii) Furnishing Allowance : 5% of Basic salary
  - iv) LTA : One month of Basic salary
  - v) Medical Reimbursements : One month of Basic Salary
  - vi) Club Membership : @ 5% of the monthly salary. However, admission fee of the club shall not be payable.
- c) The following Perquisites are not included in the remuneration.
  - i) Contribution to Provident Fund : @ 12% of the Basic Salary
  - ii) Gratuity : In accordance with the Payment of Gratuity Act which is at the rate of 15 days for each Completed year of service
  - iii) Leave Encashment : At the end of the tenure subject to maximum 30 days per year.
- d) Besides above he would be entitled for company car/telephone including cell phone except that cost of personal and long distance calls shall be borne by the appointee.



## Mount Everest Mineral Water Limited

The aggregate of salary, monetary value of all perquisites and retirement benefits in accordance with the Rules of the Company shall not exceed the limits specified in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956.

The terms and conditions of the said appointment of Mr. Salim Govani may be revised, enhanced, altered and varied from time to time by the Board of Directors of the company in such a manner and within the maximum amount payable to the Managing Director in terms of provisions of Companies Act, 1956 or any amendments made hereafter in this regard and further subject to the terms and conditions and approval to be granted by the Central Government. An Application is being made with the Central Government for approving the appointment of Mr. Salim Govani as Managing Director and payment of remuneration to him. The perquisites payable to him shall be vetted as per the Income Tax rules wherever applicable and in absence of any such rule, at actual cost.

Notwithstanding, wherein any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, it may pay him remuneration by way of salary and perquisites not exceeding the limits specified in Clause 1(B) of Section II of Schedule XIII to the Companies Act, 1956 as minimum remuneration, subject to terms of approval to be granted by the Central Government in this regard.

Mr. Salim Govani shall not be entitled to receive any sitting fee for attending the meeting of the Board of Directors or any committee thereon. A Copy of the agreement entered into between the company and Mr. Salim Govani is available for inspection by the members between 9 AM and 11 AM on all working days at the registered office of the company.

In compliance of the provisions of Companies Act, 1956 the terms of appointment specified above are now being placed before the members in General Meeting for approval.

An extract of the terms and conditions of the agreement relating to the appointment of Mr. Salim Govani as Managing Director of the company as required under section 309 of the companies Act 1956, has already been sent to the members of the company.

The Board of directors recommend passing of the special resolution at Item No. 6 above. Mr. Salim Govani may be deemed to be interested in the said resolution.

### ITEM NO.7:

As per the current guidelines of Government of India/Reserve Bank of India, Foreign Institutional Investors (FIIs) may in aggregate, invest and not hold more than 24% of the paid up capital in a company. For FIIs to hold beyond this ceiling and upto the sectoral cap on Foreign Direct Investment permitted in the concerned industry, a Board Resolution and a Special Resolution of the members are required to be passed. The members in their meeting held on 26<sup>th</sup> October 2005 accorded their approval for investment of FIIs in the company, upto 40% of the paid up share capital of the company.

Presently the FIIs holding in the company is 27.85% of the paid up capital. FIIs have been showing keen interest in the company's scrips and in order to provide for any contingency and as a matter of prudent caution your Board of Directors are placing the special resolution relating to increase the ceiling of FIIs holding in the company, upto 49% as permissible under the relevant guidelines of Reserve Bank of India.

None of the Directors of the company is concerned or interested in this resolution.

By order of the Board

**R.K.Ranga**  
Company Secretary

Place: New Delhi  
Date : June 7, 2006

**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, 2006.

**FINANCIAL RESULTS, OPERATIONS & FUTURE PROSPECTS**

The financial results for the year ended on 31<sup>st</sup> March, 2006 are as below:-

	31.03.2006 (Rs. in lacs)	31.03.2005 (Rs.in lacs)
Income from Sales :	1638.15	1083.55
Other Income :	42.31	-
Profit/(Loss) before interest and depreciation :	314.72	13.48
Interest :	55.00	82.67
Depreciation & Amortisation :	140.81	135.60
Net Profit (Loss) for the year :	111.44	(115.46)
Add Profit (Loss) brought forward from earlier years :	(1788.54)	(1673.08)
Profit (Loss) Carried Forward :	(1677.10)	(1788.54)

During the year ended 31<sup>st</sup> March, 2006 the company made significant growth in terms of volume of sales despite stiff competition prevailing in the market from Packaged Drinking Water as well as unorganised sector. It is a matter of achievement that the turnover of the company increased from Rs.10.83 crores to Rs.16.38 crores registering an increase of 51% over the last year and that, the company consolidated its financial position by achieving a cash profit of Rs.3.14 crores and Net Profit of Rs.1.11 crores after depreciation and tax as compared to cash profit of Rs.0.13 crores and Net Loss of Rs.1.15 crores in the preceding financial year.

Your directors feel pleasure in conveying to you that your company continues to enjoy its position as the leading manufacturer of Natural Mineral Water in the country and has been able to maintain a strong presence in the institutional segment. Efforts put in by the company in the recent past for widening its base in retail market yielded returns in the year under review and product of the company "Himalayan" Natural Mineral Water could be seen in the prominent outlets in the retail market.

The evolving economic environment in the country with simultaneous increase in the tourist traffic is seen by the company as a potential to increase the volume of its business. There has been an encouraging increase in foreign investment in India which is a positive encouragement for growth of "Himalayan" in India. Besides this the company is now focussing on the international market and is poised to bag export orders from various countries in Europe, Middle East and U.S.A. Your Directors foresee that in the current financial year your company should be able to capitalise on the growth opportunities available in domestic as well as international market and expects to maintain growth momentum in the years to come also.

It should be a matter of great satisfaction to all of us that our company continues to lead in the qualitative aspect of the product. Your directors understand that the need of the hour is to increase the volume and turnover of business by catering to the retail markets. Realising the role of advertisement and publicity in the FMCG segment your company is chalking out plans and strategies for advertisements in a phased manner during the year 2006-07.

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

During the year the company cleared the dues of Bank of India in full from the resources generated by equity shares issued on a preferential basis at a price of Rs.71/- per share including a premium of Rs.61/- per share.



## Mount Everest Mineral Water Limited

The total mobilisation of funds through Private Placement was Rs.19.88 Crores and the same has been utilised in the following manner upto 31<sup>st</sup> March, 2006:-

1.	Paying off the liability of Bank of India/Others	Rs.5.58 Crores
2.	Procuring New Fixed Assets	Rs.0.23 Crores
3.	Advance for Capital Goods	Rs.0.17 Crores

<b>Total</b>	<b>Rs.5.98 Crores</b>
--------------	-----------------------

After making payments as detailed above, the balance amount of Rs.13.90 Crores was placed as on 31<sup>st</sup> March, 2006, with various banks as Fixed Deposits pending utilisation, in order to earn interest.

Your directors are exploring new projects as well as considering expansion of the existing project to make optimum utilisation of funds at the disposal of company in terms of the approval granted by the shareholders in their Extra Ordinary General Meeting held on October 26, 2005. Efforts are being made for strategic alliances and/or takeover of new projects in India or abroad. Your directors have decided to use the funds with abundant caution and after carrying out detailed and careful analysis/survey of the offers in order to minimise the risks and costs.

### DIVIDEND

In view of the accumulated 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 are being made to induct more professionals into the Board as Independent Directors.

### 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 company's shares are listed only with Mumbai Stock Exchange. The company has 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. 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:

## Mount Everest Mineral Water Limited

- (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. Vinod Sethi retires by rotation at this Annual General Meeting and offers himself for re-election as Director of the company.

During the year Mr. Jaidev R Shroff was inducted into the board as an additional director under section 260 of the Companies Act, 1956 w.e.f. January 1, 2006. Mr. Jaidev Shroff holds office upto the date of ensuing Annual General Meeting and a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Jaidev Shroff's appointment as Director.

Mr. Balaji Bhat resigned from the board w.e.f. May 1, 2006 and Mr. Rohit Aggarwal was appointed as additional director under section 260 of the Companies Act, 1956 w.e.f. May 1, 2006 to hold office till the ensuing Annual General Meeting and a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Rohit Aggarwal's appointment as Director.

The company has appointed Mr. Salim Govani as the Managing Director w.e.f. April 1, 2006 and approval of the shareholders is being sought for his appointment and payment of remuneration.

### AUDITORS

The Auditors M/s K.N. Gutgutia & Company, Chartered Accountants will 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.

### 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.

### PERSONNEL

Your Directors would like to express 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.

### ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks and appreciation for the continuous co-operation received from hotels, airlines, and other institutions for patronizing company's product "Himalayan" Natural Mineral Water. Further, your directors place on records their gratitude towards various offices of Govt. of Himachal Pradesh, Stock Exchanges, Company's bankers and all local and Central Govt. authorities for their co-operation.

For and on behalf of the Board

**Salim Govani**  
Managing Director

**Raj K. Vaisoha**  
Director

Place: New Delhi  
Date: June 7, 2006