



22nd Annual Report
2011-12



MOHIT[®]
INDUSTRIES LTD.

ANNUAL REPORT 2011-2012

- BOARD OF DIRECTORS :** **Shri Sitaram N. Saboo** *Chairman*
Shri Narayan S. Saboo *Managing Director*
Shri Naresh S. Saboo *Jt. Managing Director*
Shri Manish N. Saboo
Shri Jayesh R. Gandhi
Miss Ayushi Jain
Shri Sachin Kumar Jain
Shri Bharat Merchant
Shri Dharmesh Patel
- AUDITORS :** **RKM & Co.** *Chartered Accountant*
 401, Trivedh Chambers, Ring Road, Surat.
- BANKERS :** State Bank of Travancore
- REGISTERED OFFICE :** A/601-B, International trade center, Majura gate,
 Ring Road, Surat - 395002, Gujarat, India
- BRANCH OFFICE :** 341, Ground Floor, Leela Niwas, Chanda Vekar Road,
 Near Nappoo Hall, Matunga (CR), Mumbai - 400019,
 Maharastra. India
- PLANT :**
1. Village : Kudsad, Olpad, Surat (Gujarat)
 2. Village : Masat (Silvasa)
 Union Territortory of Dadra & Nagar Haveli
 3. AAC Blocks Division
 Village : Gowade, Tal. Palghar
 Dist. Thane (Maharashtra)
 4. Sr. No. 279/7, Paiklee 1,2 Manda Khatal Wad Road,
 Umargaon, Dist. Valsad (Gujarat)

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NOTICE

NOTICE is hereby given that **TWENTY SECOND ANNUAL GENERAL MEETING** of the members of **MOHIT INDUSTRIES LIMITED** will be held on Friday, 28th day of September, 2012 at 11:00 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, 2012 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 consider declaration of dividend for the financial year ended on 31st March, 2012.
3. To appoint Mr. Narayan Saboo as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Mr. Naresh Saboo as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Mr. Bharat Merchant as a Director, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

7. 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, Ms. Simmi Nandwani be and is hereby appointed as a director liable to retire by rotation."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **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. 200 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 or redemption, the number of equity shares allotted on conversion of debt instruments exercise of rights attached with warrants, the ratio 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."

9. 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 97 and other applicable provisions of the Companies Act, 1956 read with Articles of Association of the company, Authorized capital of the company be and is hereby increased from Rs. 16,00,00,000/- (Rupees Sixteen Crore Only) to Rs. 20,00,00,000/- (Rupees Twenty Crore Only) and clause V of the Memorandum of Association be amended accordingly and new clause V be read as below.

- V. The Authorised Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000/- (Rupees Two Crore only) Equity Shares of Rs.10/- (Rupees Ten Only) each with the rights, privileges and conditions attaching thereto as provided by the Regulations of the Company for the time being, with power to increase and reduce capital for the time being, into several classes and to attach thereto respectively such preferential deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the company, and to vary modify or abrogate any such rights privileges or condition in such manner as may for the time being provided by the regulations of the company.

For and On behalf of the Board of Directors

Place : Surat
Date : 24.08.2012

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 Statements pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business under item 7 To 9 are appended hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 24th September, 2012 to Friday, 28th September, 2012 (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.

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

Item No. 7

Ms. Simmi Nandwani is BBA Marketing. She is experienced and qualified enough to understand the ever changing economic environment and take the company to better position in the up coming Indian economy. Her place on board will bring new ideas and knowledge to help the company to study the world economy in a better way and achieve newer heights.

Bio-Data of Ms. Simmi Nandwani is attached herewith.

Board of Director recommends the resolution for adoption.

None of the directors is interested in the resolution.

This may also be considered as compliance of provisions of section 302 of the Companies Act, 1956.

Item No. 8

The Company's new state of the art plant for AAC block is ready and further growth cum expansion and diversification plans are also on the cards.

In order to be able to take up the proposed activities as the Board may decide, the Board of Directors consider that it may become necessary to raise funds at appropriate time(s) by issue of appropriate instruments in different mode, at such price or prices, however such amount shall not exceed Rs. 200 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.8 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.

Item No. 9

Company has expansions cum diversifications plans on cards and existing authorized capital of the Company is fully exhausted hence if any capital introduction will require Buy Back or further issue of shares, Board has decided to increase Authorised Capital of the Company.

Such Resolution needs consent of Shareholders hence this resolution is placed in the notice for your approval.

Board of Director recommends the resolution for adoption.

None of the directors is interested in the resolution.

For and On behalf of the Board of Directors

Place : Surat
Date : 24.08.2012

SITARAM SABOO
CHAIRMAN

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, 2012 and the Auditors' report thereon.

Financial Results:

(Rs. In Lakhs)

Particulars	<u>31.03.2012</u>	<u>31.03.2011</u>
Sales & other income	17,631.42	14,773.33
Profits before depreciation, interest and Tax	2,432.24	1,183.90
Less: Depreciation	306.42	374.12
Interest	198.72	377.35
Profit before Tax	1,927.10	432.43
Less: Provision for tax	556.62	155.75
Profit after tax	1,370.48	276.68

OPERATIONS

Company's progress speaks for itself, Turnover PBT & PAT has shown vertical growth. It also includes shares of slump sale of AACB Block unit. However, Management is confident that even in current year with new AACB Block unit product to start in current year.

Dividend :

Board of Directors are pleased share the growth of the company with shareholders by way of recommending dividend @ Rs.1.50 per share on equity shares of Rs. 10/- each.

Fixed Deposits :

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

Directors :

In accordance with the provisions of the Companies Act, 1956 and pursuant to the provisions of Articles of Association of the Company, Mr. Narayan Saboo, Mr. Naresh Saboo, and Mr. Bharat Merchant 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 Ms. Ayushi Jain, 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.

- (c) 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
- (d) that the annual accounts have been prepared on a going concern basis.

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 made provision for Long Term Employee Benefits". Board is of the opinion that Company doesn't have high nos. of men power plus employee turnover is also very nominal compared to the size of the company hence company has practice to not to provide for long term employee benefits.

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 recommend 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.

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
Date : 24.08.2012

SITARAM SABOO
CHAIRMAN

Annexure

(Rs. in Lacs)

(A) Power and Fuel Consumption:**2011-12****2010-11**

1. Electricity

(a) Purchased

Units

38.25 Lacs

81.10 Lacs

Total Amount

192.42 Lacs

352.51 Lacs

Rate/Unit (Rs.)

5.03

4.35

(b) Own Generation

i) Through Diesel Generator

Units

2.916 Lacs

0.112 Lacs

Units per Ltr. of Diesel Oil

3.5

3.5

Rate/Unit (Rs.)

11.09

11.84

ii) Through Steam/Turbine Generator

NIL

NIL

iii) Through Gas based Generator Set

Units

64.74 Lacs

20.39 Lacs

Units per MMBTU

108

108

Rate/Unit (Rs.)

6.17

4.25

2. Gas

NIL

NIL

3. Oil (LDO)/Diesel

NIL

NIL

4. Furnace Oil

NIL

NIL

5. Other internal generation

(B) Consumption per unit of Production :

Product Grey Cloth (mtrs)

Electricity

0.40

0.40

Product Yarn (kg.)

Electricity

0.60

0.60

TECHNOLOGY ABSORPTION, 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

(Rs. in Lacs)

2011-12**2010-11**

Foreign exchange earned

3908.26

1919.71

Foreign Exchange Used:

Purchase/Advance for capital Good

206.57

24.60

Trading Goods

NIL

NIL

Foreign Travel

NIL

NIL