

9th Annual Report 1998-99



MOHIT
INDUSTRIES
LIMITED

MOHIT INDUSTRIES LIMITED

9th ANNUAL GENERAL MEETING : THURSDAY, 30TH SEPTEMBER, 1999, at 11.00 A.M.

Board of Directors : **Shri Sitaram Saboo** *Chairman & Managing Director*
Shri Narayan Saboo *Jt. Managing Director*
Shri Naresh Saboo
Shri Jayesh Gandhi
Shri Girdhar Mundra
Shri Shankerbhai Patel *(Nominee GLIC)*

AUDITORS : **Rameshkumar Malpani & Co.**
Chartered Accountants
 401, Trividh Chambers,
 Ring Road, Surat.

BANKERS : **STATE BANK OF TRAVANCORE.**
SURAT PEOPLES' CO-OP. BANK LTD

REGISTERED OFFICE : 227, Super Yarn Market
 Zampa Bazar, Surat - 395 003.
 (Gujarat)

PLANTS

1. Village : Kudsad
 Tal : Olpad
 Dist. : Surat. (Gujarat)
2. Village : Masat (Silvassa)
 Union Territory of Dadra & Nagar Haveli

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NOTICE

NOTICE is hereby given that the 9th Annual General Meeting of M/s **MOHIT INDUSTRIES LIMITED** will be held at 301-302, Super Yarn Market, Zampa Bazar, Surat - 395 003 on Thursday, September 30 1999 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended on that date and Reports of Auditors' and Directors' thereon.
2. To appoint Director in place of Shri Jayesh Gandhi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass the following resolution with or without modifications as a **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 198 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and any statutory enactment thereof for the time being in force, the Company hereby approves the re-appointment of Shri Sitaram Saboo as Managing Director of the Company for a period of 5 (Five) years with effect from December 01, 1999 upon the terms and conditions as set out in the Explanatory Statement annexed herewith."

"RESOLVED FURTHER THAT pursuant to Section 198(4) read with Schedule XIII of the Companies Act, 1956 in the absence of or inadequacy of profit in any financial year, remuneration and perquisites as approved hereby be paid as a minimum remuneration to the wholetime Director."

5. To consider and if thought fit to pass the following resolution with or without modifications as a **Special Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 269, 309, 198 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and any statutory enactment thereof for the time being in force, the Company hereby approves the re-appointment of Shri Narayan Saboo as Joint Managing Director of the Company for a period of 5 (Five) years with effect from December 01, 1999 upon the terms and conditions as set out in the Explanatory Statement annexed herewith."

"RESOLVED FURTHER THAT pursuant to Section 198(4) read with Schedule XIII of the Companies Act, 1956 in the absence of or inadequacy of profit in any financial year, remuneration and perquisites as approved hereby be paid as a minimum remuneration to the wholetime Director."

6. To consider and if thought fit to pass the following resolution with or without modifications as a **Special Resolution**.

"RESOLVED THAT pursuant to the Circulars issued by The Securities and Exchange Board of India and amendments to the Listing Agreement(s) and subject to such conditions and modifications as may be imposed in granting such approvals and which may be agreed by the Board, the consent of the Company be and is hereby accorded to delist the Equity shares of the company with effect from 1st April 1999 from The Ahmedabad Stock Exchange and The Jaipur Stock Exchange."

"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 all such documents as it may deem necessary for the purpose of giving effect to the above resolution."

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER.**
2. The instrument appointing proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. Members/Proxies should bring their attendance slip duly filled in for attending the meeting.
4. The explanatory statement setting out the material facts in respect of the businesses under Item Nos. 4 to 6 are annexed hereto.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the informations ready.
6. **Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 24, 1999 to Thursday, September 30, 1999 (Both days inclusive).**

EXPLANATORY STATEMENT

Explanatory Statements as required by Section -173(2) of the Companies Act, 1956.

Item No. 4

Mr. Sitaram Saboo was appointed as Managing Director of the company w.e.f. 01.12.1994 for a period of five years. His term of office expires on 30.11.99 as Managing Director. Considering his experience and services provided to the company Board recommends his re-appointment as Managing Director of the Company for a further period of five years after expiration of his existing term. Terms of re-Appointment should be approved by the Members of the Company as per provisions of the Companies Act, 1956.

Terms of re-appointment of Shri Sitaram Saboo as a Managing Director of the company for period of 5 years w.e.f. 01/12/99 are as follows.

REMUNERATION & PERQUISITES

1. Salary : Shri Sitaram Saboo shall be paid a monthly salary of Rs. 30,000/- (Rupees Thirty thousand Only) inclusive of dearness and all other allowances.
2. Perquisites: In addition to the above salary, Shri Sitaram Saboo shall also be provided the following perquisites :

CATEGORY A

- (i) Housing :
 - a) The Company shall provide owned/leased free furnished accommodation.
 - b) Where the company does not provide accommodation to the wholetime Director, House Rent Allowance may be paid by the company @ 60% of the basic salary.
 - c) The expenditure incurred by the company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962 and shall be subject to a ceiling of 10% of the salary.
- (ii) Medical reimbursement : Expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.
- (iii) Leave Travel Concession : For self and family once in a year in accordance with the rules of the company.
- (iv) Club Fees : Fees of Clubs subject to maximum of two clubs, admission and life membership fees not being allowed.
- (v) Personal Accident Insurance : For an amount the annual premium of which does not exceed Rs. 4000/-.

CATEGORY B

- (i) Contribution to Provident Fund, Superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the income tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

Registered Office :
227 Super Yarn Market
Zampa Bazar,
SURAT - 395 003.
Date : July 31, 1999

By Order of the Board

Sitaram Saboo
Chairman & Managing Director

- (ii) leave as per company's rules, Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisite.

CATEGORY C

- (i) Free use of Company's car with driver on company's business and telephone at residence will not be considered as perquisites.
- (ii) Personal long distance calls and use of car for private purpose shall be billed by the company.
- (iii) Reimbursement of entertainment expenses, travelling and all other expenses, actually and properly incurred for the purposes of Company's business.
- (iv) No sitting fees shall be paid for attending the meeting of Board of Directors or Committee thereof.

Notwithstanding anything contained hereinabove, Shri Sitaram Saboo shall be entitled to the payment of minimum remuneration, which shall be calculated as the salary mentioned in para 1 hereinabove as reduced by 10% thereof and perquisites mentioned hereinabove in the event of any inadequacy or absence of profits for a period of 5 years from 01/12/1999 to 30/11/2004.

On approval of this resolution Board of Directors will enter in an agreement with Mr. Sitaram Saboo.

The terms stated herein above may be treated as an Explanatory Statement, pursuant to section 302 of the Companies Act, 1956.

Shri Narayan Saboo and Shri Naresh Saboo being relatives will be interested in the resolution alongwith Shri Sitaram Saboo.

The Board of Directors recommends the passing of the resolution.

Item No.5

Mr. Narayan Saboo was appointed as Jt. Managing Director of the company w.e.f. 01.12.1994 for a period of five years. His term of office expires on 30.11.99 as Jt. Managing Director. Considering his experience and services provided to the company Board recommends his re-appointment as Jt. Managing Director of the Company for a further period of five years after expiration of his existing term. Terms of re-appointment should be approved by the Members of the Company as per provisions of the Companies Act, 1956.

Terms of re-appointment of Shri Narayan Saboo as a Jt. Managing Director of the company for period of 5 years w.e.f. 01/12/99 are as follows.

REMUNERATION & PERQUISITES

- 1 Salary : Shri Narayan Saboo shall be paid a monthly salary of Rs. 25,000/- (Rupees Twenty five thousand only) inclusive of dearness and all other allowances.
- 2 Perquisites: In addition to the above salary, Shri Narayan Saboo shall also be provided the following perquisites :

CATEGORY A

- (i) Housing :
- a) The Company shall provide owned/leased free furnished accommodation.
 - b) Where the company does not provide accommodation to the wholetime Director, House Rent Allowance may be paid by the company @ 60% of the basic salary.
 - c) The expenditure incurred by the company on gas, electricity, water and furnishing will be valued as per the Income Tax Rules, 1962 and shall be subject to a ceiling of 10% of the salary.
- (ii) Medical reimbursement : Expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.
- (iii) Leave Travel Concession : For self and family once in a year in accordance with the rules of the company.
- (iv) Club Fees : Fees of Clubs subject to maximum of two clubs, admission and life membership fees not being allowed.
- (v) Personal Accident Insurance : For an amount the annual premium of which does not exceed Rs. 4000/-.

CATEGORY B

- (i) Contribution to Provident Fund, Superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.
- (ii) leave as per company's rules, Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisite.

CATEGORY C

- (i) Free use of Company's car with driver on company's business and telephone at residence will not be considered as perquisites.
- (ii) Personal long distance calls and use of car for private purpose shall be billed by the company.
- (iii) Reimbursement of entertainment expenses, travelling and all other expenses, actually and properly incurred for the purposes of Company's business.
- (iv) No sitting fees shall be paid for attending the meeting of Board of Directors or Committee thereof.

Notwithstanding anything contained hereinabove, Shri Narayan Saboo shall be entitled to the payment of minimum remuneration, which shall be calculated as the salary mentioned in para 1 hereinabove as reduced by 10% thereof and perquisites mentioned hereinabove in the event of any inadequacy or absence of profits for a period of 5 years from 01/12/1999 to 30/11/2004.

On approval of this resolution Board of Directors will enter in an agreement with Mr. Narayan Saboo.

The terms stated herein above may be treated as an Explanatory Statement, pursuant to section 302 of the Companies Act, 1956.

Shri Sitaram Saboo and Shri Naresh Saboo being relatives will be interested in the resolution alongwith Shri Narayan Saboo.

The Board of Directors recommends the passing of the resolution.

Item No. 6

The equity shares of the Company are presently listed on the Vadodara, Mumbai, Ahmedabad and Jaipur Stock Exchanges in terms of the Prospectus dated 07.12.95. The Vadodara Stock Exchange, is the Regional Stock Exchange of the Company.

Pursuant to circular no. SMDRP/CIR-14/98 dated 29th April, 1998 issued by The Securities and Exchange Board of India to all Stock Exchanges, voluntary delisting of securities on the stock exchanges other than the Regional Stock Exchange shall be permitted by the Stock Exchanges at the request of the Company. In view of infrequent/non trading of the Company's equity shares in The Ahmedabad Stock Exchange and The Jaipur Stock Exchange, it is proposed to delist the equity shares of the Company. However, the Company shall continue its listing of securities with The Mumbai Stock Exchange, and Vadodara Stock Exchange and the exit opportunity will continue to be available to those shareholders in areas covered by the above two Stock Exchanges where voluntary delisting is being sought.

The Directors recommend the Resolution for approval of shareholders as Special Resolution.

None of the Directors are in any way concerned or interested in the said Resolution.

Registered Office :
227 Super Yarn Market,
Zampa Bazar,
SURAT - 395 003.
Date : July 31, 1999

By Order of the Board

Sitaram Saboo
Chairman & Managing Director

MOHIT INDUSTRIES LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Ninth Report together with the Audited Statement of Accounts of the company for the year ended 31st March 1999.

FINANCIAL RESULTS :

Particulars	(Rs. in lacs)	
	1998-99	1997-98
Sales	1991.64	2456.66
Other Income	19.58	19.94
Profit before Interest, Depreciation & Tax	79.42	116.80
Interest	58.27	51.62
Depreciation	60.40	43.62
Net Profit before tax	(39.25)	21.56
Provision for Taxation	---	2.30
Net Profit	(39.25)	19.04

OPERATIONS :

Unprecedented longer recession in the textile industry has affected the market very badly and it has become a question of survival for many units in the industry. Such recession also leads company towards its maiden loss after incorporation, however there is no cash loss for the company during the year. In absence of profit your directors do not recommend any dividend.

Textile Market has shown some upward trend from July 1999 onwards and with such encouraging trend of Textile Market, management is hopeful that current years result will be encouraging.

Management has successfully commenced its new Texturising Unit during financial year under review and as and when market improves company and shareholders will get fruits of their respective investment.

DIRECTORS :

Shri Jayesh Gandhi Director of the company, retires by rotation, and being eligible offers himself for reappointment at the forthcoming Annual General Meeting.

Y2K COMPLIANCE

Company's entire computer networking is Y2K compliant and the software are also made Y2K compliant.

FIXED DEPOSITS :

Your company has not accepted any deposits during the year under review.

LISTING ON THE STOCK EXCHANGE :

Company's shares are listed on the Vadodara, Ahmedabad, Mumbai and Jaipur Stock Exchanges and company has paid listing

fees of Vadodara and Mumbai stock exchanges and asked for permission of Shareholders for delisting of shares from Ahmedabad and Jaipur Stock Exchanges. On receipt of such permission company intends to get the shares delisted from these two stock exchanges. As, since listing hardly any trading has taken place on these two stock exchanges, interest of investors will not be affected by delisting of shares from these stock exchanges.

During the year, trading of shares were not suspended on any of the above stock exchanges.

PARTICULARS OF EMPLOYEE :

The information as per section 217(2A)(b)(ii) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not furnished, as no employee of the Company falls within the limits prescribed.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO :

Information on conservation of energy, technology absorption, adaptation and innovation and foreign exchange earnings and outgo, as required by Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given below.

CONSERVATION OF ENERGY :

Energy conservation is a high priority area for the company. Company's continued efforts to reduce and optimum use of energy consumption has shown positive results. Better controls are planned to achieve further reduction in energy consumption.

	(Rs. in lacs)	
	1998-99	1997-98
(a) Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
- Units	2010936	1716570
- Total Amount	66.32	52.96
- Rate / Unit (Rs.)	3.30	3.09
(b) Own Generation		
(i) Through diesel generator		
- Units	1057222	780500
- Unit per ltr of diesel oil	3.48	2.50
- Rate / Unit (Rs.)	2.80	3.77
(ii) Through stem / turbine generator		
- Units	---	---
- Unit per ltr of diesel oil	---	---
- Rate / Unit (Rs.)	---	---