

MOUNT EVEREST MINERAL WATER LIMITED

Nineteenth annual report 2009-2010

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CORPORATE INFORMATION

Board of Directors

P T Siganporia (*Chairman*)
Salim Govani
Vinod Sethi
Ajoy K Misra
Pradeep Mallick
Joseph Kodianthara
Ajit Shah
Ranjit Barthakur
V Subramanian
Suresh Borkar
Pradeep Poddar (*Managing Director*)
Abanti Sankaranarayanan (*Ms.*)* (*Executive Director*)

* resigned w.e.f. 14.06.2010

A P K Chettiar (*General Manager - Legal & Company Secretary*)

Auditors

SNB Associates
Chartered Accountants

Bankers

The Hongkong & Shanghai Banking Corporation Limited
State Bank of India
HDFC Bank Limited

Registrar & Share Transfer Agent

Skyline Financial Services Private Limited
2476, Sant Nagar, East of Kailash
New Delhi 110 065
Tel : 011 2629 2682 / 2629 2683
Fax : 011 2629 2681, E mail : admin@skylinerta.com

Registered Office & Works

Village Dhaula Kuan,
District Sirmour 173 025,
Himachal Pradesh

Corporate Office

Mount Everest Mineral Water Limited
Ballard House, Level - 1,
Adi Marzban Path, Ballard Estate,
Mumbai - 400 038
Tel.: 9122 6746 5858; Fax: 9122 6615 7527

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of Mount Everest Mineral Water Limited will be held on Friday, July 30, 2010 at 4.30 PM at Village Dhaula Kuan, District Sirmour – 173 025, Himachal Pradesh to transact the following business:-

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2010, and the Balance Sheet as at that date together with the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr Pradeep Mallick, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr Joseph Kodianthara, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr Ajit Shah, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr Ranjit Barthakur, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

BY ORDER OF THE BOARD

A P K Chettiar
General Manager (Legal) &
Company Secretary

Place: Mumbai
Date : May 14, 2010
Registered Office :
Village Dhaula Kuan
District Sirmour 173 025
Himachal Pradesh

NOTES

1. The details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking re-appointment at the Annual General Meeting, are annexed hereto.
2. **A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a Member of the Company. Proxies, in order to be effective must be received at the Company's Registered office not less than forty eight hours before the Meeting. Proxies submitted on behalf of limited companies, societies, partnership firms etc., must be backed by appropriate resolution/authority as applicable, issued by the member organization.**
3. The Register of Members and Share Transfer Book of the Company will remain closed from July 23, 2010 to July 30, 2010 (both days inclusive).
4. Proxy Form and Attendance slips are enclosed.
5. Members holding shares in physical form are requested to advise any change of address immediately to Company's Registrar and Share Transfer Agents, Skyline Financial Services Private Limited. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name, etc. to their Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to the members.
6. Pursuant to SEBI notification no.MED/DOP/CIR-05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA for transfer of shares in physical form.

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DETAILS OF DIRECTORS RETIRING BY ROTATION AT THIS ANNUAL GENERAL MEETING

Name of the Director	Mr Pradeep Mallick	Mr Joseph Kodianthara	Mr Ajit Shah	Mr Ranjit Barthakur
Date of Birth	20.11.1942	27.05.1962	11.10.1946	08.08.1954
Date of Appointment	22.08.2007	22.08.2007	26.09.2008	30.09.2008
Qualifications	B.Tech., Chartered Engineer	B. Com., LLB	B. Com., F.C.A.	B. A. (Economics)
No. of shares of the Company held	Nil	Nil	Nil	Nil
Expertise in Specific functional areas	Vast and rich experience in electrical power generation, transmission and distribution sectors	Vast and rich experience in the legal field.	Vast and rich experience in audit, assurance and taxation.	Vast and rich management experience in corporate strategies
List of Directorships held in other companies.	<ul style="list-style-type: none"> - Automotive Stampings & Assemblies Limited - Blue Star Limited - ELANTAS Beck India Limited - ESAB India Limited - JRG Securities Limited - Tube Investments of India Limited 	<ul style="list-style-type: none"> - Innovative Marine Foods Limited 	Nil	<ul style="list-style-type: none"> - Perfect Circle India Limited
Chairman/Member of the Committees of Boards of other companies in which he is Director as on March 31, 2010	<ul style="list-style-type: none"> - Automotive Stampings & Assemblies Limited - ELANTAS Beck India Limited - Blue Star Limited - ESAB India Limited - Tube Investments of India Limited 	<ul style="list-style-type: none"> - Innovative Marine Foods Limited 	Nil	Nil

* Other Directorships/Committee memberships exclude Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

DIRECTORS' REPORT

Your Directors' are pleased to submit their report together with the audited results for the year ended March 31, 2010.

1. Financial Results

The financial results for the year ended on March 31, 2010 are as below:-

	2009-10 (Rs. lacs)	2008-09 (Rs. lacs)
Income from Sales		
- Mineral Water	1907.61	2199.43
Movement in stocks	(2.72)	(55.85)
Other Income	527.17	600.23
Total Income	2432.06	2743.81
Profit/ (Loss) before interest and depreciation	(1180.24)	(2644.50)
Depreciation & Amortisation	230.04	133.15
Exceptional Items	-	122.61
Profit before Tax	(1410.28)	(2777.65)
Fringe Benefit Tax	-	19.15
Profit / (Loss) after Tax	(1410.28)	(2796.80)
Profit / (Loss) brought forward from earlier years	(4980.83)	(2184.03)
Profit / (Loss) Carried Forward	(6391.11)	(4980.83)

2. Operation Results

Highlights

The economic recession and the consequent restraint on expenditure continued during the year, thereby further impacting business from the hospitality, aviation and entertainment industries. Since these categories constitute about 70% of the institutional business, the impact on your Company's turnover was substantial. However, your Company has managed to improve on its retail footprint by foraying into additional secondary cities during the year. As the result of the above, your Company achieved a turn over of Rs.1908 lacs for the year, as compared to a previous year figure of Rs 2199 lacs.

On the cost front, the material cost has been well handled by achieving an appropriate product mix, and has been kept significantly below the last year. Certain other initiatives, namely, sourcing from new vendors, vendor proximity and upgradation of factory, were implemented. The Company was also successful in managing the administrative overheads optimally.

The reduction in other income is a result of a reduction in the surplus funds, which were utilized for the specified objects under the Preferential Allotment. The other income also includes a sum of Rs 100 lacs charged to Tata Tea Limited, being fees for the development of new products.

3. Preferential Issue

As on date, Tata Tea Limited holds 40.92% of the shares in the Company and is the single largest shareholder of the Company. By virtue of Tata Tea Limited controlling the composition of the Board of Directors of the Company and the management control, the Company is a subsidiary of Tata Tea Limited.

During the year, the Company utilized a sum of Rs.15.26 crores towards the objects earmarked in the preferential issue of 2007. The unutilized portion of the preferential issue as on March 31, 2010 amounting to Rs. 35.52 crores was invested in mutual funds or placed as Inter Corporate Deposits.

4. Dividend

In view of the accumulated losses, your Directors do not recommend any dividend for the year.

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5. Corporate Governance

Your Company has consistently adopted high standards of Corporate Governance and is committed to and firmly believes in practising good governance.

A note on Corporate Governance as also the certificate from Company's Auditors confirming compliance of Corporate Governance norms, together with Management Discussion and Analysis are included in the Annual Report.

6. Directors Responsibility Statement

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 ('the Act') and based on the representations received from the operating management, your Directors hereby confirm that:-

- i) In the preparation of the Annual Accounts for 2009-10, the applicable Accounting Standards have been followed and that there are no material departures.
- ii) They have selected such accounting policies with the approval of the Statutory Auditors and applied them consistently and 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/loss of the Company for the financial year.
- iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) They have prepared the Annual Accounts on a going concern basis.

7. Directors

Ms Abanti Sankaranarayanan, Executive Director resigned from the services of the Company with effect from June 14, 2010. Your Directors wish to place on record their deep appreciation for the valuable contributions made by Ms Sankaranarayanan during her association with the Company as Executive Director.

Mr Pradeep Mallick, Mr Joseph Kodianthara, Mr Ajit Shah and Mr Ranjit Barthakur retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election. Brief particulars and expertise of these Directors as also their other Directorships and committee membership are annexed to the Notice of the Annual General Meeting.

All these Directors have filed Form DD-A with the Company as required under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 .

8. Auditors

The Members are requested to appoint Auditors and fix their remuneration. M/s SNB Associates, the retiring Auditors have furnished certificate of their eligibility for reappointment as required under the Companies Act, 1956.

9. Particulars of Employees

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the Annexure forming part of this report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the Members of the Company and others entitled thereto. Any Member interested in obtaining such particulars may write to the Company Secretary at the Corporate Office of the Company.

10. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed to this report.

11. Insurance

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

12. Concluding Remarks

Your Directors wish to convey their appreciation to all employees of the Company for their enormous personal efforts as well as their collective contribution to the Company's performance over the years and particularly in 2009-10. Your Directors would also like to thank the various Government Institutions, Departments and Organisations, Company's banks, distributors, suppliers, transporters and other stakeholders for their unstinting support.

On behalf of the Board of Directors

P T Siganporia
Chairman

Mumbai, May 14, 2010

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of Conservation of energy, Technology absorption and Foreign exchange earnings and outgo in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 forming part of the Directors' Report for the year ended March 31, 2010.

(a) Energy Conservation measure taken :

The use of Hydro-electricity in lieu of diesel generators at the plant has ensured cost effective reduction in usage of fossil fuels.

(b) Additional Investments & Proposals :

Nil

(c) Impact of measures taken :

The effective use of Hydro-electricity at the plant led to savings in the cost of operations.

FORM A

I) PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:-

	Current year ended on 31.03.2010	Previous year ended on 31.03.2009
(A) Power & Fuel Consumption Electricity		
(a) Purchased: Units (Nos.)	13,43,734	23,54,866
Total Amount (Rs.)	63,48,292	95,10,778
Rate/Unit (Rs.)	4.72	4.04
(b) Own generation:		
Through Diesel		
Units (Nos.)	11,470	34,980
Units per Ltr. of Diesel	3.00	3.00
Cost/Unit (Rs.)	11.04	11.43
(B) Consumption per unit of Production		
Production of PET Bottles, Caps & Other Plastic compounds*	432.74	613.01
Electricity per MT of production (Units)	14,962.63	16,167.02

* Preform purchased in numbers have been converted to MT

II) RESEARCH & DEVELOPMENT (R & D)

- Specific areas in which R & D was carried out by the Company : The technology involved in the process of packaging Natural Mineral Water being not complex, no research and development is generally required.
- Benefits derived as a result of the above R&D : N.A.
- Future plan of action : There are no immediate future plan in this area.
- Expenditure on R & D : No expenses incurred during the period.

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III) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|--|--|
| 1. Efforts in brief, made towards technology absorption, adaptation and innovation. | i) An advanced Voltage Stabilizer ordered to improve blowing machine efficiency and reduce the rejections.
ii) A new filling line created with innovative online dosing system & static mixing system, for PET Bottles & Pouches.
iii) Latest Grundfos SS Submersible Pump fitted in borewell to further enhance the quality & capacity for pumping out the water. |
| 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction. | Improved blowing machines efficiency, reduced rejections & improved quality of products. Enhancement in the filling capacity for new products. |
| 3. Technology imported during last five years | |
| (i) Technology imported for manufacture | i) Labeling cum Steam Shrinking machine
ii) Moulds |
| (ii) Year of import | i) 2007-08
ii) 2007-08 |
| (iii) Has technology been fully absorbed | i) Yes
ii) Yes |

IV) FOREIGN EXCHANGE EARNED AND USED

	Current year ended on 31.03.2010 (Rs.)	Previous year ended on 31.03.2009 (Rs.)
1. Foreign Exchange earned	Nil	Nil
2. Foreign Exchange used for expenses		
i) Professional Fees	3,35,68,563	1,26,68,138
ii) Advertisement	Nil	6,38,563
iii) Travelling Expenses	14,33,715	2,35,956
iv) Repairs & Maintenance Expenses	1,30,057	Nil
v) Selling Expenses	46,392	Nil
Value of Imports in CIF Basis		
i) Capital Goods	Nil	28,78,452
ii) Raw Material	53,42,275	10,12,058

For and on behalf of the Board

P T Siganporia
Chairman

Mumbai
May 14, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRIAL STRUCTURE AND DEVELOPMENT

The Indian bottled water market continues to be in its nascence but growing at a steady 23+%. The entire water category market is estimated at Rs 2200 crores.

The category has been triggered by three realities, namely

- 1) Economic liberalisation – opening up of the economy catalysing high economic growth post 1991.
- 2) A Continuing shift in lifestyle with consumers spending on indulgences like holidays, eating out, movies and entertainments i.e. out of home experiences.
- 3) Scarcity of potable water especially out of home.

The Water category is distinguished into 3 sub-categories viz. i) Packaged Drinking Water, ii) Natural Mineral Water and iii) Carbonated Water. In this, the Packaged Drinking Water is by far the largest category.

It is estimated that 90 million people consume bottled water in India giving a penetration of 9% with a per capita consumption of one and half litres per year. Nearly 50% of the consumption is confined to the top 25 metros / cities and about 55% with SEC A making the category urban centric and top end opening up a growing opportunity both in small town India and across SECs.

Brands are being added to the category, on an annual basis, presently there are more than 200 Brands, but only 3 brands dominate the market. The category is highly price sensitive and accessibility is the driving criterion. The category has the prospect of growing exponentially, based on the level of awareness and maturity amongst the populace. As industry advertising increases across all segments.

OPPORTUNITIES, OUTLOOK, THREATS & RISKS

Natural Mineral Water has a very small share of the entire Water category, estimated at around Rs 100 crores. Himalayan is the only widely accepted and accredited brand in the category, and is placed at a premium pedestal and as an image driver. It is a long haul product and has a huge potential, based on the consumer awareness and aspirations. The Retail market is a challenge for distribution but offers a big opportunity for the Company.

The Company's strategic intent is to ride on this growing opportunity with a three pronged strategic platform. 1) Going beyond safety into health with fortified water which is aligned to the needs of the populace through cutting – edge science. 2) Sustaining / improving the current price equilibrium, by offering a price lower than competition and at a psychological price point advantage through innovative and convenient packaging 3) Building product Trust through the Tata Branding.

SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

As stated in Schedule – 19 to the accounts for the year under review, sales and production of natural mineral water in PET bottles continues to be the core activity of the Company.

INTERNAL CONTROL SYSTEMS

The Company is constantly monitoring and improving on its internal control systems to ensure that all Company's policies, procedures and guidelines are in place as also to make certain that all transactions are authorized, recorded and reported correctly.

FINANCIAL & OPERATING PERFORMANCE

The depressing macro economic situation globally took a toll on the overall business of the Company with major institutions cutting back on their costs and therefore consumption of the Company's branded product. As a result, the Turnover of the Company stood at Rs 1908 lacs, but the Retail segment witnessed growth of 26%. The Loss before Tax was at Rs 1410 lacs – about half of the previous year's figure – largely achieved by cost management.

TREASURY AND LIQUIDITY

The Company has surplus funds of Rs 3552 lacs being the monies lying unutilized out of the Preferential Allotment made in 2007. The surplus funds have been invested in mutual funds and Inter Corporate Deposits (ICD). The Company does not have any borrowing as at March 31, 2010.

HUMAN RESOURCES

Your Company lays great emphasis on the importance of human resources and recognizes the fact that no organization can grow without a committed team of employees at all levels. Accordingly, it aims to retain and recruit quality professionals and provide them with a high performance environment. The employees are rewarded on the basis of their performance, longevity in the service, dedication, sincerity and loyalty. No man days were lost on account of strike or dispute during the year and over all relations with the employees and workers remained cordial and harmonious. The total number of employees and workers as on March 31, 2010 was 163 in all.

CAUTIONARY STATEMENT

Statements in this report on Management's Discussions and Analysis describing the Company's objectives, projections, may be forward looking statements and are based on certain expectations. 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, change in Government policies and imposition of new duties, taxes or cess.

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REPORT ON CORPORATE GOVERNANCE

Investor Relations

1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to ensure transparency in all its dealings and in the functioning of the management and Board of Directors. These policies seek to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stake-holders. The Corporate Governance policy of the Company has been further strengthened through the Tata Code of Conduct and Tata Code for Prevention of Insider trading adopted by the Company.

The Company is in compliance with mandatory provisions of Clause 49 of the Listing Agreement with the Stock Exchanges.

2. Board of Directors

As on March 31, 2010 the Company had 12 directors and the composition of the Board of Directors is given in the table below. The Chairman of the Board is a Non-Executive Director and 83% of the Board comprises of Non-Executive Directors and 50% of the Board comprises of Non-Executive Independent Directors.

A. Composition of Directors as on March 31, 2010

Category	Number of Directors	Percentage
Promoters' representatives	4	33.33
Managing & Executive Directors	2	16.67
Non-Executive Independent Directors	6	50.00
	12	100.00

Details of attendance of Directors at Board Meetings and at the last Annual General Meeting with particulars of their other Directorships and Chairman/Memberships of Board Committees showing the position as on March 31, 2010 are given in the following table:

Name of Director	Category	Attendance at		Directorships and Chairman/ Membership of Board Committees in other Companies @		
		Board Meetings/ Meetings Held	Last AGM	Director#	Committee Member	Committee Chairman
Mr P T Siganporia	C, NED & PR	5/5	Yes	2	Nil	Nil
Mr Salim Govani	NED & PG	5/5	No	2	1	Nil
Mr Vinod Sethi	NED & PG	5/5	No	11	8	Nil
Mr Ajoy K Misra	NED & PR	4/5	No	5	Nil	Nil
Mr Pradeep Mallick	NED-I	5/5	No	6	6	1
Mr Joseph Kodianthara	NED-I	5/5	Yes	1	1	Nil
Mr Ajit Shah	NED-I	4/5	Yes	Nil	Nil	Nil
Mr Ranjit Barthakur	NED-I	5/5	Yes	1	Nil	Nil
Mr V Subramanian	NED-I	3/5	Yes	2	1	Nil
Mr Suresh Borkar	NED-I	3/5	Yes	1	1	1
Mr Pradeep Poddar	MD	5/5	Yes	1	1	1
Ms. Abanti Sankaranarayanan	ED	5/5	No	Nil	Nil	Nil

C: Chairman, NED: Non-Executive Director; I: Independent Director; MD: Managing Director; ED: Executive Director; PR: Promoter's Representative, PG: Promoter's Group.

Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies and of Companies incorporated outside India.

@ Committees pertain to other than those of the Company and include only Audit and Investor / Shareholder Grievance of Indian Public Limited Companies.