



**Mount Shivalik Industries Ltd.**

## BOARD OF DIRECTORS

Mr. B.D Bali	Chairman & Managing Director
Mr. Sanjiv Bali	Managing Director
Mr. K.C Garg	Director Finance
Mr. Rajiv Bali	Director
Mr. Kamal Dutt	Director
Mr. A.L Batra	Director
Mr. J.M Malhotra	Director
Mr. Raghbir Singh	Director
Mr. S.K Chhibber	Director
Dr. K.S Chugh	Director

## COMPANY SECRETARY

Mr. Shashi Ranjan Kumar

## AUDITORS

M/s K C Khanna & Co  
Chartered Accountants  
New Delhi

## BANKERS

Oriental Bank of Commerce

## REGISTERED OFFICE:

140<sup>th</sup> Milestone, Delhi – Jaipur Highway No.8,  
Village Gunti, Tehsil Behror,  
Distt. Alwar, Rajasthan

## HEAD OFFICE:

C-153/2, Okhia Industrial Area,  
Phase – I, New Delhi – 110 020

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# MOUNT SHIVALIK INDUSTRIES LIMITED

## DIRECTORS' REPORT

### The Members,

Your Directors are pleased to present their **Eighteenth Annual Report** along-with the audited statements of account of the Company for the year ended 31st March, 2011.

### FINANCIAL RESULTS

Your Company's performance for the Financial year ended March 31st, 2011 is summarized below:-

	<b>Current year ended 31.03.2011</b>	<b>(Rs. In lacs) Previous year ended 31.03.2010</b>
Gross Sales	<b>15416.07</b>	17381.38
Less: Excise Duty	<b>5620.76</b>	5995.44
Net Sales	<b>9795.31</b>	11385.94
Other income	<b>86.72</b>	191.27
Gross Profit/(Loss) (Before interest, depreciation & tax)	<b>(461.37)</b>	507.57
Less: Interest	<b>257.91</b>	185.21
Depreciation	<b>245.18</b>	208.84
Profit/(Loss) for the year	<b>(964.46)</b>	113.52
Less: Provision for Taxation		
- Current Tax	-	19.40
- Wealth Tax	<b>2.14</b>	1.33
- Deferred Tax	<b>(319.28)</b>	20.44
Net Profit/(Loss) after Tax	<b>(647.32)</b>	72.35
Add/(Less: Excess/(short) Provision of tax in earlier year (Net)	-	(67.11)
Net Profit/(Loss)	<b>(647.32)</b>	5.24

### OPERATIONAL REVIEW

Your Directors regret to report that the year under review has been unprecedentedly adverse year due to unanticipated steep rise in cost of input materials, particularly the bottles and malt, which could not be passed on to the market in view of competitive conditions and reluctance of the State Government Corporations, who are our major customers, to revise the prices till 31st March, 2011. We had maintained last year's sales in first six months of the year but were forced to curtail the production/sales in second half to avoid further heavy losses.

Company's heritage restaurants at Amber Fort, Jaipur and Hanwant Mahal, Jodhpur have been widely appreciated by the international travelers and the company expects to stabilize their turnover and profitability during the current financial year.

Your Directors have taken appropriate remedial action to mitigate the adverse circumstances and are hopeful of better performance and results during the current year.

### FUTURE PROSPECTS

Company is taking effective steps to improve its production and sales during the year under review.

### DIVIDEND

The Board has not recommended dividend for the financial year ended on 31st March, 2011, in view of losses incurred by the Company.

# MOUNT SHIVALIK INDUSTRIES LIMITED

## DEPOSITS

During the year under review, Company continued accepting Fixed Deposits from the public under section 58A of The Companies Act, 1956. The Fixed Deposit at the end of year stood at Rs. 244.15 Lakhs. Unclaimed deposits at the end of the year amounted to Rs.2.08 Lakhs.

## AUDITORS

M/s K. C. Khanna & Co., Chartered Accountants, the Auditors of the Company holds office till the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment.

## AUDITORS' REPORT

Refer para-7 of annexure to the Auditors Report, the Company has evolved a strong Internal Control System to ensure that the Assets of the Company are safeguarded and transactions are authorized, recorded and correctly reported. The adequacy of the Internal Control System is reviewed by the Audit Committee. In view of above a formal Internal Audit System was not considered essential.

## DIRECTORS

Mr. J.M Malhotra, Mr. A.L Batra, and Mr. Kamal Dutt, Directors of the Company are liable to retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with section 217(2AA) of The Companies Act, 1956 the Board of Directors of the company report that:

- (a) in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the Annual Accounts on a going concern basis.

## DISCLOSURE OF SPECIAL PARTICULARS

Information pursuant to clause (e) of sub section (1) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 for the year ended 31st March, 2011 is given below:

### a) Conservation of Energy

The manufacturing operations of the company are conducted in the manner whereby optimum utilization and maximum saving of energy is achieved.

The Company is making use of treated effluents for gardening of the factory campus by drain system. Use of UF & RO Technology to recycle treated effluent water at strategic sites.

There are several other measures taken by the company for conservation and optimum utilization of energy which are not quantitative and their impact on cost cannot be stated accurately.

### b) Technology Absorption, Research and Development

It has always been endeavor of the Company to adopt latest developments in technology in order to minimize our environmental impact. Trying various new types of brewing aids to improve our quality is an ongoing and continuous process.

The Company has its own laboratory at the Brewery Plant, wherein regular research and development activities are carried out for the improvement and maintenance of the quality of its products. No specific capital expenditure on research and development was incurred during the year.

**c) Foreign Exchange Earnings and Outgo**

Information on Foreign Exchange earning and outgo is contained in schedule 14 under note No. 5.6 and 5.7 of the notes to accounts forming part of the Profit and Loss Account for the year ended 31st March, 2011 and Balance Sheet as on date.

Foreign exchange earning of the company from exports during the year was nil. So far Company has not made any 'tie-up' for exports of its Brands.

**PARTICULARS OF EMPLOYEES**

Information regarding employees in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given in Annexure-A and forms part of this report.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, report on Corporate Governance and Management Discussions and Analysis Report is appended along with a certificate of compliance from Company Secretary in practice.

**LISTING OF SHARES OF THE COMPANY**

Presently the Company Shares are listed at Bombay Stock Exchange Limited, which has nation wide trading terminals. The Listing fee for the year 2011-2012 has been paid.

**DEPOSITORY SYSTEM**

The trading in shares of your Company is under compulsory dematerialized mode. As on year ended 31st March, 2011 shares representing 72.41% of share capital were in dematerialized form. As depository system offers numerous advantages, shareholders are requested to take advantages of the same and avail the facility of dematerialization of the Company's shares.

**CASH FLOW STATEMENT**

As required by clause 32 of Listing Agreement with Stock Exchange Cash Flow Statement is appended.

**ACKNOWLEDGEMENTS**

The Board places on record its sincere gratitude to the Shareholders, Bankers, Depositors and Clients for their continued support. The Board also wholeheartedly acknowledges with thanks the dedicated efforts & contributions of all the employees of Mount Shivalik Family.

For and on behalf of the Board of Directors

<b>B D Bali</b>	<b>Sanjiv Bali</b>
Chairman & Managing Director	Managing Director

Place: New Delhi  
Date: 3rd September, 2011

## Annexure-A

Information pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the aforesaid Directors' Report:

Name of Employee	Age (Years)	Qualification	Experience (Years)	Designation	Date of Joining	Remuneration Rs.	Particulars of last Employment
Mr. Sanjiv Bali	48	B.Com (H) MBA (London)	23 years	Managing Director	19/01/1993	38,88,000	Executive Director, Mount Shivalik Packaging Pvt. Ltd.
Mr. K.C. Garg	65	B.Com LLB, ACA	43 years	Director Finance	01/10/2009	38,55,600	Director Finance, Mount Shivalik Breweries Ltd.

**Notes:**

- 1) Designation of the employee indicates the nature of duties
- 2) The nature of above employment is contractual.
- 3) Remuneration includes Basic Salary, bonus, furnished residential accommodation or house rent allowance, reimbursement of medical expenses, personal accident insurance, perquisites valued as per Income Tax Act, 1961 but excludes Gratuity, superannuation benefits and accumulated Leave Encashment.
- 4) Mr. Sanjiv Bali is relative of Chairman & Managing Director of the Company.

# **MOUNT SHIVALIK INDUSTRIES LIMITED**

## **REPORT ON CORPORATE GOVERNANCE**

(Forming part of the Annual Report for the year ended 31st March, 2011)

### **PHILOSOPHY:**

Mount Shivalik Industries Ltd. (MSIL) has always endeavored to practice good Corporate Governance and commitment to act as good Corporate Citizen. The spirit of Corporate Governance has prevailed in the country and has influenced its decision and policies. Through highest level of transparency and accountability in all its operations, the Company has consistently been serving for many years satisfactorily to all its stakeholders. The Company has always been following the principles which govern Corporate Governance. The objectives before a Company is to create wealth for the society, maintain and preserve that wealth efficiently and to share the wealth with the stakeholders. Corporate Governance is the method by which the aforesaid objectives are achieved.

### **BOARD OF DIRECTORS:**

#### **Composition:**

Your Company has an optimum combination of the Executive and Non Executive Independent directors. The Board consists of ten Directors including three Executive Directors and Seven Non-Executive Directors, of whom five are independent as defined by clause 49 of the Listing agreement.

#### **Board Meetings:**

During the year ended March 31, 2011, Seven Board Meetings were held on the following dates. The gap between any two Board Meetings was not more than four months as mandated in clause 49 of the listing agreement.

29th April, 2010;  
12th August, 2010;  
3rd September, 2010;  
4th October, 2010;  
12th November, 2010,  
11th February, 2011;  
24th February, 2011

The Table 1 gives the composition, category of Board of Directors, their other directorships and attendance record.

# MOUNT SHIVALIK INDUSTRIES LIMITED

**Table 1**

Name of the Director	Category	No. of Board Meetings Attended	Last AGM Attended	No of other Directorship		No. of Other Committee Memberships
				Public Ltd. Cos	Private Ltd. Cos	
Mr. B.D. Bali	Promoter/Chairman & Managing Director	7	No	2	3	---
Mr. Sanjiv Bali	Promoter/ Managing Director	7	Yes	---	3	---
Mr. K.C. Garg	Director Finance	7	Yes	1	--	---
Mr. A L Batra	Independent/ Non-Executive Director	4	No	5	11	---
Mr J M Malhotra	Independent/ Non-Executive Director	6	Yes	---	---	---
Mr Rajiv Bali	Promoter/ Non-Executive Director	7	No	2	4	---
Mr Kamal Dutt	Promoter/ Non-Executive Director	1	No	---	---	---
Mr Raghbir Singh	Independent/ Non-Executive Director	Nil	No	1	1	---
Mr. S.K. Chhibber	Independent/ Non-Executive Director	5	No	4	---	3
Dr. K S Chugh	Independent/ Non-Executive Director	Nil	No	1	---	---

## **Audit Committee**

### **i) Terms of Reference:**

Apart from all the matters provided in clause 49 of the listing agreement and Sec. 292-A of the companies Act, 1956 the Audit Committee meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the company and ensures that assets are safeguarded and transactions are authorized, recorded and correctly reported.

### **ii) Composition:**

The Audit Committee comprises of three non-executive directors, Mr. J. M. Malhotra, Mr. A.L. Batra and Mr. Rajiv Bali. Mr. J. M. Malhotra is designated as Chairman.

### **iii) Attendance:**

The committee met five times during the year under review i.e., on 29th April, 2010, 12th August, 2010, 3rd September, 2010, 12th November, 2010 and 11th February, 2011.

The Table 2 shows the attendance record of the committee members is as follows: -

# MOUNT SHIVALIK INDUSTRIES LIMITED

**Table 2**

Name of the Members	Status	No of Meetings Attended
Mr. J M Malhotra	Chairman	4
Mr. A.L. Batra	Member	5
Mr. Rajiv Bali	Member	5

**i) Terms of reference:**

The Company has in place a remuneration committee consisting of three Non-Executive Directors, specifically to determine on behalf of the Board and on behalf of the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

**ii) Composition:**

The Remuneration Committee comprises of three non-executive directors, Mr. A.L. Batra, Mr. S.K. Chhibber and Mr. J.M. Malhotra. Mr. A.L. Batra is designated as chairman of the committee.

**iii) Attendance:**

The committee has not met during the year under review.

**Remuneration paid to Directors:**

Table 3 gives the details of remuneration for the year ended 31st March, 2014 to the Executive Directors are as follows.

**Table 3. Details of Remuneration paid to Directors**

Name of Directors	Sitting Fees (Rs.)	Salary (Rs.)	Perquisites & Allowances (Rs.)	Retirement Benefits* (Rs.)	Total (Rs.)
Mr. B.D. Bali	-	-	-	-	-
Mr. Sanjiv Bali	-	24,00,000/-	12,00,000/-	2,88,000/-	38,88,000/-
Mr. K.C. Garg	-	21,30,000/-	14,70,000/-	2,55,600/-	38,55,600/-
Mr. Rajiv Bali	14,000/-	-	-	-	14,000/-
Mr. A. L. Batra	8,000/-	-	-	-	8,000/-
Mr. J. M. Malhotra	12,000/-	-	-	-	12,000/-
Mr. Raghbir Singh	-	-	-	-	-
Mr. S.K. Chhibber	10,000/-	-	-	-	10,000/-
Mr. Kamal Dutt	2,000/-	-	-	-	2,000/-
Dr. K S Chugh	-	-	-	-	-

\* Excludes in respect of Gratuity, superannuation benefits and accumulated Leave Encashment.

**Notes:**

- The agreement with each Executive Director is for a period of three years.
- Presently, the Company does not have a scheme for grant of stock options either to the Executive Directors or employees.
- The Company does not pay sitting fee for attending committee meetings.

# MOUNT SHIVALIK INDUSTRIES LIMITED

## Details of the Shares held by Non Executive Directors:

Table 4 gives details of the shares held by the non-executive directors as on 31<sup>st</sup> March, 2011.

**Table 4**

Name of the Director	No of Shares held
Mr. Rajiv Bali	71,656
Mr. A. L. Batra	NIL
Mr. J. M. Malhotra	5,000
Mr. Raghubir Singh	NIL
Mr. S.K. Chhibber	NIL
Mr. Kamal Dutt	3,18,664
Dr. K S Chugh	NIL

## Code of Conduct

The Board of the Company has laid down a code of conduct for all the Board Members and the senior management of the Company. All the Board Members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of this report.

## Shareholders'/Investors' Grievance Committee:

The Company has a Shareholders'/Investors' Grievance Committee, which also acts as share transfer committee. The Committee looks into redressal of shareholders complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend etc. It also monitors the performance of Registrar and Share transfer agent.

The committee is headed by Non-Executive Director, Mr. Rajiv Bali. Other members are Mr. Sanjiv Bali and Mr. A.L. Batra. The attendance of the Share Holders Grievance Committee is given below: -

Name of the Member	Status	No of Meetings held	No of Meetings Attended
Mr. Rajiv Bali	Chairman	12	12
Mr. Sanjiv Bali	Member	12	12
Mr. A. L. Batra	Member	12	12

During the year, the Company received 2 complaints from shareholders and all the complaints have been solved to the satisfaction of the complainants. No shares were pending for transfer at the end of the year.

## SHAREHOLDERS:

### Re-appointment/ appointment of Directors

As per the Articles of Association of the Company, One third of its rotational Directors retire every year and if eligible, offer themselves for re-appointment at every Annual General Meeting. Consequently, three Directors viz Mr. J.M Malhotra, Mr. A.L Batra and Mr. Kamal Dutt would retire this year in accordance with the provisions of Companies Act, 1956.

**Their brief resumes are given below.**