

18th ANNUAL REPORT
2007-2008



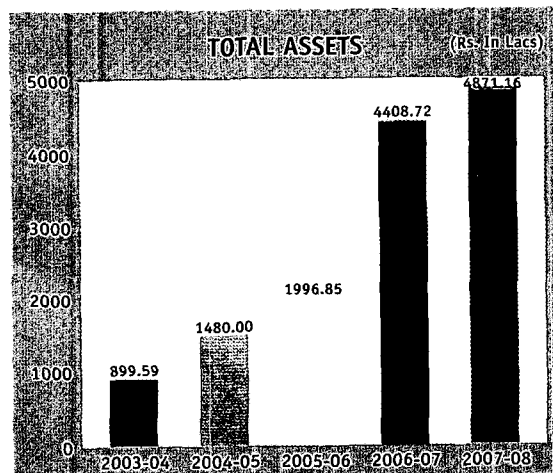
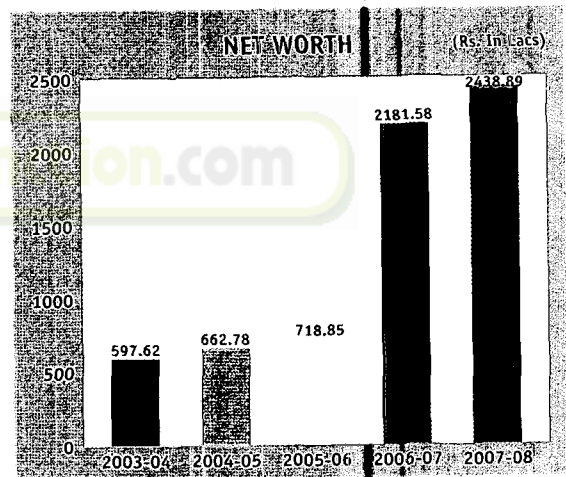
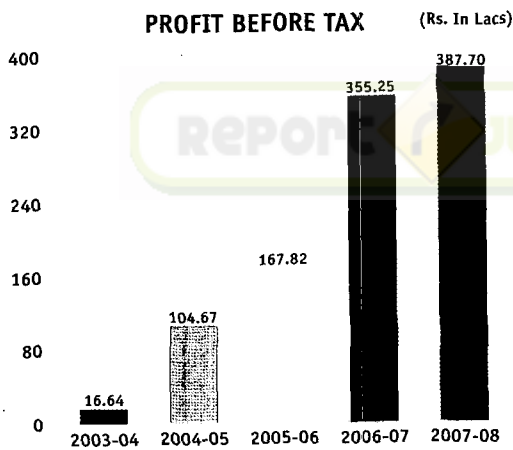
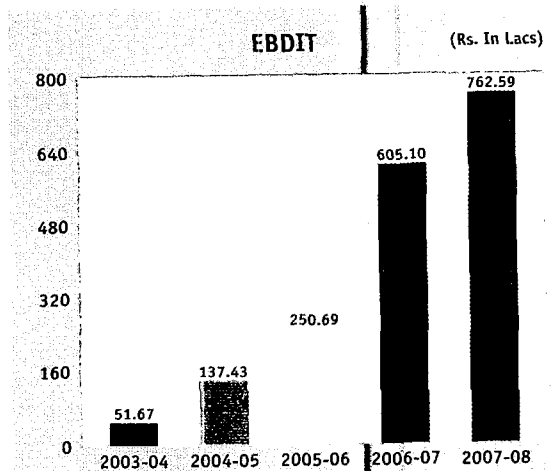
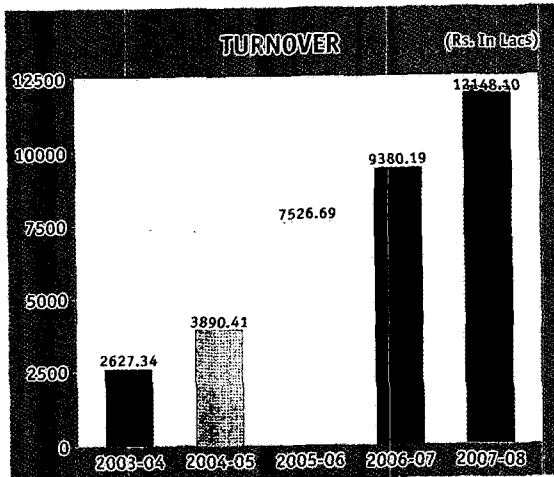
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MOHIT

MOHIT
INDUSTRIES LTD.

MOHIT



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BOARD OF DIRECTORS : **Shri Sitaram N. Saboo** *Chairman & Managing Director*
Shri Narayan S. Saboo *Jt. Managing Director*
Shri Naresh S. Saboo
Shri Jayesh R. Gandhi
Shri Ashok Kumar Sharda
Shri Sachin Kumar Jain

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

BANKERS : State Bank of Travancore
 Development Credit Bank

REGISTERED OFFICE : A/601 B, International trade centre,
 Majura Gate, Ring Road ,
 Surat - 395002, 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 **EIGHTEENTH ANNUAL GENERAL MEETING** of the members of **MOHIT INDUSTRIES LIMITED** will be held on Tuesday, 30th day of September 2008 at 10:00 A.M. at registered office of the company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2008 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Director's and Auditor's thereon.
2. To appoint Mr. Sitaram Saboo as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Mr. Jayesh Gandhi as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 252, 255, 257 and other applicable provisions of the Companies Act, 1956, Mr. Gopal Sultania be and is hereby appointed as a director liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 81, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactments thereof, for the time being in force), and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board") and/or a duly authorised committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board/Committee to issue/offer equity shares, including unclassified shares after classifying them as equity/preference shares and/or convertible debentures (fully or partly) and/or non-convertible debentures, all or any of the aforesaid with or without detachable or non detachable warrants, and/or warrants of any nature, bonds and/or any other financial instruments (hereinafter for brevity's sake referred to as "Securities") as the Board at its sole discretion may at any time or times hereafter decide, to such persons whether or not such persons are members of the Company including Non-Residents Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, conversion of loans or otherwise for expansion of existing manufacturing facilities, setting up new projects, working capital requirements and for general corporate purposes or any other strategic investments as the Board may deem fit, so that the total amount raised through the aforesaid securities including premium, if any, shall not exceed Rs. 100 Crores, with or without voting rights in General Meetings/Class Meetings of the Company as may be permitted under the prevailing laws, at such price or prices, or in such manner as the Board or Committee thereof may in its absolute discretion think fit, in consultation with the lead managers, advisors and such other persons and on such terms and conditions including the number of securities to be issued, price, rate of interest, redemption period, manner of redemption, amount of premium

MOHIT INDUSTRIES LIMITED

or redemption, the number of equity shares allotted on conversion of debt instruments exercise of rights attached with warrants, the ration of exchange of shares and/or any other financial instruments, period of conversion, fixing of record date or book closure and related or incidental matters."

"RESOLVED FURTHER THAT such of the securities to be issued, as are not subscribed may be disposed of by the Board/Committee, thereof, to such persons and in such manner and on such terms as the Board or Committee may in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to enter into and execute all such arrangements/agreements with any person or persons who may be directly connected or involved in such issuing/offering of securities and that the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the issue, offer and allotment of Securities and to give effect to this Resolution."

For and on behalf of the Board of Directors

Place : SURAT
Dated : 26-08-08

SITARAM SABOO
CHAIRMAN

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Any instrument appointing a proxy or proxies should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under item 5 and 6 is appended hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 23rd September, 2008 to Tuesday, 30th September, 2008 (both days inclusive).
5. Members/Proxy holders are requested to bring their copies of the Annual Report to the meeting as no further copies would be made available.
6. The shareholders are requested to (a) intimate, if shares are held in the same name or in the same order and names, but more than one folio to enable the Company to consolidate the said folios into one folio and (b) notify immediately, any change in their recorded address along with pin code number, to the Registrar & Share Transfer Agent, Adroit Corporate Services Pvt. Ltd. 19, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai - 400 059
7. The Shareholders seeking information on accounts published herein are requested to kindly furnish their queries to the Company at least ten days before the date of the meeting to facilitate satisfactory replies.

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**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO
SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No. 5

Mr. Gopal Sultania is leading industrialist of the town and having great exposure in Textile Industry of Surat. Mr. Gopal Sultania is having more than 20 years of experience in the textile industry. He is presently the director of Devika Fibres Pvt. Ltd. engaged in manufacture of texturising and sized yarn. His experience will be useful for the company and management is confident that with his presence on the Board of your company will achieve new heights. Brief bio-data is covered herein above so separate bio-data is not given.

Company has received a letter from the member, proposing name of Mr. Gopal Sultania as Director of the Company under section 257 of the Companies Act, 1956.

Board of Director recommends the resolution for adoption.

No director is directly or indirectly interested in the resolution.

Item No. 6

The Company has been examining its growth opportunities from time to time in line with the objective of becoming competitive in its business. As a part of its future growth strategy, the Company has a few diversification plans as well.

In order to be able to take up the proposed activities as the Board may decide, the Board of Directors consider that it would become necessary to raise finance at appropriate time(s) by issue of appropriate instruments, at such price or prices, however such amount shall not exceed Rs. 100 Crores, as stated in the resolution.

Consent of the Shareholders is sought to authorise the Board of Directors for issuing Securities as stated in the resolution, which would result in issuance of further shares of the Company.

As the Members are aware, as part of the liberalization in economic policies, the Government of India has permitted free pricing of Equity Issues. The Company, in consultation with its Merchant Bankers and Financial Institutions and other Advisors, will fix the detailed terms of the issue which will be in line with the requirements of guidelines issued by Securities and Exchange Board of India (SEBI).

The Resolution set out at Item No.6 is enabling resolution, conferring authority on the Board to cover all contingencies and corporate requirements.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholders in general meeting decide otherwise.

The Listing Agreement with the Stock Exchanges provide, inter alia, that the Company in the first instance should offer all the shares and debentures issue for subscription pro rata to the equity shareholders unless the shareholders decide otherwise in a general meeting.

Accordingly, consent of the Shareholder is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the various Stock Exchange in India where the Company's Securities are listed.

The proposed resolution is, therefore, recommended for your approval.

All the Directors of the Company may be deemed to be concerned or interested to the extent that they may be entitled to the Securities that will be offered to them on Rights basis or otherwise and applied for and allotted to them.

For and on behalf of the Board of Directors

Place : SURAT
Dated : 26-08-08

SITARAM SABOO
CHAIRMAN

MOHIT INDUSTRIES LIMITED**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Annual Report together with the Audited Statements of Account of the Company for the year ended 31st March, 2008 and the Auditors' report thereon.

Financial Results:

Particulars	31.03.2008	(Rs. in Lakhs) 31.03.2007
Sales & other income	12197.20	9395.26
Profits before depreciation, interest and Tax	802.50	592.96
Less : Depreciation	200.80	126.01
Interest	214.00	111.70
Profit before Tax	387.7	355.25
Less: Provision for tax	135.02	122.35
Profit after tax	252.70	232.89

Current Year Operation:

Your company has delivered whatever promised and achieved better figures than projected by the Company with growth of about 25% in the turn over, and about 8 % in the PAT. Even cash accruals has also achieved newer heights in the current year. Management has plans to diversify into AAC blocks, the basic raw materials for the construction, which is cheaper and lighter than the bricks and in great demand in the market. Considering this expansion plans no dividends has been recommended by the Board.

Dividend:

The directors have not recommended any final dividend.

Directors:

In accordance with the provisions of the Companies Act, 1956 and pursuant to the provisions of Articles of Association of the Company, Mr. Sitaram Saboo and Mr. Jayesh Gandhi are directors liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The board recommends his appointment.

Audit Committee:

The Audit Committee of the Board presently comprises of Mr. Ashok Sharda , Mr. Sitaram Saboo, and Mr. Sachin Jain. The Committee met three times during the year.

Director's Responsibility Statement:

Pursuant to the provisions of Section, 217(2AA) of the Companies Act, 1956 your Directors confirm:

- that applicable accounting standards have been followed in the preparation of final accounts and that there are no material departures;
- that the accounting policies have been selected and applied consistently and such judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the company for the year ended on that date.
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- that the annual accounts have been prepared on a going concern basis.

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Particulars under Section 217(2A) of the Companies Act, 1956:

There were no employees who were in receipt of remuneration exceeding the ceiling limit prescribed under the Companies (Particulars of Employees) Rules, 1975 calling for furnishing their particulars.

Conservation of Energy, Technology, Absorption and Foreign Exchange Earning and outgo:**A. Conservation of Energy, Technology and Absorption**

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption is given in the Annexure forming part of the this report.

B. Foreign Exchange earnings and outgo:

During the year under review, there was no foreign exchange earning or outgo

Auditors' Report

Observations made in the Auditors' Report read with relevant notes in Notes to Accounts, call for comments under Section 217(3) of the Companies Act, 1956 regarding not doing provisions for Gratuity as per accounting standard – 15. Board is of the opinion that Company does not have very high employee strength and very few employees become eligible for Gratuity and management experience till date to deal with the Gratuity issue as and when arises has worked positively, ad decided to continue this practice.

Auditors:

M/s. Ramesh Kumar Malpani & Co. Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting. They being eligible for reappointment, the Board recommends their reappointment.

Corporate Governance:

A report on the Corporate Governance Code along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to this Report. Clause 49 has been revised recently and the same would be implemented as per Schedule in the current year.

Fixed Deposits:

The Company has not accepted any Fixed deposits under section 58-A of the Companies Act, 1956.

Acknowledgement:

The Directors would like to thank all the clients of the Company for the unstinted support received from them during the year.

The Directors would also like to place on record their appreciation for the dedicated efforts and services put in by the employees of the Company.

For and on behalf of the Board of Directors

Place : SURAT
Dated : 26-08-08

SITARAM SABOO
CHAIRMAN

MOHIT INDUSTRIES LIMITED**Annexure****2007-08****2006-07****(A) Power and Fuel Consumption:**

1. Electricity

(a) Purchased

Units **106.20 lacs** 77.41 lacsTotal Amount **397.11lacs** 298.13 lacsRate/Unit (Rs.) **3.74** 3.85

(b) Own Generation

i) Through Diesel Generator

Units **0.61 Lacs** 0.56 LacsUnits per Ltr. of Diesel Oil **3.5** 3.5Rate/Unit (Rs.) **10.09** 10.32ii) Through Steam/Turbine Generator **NIL** NIL2. Gas **NIL** NIL3. Oil (LDO)/Diesel **NIL** NIL4. Furnace Oil **NIL** NIL5. Other internal generation **NIL** NIL**(B) Consumption per unit of Production:**

Product Grey Cloth (mtrs)

Electricity **0.40** 0.40

Product Yarn (kg.)

Electricity **0.60** 0.63**TECHNOLOGY AGSORPTION, ADAPTATION AND INNOVATION:**

The project of your company has no foreign collaboration, hence no particulars are offered for the same as the Rule 2 of the said Rules does not apply.

FOREIGN EXCHANGE EARNING/ OUTGO

	2007-08	(Rs. In Lacs) 2006-07
Foreign Exchange Earned	NIL	NIL
Foreign Exchange Used:		
Purchase of capital Goods	NIL	229
Trading Goods	NIL	182
Foreign Travel	NIL	NIL

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CORPORATE GOVERNANCE REPORT**(A) Company's Philosophy on Code of Corporate Governance**

Mohit Industries Limited has consistently adopted code of good Corporate Governance. The Company always secures rights of its shareholders and shares not only profit but information too on the performance of the Company and act as a trustee of its shareholders. The Company always discloses detailed information on various issues concerning the Company's business and financial performance to its shareholders. The company has achieved philosophy of Corporate Governance by business excellence by transparency, increasing long-term shareholder value and interest of all its stakeholders.

(B) Board of Directors**(i) Board Composition**

The Board of Directors of the Company comprises an optimum combination of Executive and Non Executive Directors headed by a Executive Chairman. The Independent Directors do not have any pecuniary relationships or transactions either with the promoters/ management that may affect their judgement in any manner. The Directors are experienced in business and corporate management. The Board meets at least once in a quarter to review, amongst other business, the quarterly performance and financial results of the Company. Directors attending the meeting actively participate in the deliberations at these meetings.

The constitution of the Board is as given below:

Sr. No.	Name of Director	Category	No. of other Directorships #	Committee Memberships # #	
				Member	Chairman
1	Mr. Sitaram N. Saboo	Chairman Executive	0	3	0
2	Mr. Narayan S. Saboo	Executive Director	3	0	0
3	Mr. Naresh S. Saboo	Non-Executive	1	0	0
4	Mr. Jayesh R. Gandhi	Non-Executive Independent	0	0	0
5	Mr. Ashok Sharda	Non-Executive Independent	0	3	1
6	Mr. Sachin Kumar Jain	Non-Executive Independent	0	3	2

Excludes Directorships of Private Limited Companies, Foreign Companies and Alternate Directorships.

Committee of Directors include Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee of Directors only and excludes Memberships in Private Limited Companies, Foreign Companies and Companies of Section 25 of the Companies Act, 1956.

Note : The expression Independent Director means director who apart from receiving director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgement of the Board, may affect independence of judgement of the director.

(ii) Board Meetings and Attendance of Directors

During the financial year ended 31st March, 2008, Board of Directors met 16 times on (1) 30/04/2007, (2) 25/06/2007, (3) 26/06/2007, (4) 27/06/2007, (5) 05/07/2007, (6) 30/07/2007, (7) 14/08/2007, (8) 08/09/2007, (9) 28/09/2007, (10) 31/10/2007, (11) 02/11/2007, (12) 04/12/2007, (13) 15/12/2007, (14) 31/01/2008 (15) 04/02/08 and (16) 15.03.2008.

The maximum time gap between any two meetings was not more than four calendar months.