

*Eleventh Annual Report
2002-2003*

MOHIT PAPER MILLS LIMITED





BOARD OF DIRECTORS :

CHAIRMAN & MANAGING DIRECTOR :

Mr. Surendra Kumar Jain

WHOLETIME DIRECTORS :

Mr. Sandeep Jain

Mr. Kuldeep Jain

OTHER DIRECTORS :

Mr. Navneet Jain

Mrs. Anju Jain

Mrs. Anjali Jain

INDEPENDENT DIRECTOR :

Mr. Satish Chand Gupta

Mr. Ashok Agarwal

Mr. Vishal Sharma

COMPANY SECRETARY :

Mr. Anant Vats

AUDITORS :

M/s Tatia Associates,
Chartered Accountants,
NEW DELHI

BANKERS :

Bank of Baroda

REGISTERED OFFICE :

15A/13, Upper Ground Floor
East Patel Nagar
NEW DELHI - 110 008

ADMINISTRATIVE OFFICE :

Gandhi Market
Bijnor - 246701

WORKS :

9th KM Stone,
Nagina Road, BIJNOR (U.P.)

**NOTICE**

Notice is hereby given that the 11th Annual General Meeting of the Members of MOHIT PAPER MILLS LIMITED will be held on Tuesday, the 30th day of September, 2003 at 11.00 A.M. at 6/22, Budpur, Near Khera Kalan, Behind Santosh Janak Dharam Kanta, G.T. Karnal Road, Delhi to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2003, Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Anju Jain who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Mr. Satish Chand Gupta who retires by rotation and being eligible offers-himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok Agarwal who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors for the financial year 2003-04 to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Tatia Associates, Chartered Accountant, the retiring Auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS:

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

"Resolved that approval of the company be and is hereby given pursuant to the provision of section 149 (2-A) of the Companies Act, 1956, to commence a new business, provided in clause No. 23 of the Other Object in the Memorandum of Association of the company but not started by the company before, namely, "to carry on business as breweries distillers and manufacturers of and merchant and dealers in vinegar, acetic acid, glucose, wines, spirits, beers, porter malt shops, malt shops, grains meal, yeast, aerated water, carbonic acid gas, mustard pickles, cocoa, coffee and sauces condiments of all kinds."

7. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"Resolved that approval of the company be and is hereby given pursuant to the provisions of section 149 (2-A) of the Companies Act, 1956, to commence a new business, provided in clause No. 44 of the other object in the Memorandum of Association of the company but not started by the company before, namely, "To carry on the business of purchase and sale of petroleum products, to act as dealers and distributors for petroleum companies."

8. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"Resolved that approval of the company be and is hereby given pursuant to the provisions of



section 149 (2-A) of the Companies Act, 1956, to commence a new business, provided in clause No. 76 of the Other Object in the Memorandum of Association of the company but not started by the company before, namely, "to carry on business as manufacturers of petrochemicals and its by-products and corresponding products."

9. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"Resolved that approval of the company be and is hereby given pursuant to the provisions of section 149 (2-A) of the Companies Act, 1956, to commence a new business, provided in the clause No. 79 of the Other Object in the Memorandum of Association of the company but not started by the company before, namely, "to undertake and transact all kinds of agency business, and to carry on and promote any business commercial or otherwise under sound principles to set or as distributor agents, contract man representation and indenting agents on commission on and or allowances as may be deemed fit."

10. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"Resolved that pursuant to Section 372 A and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders of the company be and is hereby according to authorise the Board of Directors of the company to invest an amount upto Rs. 2 corers for subscribing to 20,00,000 equity shares of Rs. 10/- each at par to be issued as fully paid equity shares in the capital of M/s Mohit Petrochemicals Private Limited, which is a company under the same management."

11. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution :

"Resolved that approval of the company be and is hereby given pursuant to the provision of section 149 (2-A) of the Companies Act, 1956, to commence a new business, provided in clause 29 of the objects incidental or ancillary to the attainment of the main objects of the Memorandum of Association of the company but not started by the company before, namely, "To invest in other than in Company's own shares, the surplus funds of the Company, from time-to-time, in Government securities or in other securities as may from time-to-time, be determined by the Directors, and from time-to-time to sell or vary all such investments and to execute all assignments, transfers, receipts, and documents that may be necessary in that behalf."

Notice is further given under section 154 of the Companies Act, 1956 that register of members and transfer book of the company will remain closed from 20.9.2003 to 30.9.2003 (Both days inclusive).

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : BIJNOR

DATED : AUGUST 20, 2003

ANANT VATS

COMPANY SECRETARY

**NOTES :**

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not Less than forty eight hours before the commencement of the meeting.
2. Shareholders are requested to bring their copy of Annual Report to the meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting..
5. Members are requested to notify to the company any change in their address quoting ledger folio number.
6. Explanatory statement pursuant to section 173(2) of the companies Act, 1956 is annexed hereto.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : BIJNOR

DATED : AUGUST 20, 2003

ANANT VATS

COMPANY SECRETARY



Information required to be furnished as per listing agreement :

As required under the listing agreement the particulars of Directors who are proposed to be appointed / re-appointed are given below :-

1. NAME : MRS. ANJU JAIN
 AGE : 38 Years
 QUALIFICATION : Graduate
 EXPERIENCE : 12 Years experience in Administration
 OTHER DIRECTORSHIP : BIJNOR STEEL & ALLOYS (P) LTD.

2. NAME : MR. SATISH CHAND GUPTA
 AGE : 66 Years
 QUALIFICATION : L.L.B
 EXPERIENCE : 34 Year experience in diversifying business activities
 OTHER DIRECTORSHIP : NIL

3. NAME : MR. ASHOK AGGARWAL
 AGE : 59 Years
 QUALIFICATION : B.E.
 EXPERIENCE : 32 Years experience in managing business affairs
 OTHER DIRECTORSHIP : He is also Director in Hindon Engineering (P) Ltd. Saharanpur



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

ITEM NO. 6:

Your company is engaged in the manufacture of paper from agro based by-products such as bagasse, which is obtained from sugar mills situated in closed proximity to the factory of the company. Therefore, the company is in regular contact with sugar mills for procurement of bagasse. The sugar mills are producing molasses which is also their by-product and can be used as the feed stock for distilleries. The company is proposing to enter the business activity of distilleries as there is surplus molasses available with the sugar mills, which can be advantageously utilized for value added production.

The object to carry on this activity is covered in clause 23 of the Other Objects in the Memorandum of Association and to commence this object a Special Resolution is required to be passed by the shareholders as per the provisions of section 149 (2-A).

None of the Directors of the company is interested or concerned in the resolution.

Note:

The above resolution is to be passed as Special Resolution through postal ballot in terms of the provision of section 192A of the Companies Act as amended by the Companies (Amendment) Act, 2000. The result of postal ballot shall be declared and taken into consideration at the Annual General Meeting.

ITEM NO. 7 :

The Government has recently announced the policy to admix absolute alcohol with petrol. As there is vast potential for distillery units to be setup in the close proximity to the factory of our company, the Board of Directors consider it to be an opportune time to enter the business of petroleum and petroleum products.

The object to carry on this activity is covered in clause 44 of the Other Objects in the Memorandum of Association and to commence this object a Special Resolution is required to be passed by the Shareholders as per the provisions of section 149 (2-A).

None of the Directors of the company is interested or concerned in the resolution.

Note:

The above resolution is to be passed as Special Resolution through postal ballot in terms of the provision of section 192A of the Companies Act as amended by the Companies (Amendment) Act, 2000. The result of postal ballot shall be declared and taken into consideration at the Annual General Meeting.

ITEM NO. 8 :

Due to Government policy to promote absolute alcohol and to mix it with petrol, there is drastic demand for absolute alcohol which will further spur the viability of distillery units. The Board of Directors consider it to be an opportune time to enter the business of petrochemicals and its by-products.

The object to carry on this activity is covered in clause 76 of the Other Objects in the Memorandum of Association and to commence this object a Special Resolution is required to be passed by the



shareholders as per the provisions of section 149 (2-A).

None of the Directors of the company is interested or concerned in the resolution.

Note:

The above resolution is to be passed as Special Resolution through postal ballot in terms of the provision of section 192A of the Companies Act as amended by the Companies (Amendment) Act, 2000. The result of postal ballot shall be declared and taken into consideration at the Annual General Meeting.

ITEM NO. 9 :

In the course of carrying on the existing activity of manufacturing paper, the management has come across various occasions to undertake the business of sale and purchase on commission basis.

The object to carry on this activity is covered in clause 79 of the Other Objects in the Memorandum of Association and to commence this object a Special Resolution is required to be passed by the shareholders as per the provisions of section 149 (2-A).

None of the Directors of the company is interested or concerned in the resolution.

Note:

The above resolution is to be passed as Special Resolution through postal ballot in terms of the provision of section 192A of the Companies Act as amended by the Companies (Amendment) Act, 2000. The result of postal ballot shall be declared and taken into consideration at the Annual General Meeting.

ITEM NO. 10 :

The Board of Directors of your company have been exploring opportunities for expansion and diversification from time-to-time. The company has successfully implement various measures for capacity enhancement, quality upgradation, cost reduction, elimination of production bottlenecks and improving market share, and it is a result of these cumulative efforts that the company has now come to a stage of recognition in the agro based paper industry. Considering that there is vast potential for investment in agro based industry, the company has been looking for further core areas of investment in agro based industry. With the recent implementation of the Government Policy to admix absolute alcohol with petrol, the Board of Directors of the company feel that new vistas for investment have opened up for distilleries based on distillation of molasses which is an agro by-product, and is available in abundance in and around Bijnor. The company is therefore proposing to take steps to setup distilleries and to deal in petrochemical and petroleum products. However considering that huge capital investment is required to set up distillery project, the Board of Directors of your company as proposing to initially invest an amount of Rs. 2 Crores in the equity shares of Rs. 10/- each for cash at par in Mohit Petrochemicals Private Limited which is a new company under the same management, and is in the process of setting up a petrochemical distillery at Bijnor for manufacture of absolute alcohol by distillation of molasses.

The proposed amount of investment is within the limits prescribed U/s 372 A of the Companies Act, 1956 and the investment is proposed to be made out of the accumulated profits of the company existing in the form of liquid current assets. This resolution is being proposed with a view to ensure transparency in the company's working.

Mr. Surendra Kumar Jain, Mr. Sandeep Jain, Mr. Kuldeep Jain, Mrs. Anju Jain, Mrs. Anjali Jain and Mr. Navneet Jain, Directors of the company may be considered as interested in the resolution to the extent to their Directorship and Shareholding in that company.

**Note:**

The above resolution is to be passed as Special Resolution through postal ballot in terms of the provision of section 192A of the Companies Act as amended by the Companies (Amendment) Act, 2000. The result of postal ballot shall be declared and taken into consideration at the Annual General Meeting.

ITEM NO. 11 :

The Board of Directors of your company are proposing to make investment in the equity shares of Mohit Petrochemicals Private Limited, which is a new company under the same management, and is in the process of setting up a petrochemical distillery at Bijnor for manufacture of absolute alcohol by distillation of molasses.

The proposed amount of investment is within the limits prescribed U/s 372 A of the Companies Act, 1956 and the investment is proposed to be made out of the accumulated profits of the company existing in the form of liquid current assets.

The object to carry on this activity is covered in clause 29 of the Objects incidental or ancillary to the attainments of the main objects in the Memorandum of Association and to commence this object a Special Resolution is required to be passed by the shareholders as per the provisions of section 149 (2-A).

Mr. Surendra Kumar Jain, Mr. Sandeep Jain, Mr. Kuldeep Jain, Mrs. Anju Jain, Mrs. Anjali Jain and Mr. Navneet Jain, Directors of the company may be considered as interested in the resolution to the extent to their Directorship and Shareholding in that company.

Note:

The above resolution is to be passed as Special Resolution through postal ballot in terms of the provision of section 192A of the Companies Act as amended by the Companies (Amendment) Act, 2000. The result of postal ballot shall be declared and taken into consideration at the Annual General Meeting.

Your Directors commend the resolutions set out at item nos. 6 to 11 of the Notice for your approval.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : NEW DELHI

DATE : August 20, 2003

ANANT VATS
COMPANY SECRETARY



MOHIT PAPER MILLS LIMITED DIRECTORS' REPORT

The Members,

Your Directors have great pleasure in presenting the 11th Annual Report of your company along with the Audited Statement of Accounts for the year ended 31st March, 2003 and Auditors Report thereon.

1. FINANCIAL RESULTS

(Amount/Rs.)

	Current Year 31.3.2003	Previous Year 31.3.2002
Sales & other income	39,74,21,865	34,00,42,155
Operating profit before Interest & Depreciation	2,59,64,005	2,32,39,263
Interest & Finance Charges	16,80,144	14,77,732
Depreciation	1,36,77,017	1,37,55,140
Net of Adjustments:		
i. Depreciation on Revalued Assets	72,80,260	85,64,779
ii. Amount Transferred from Capital Reserve	72,80,260	85,64,779
Net Profit	1,06,06,844	80,06,391

2. DIVIDEND

For the year under review your company does not recommend any dividend.

3. FIXED DEPOSITS

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

4. CORPORATE OVERVIEW

During the year under review, the company achieved a record production of 13953.176 MT compared to 12058.555 MT in the previous year. Due to cost control measures adopted by the company and aggressive measures taken to economize on cost and overheads, the company was able to sustain impact of increase in the input costs in production of paper to some extent.

The sentiments in both domestic and international paper markets have started to turn positive from beginning of this year and prices have started moving up. However, prices are still lower than level achieved in preceding years. The gain in prices of finished goods may however largely be offset by increase in prices of fuel oils, raw materials and other inputs. Your company continues to focus on cost control measures, up-gradation of quality and increase in production. If the current buoyancy in the paper market sustains, the coming year should be better for industry.

The Board of Directors of your Company have been exploring opportunities for expansion and diversification from time-to-time. The company has successfully implement various measures for capacity enhancement, quality up-gradation, cost reduction, elimination of production bottlenecks and improving market shares of its existing paper mill and it is a result of these cumulative efforts that the company has now come to a stage of recognition in the agro based paper industry. The company has been looking for further core areas of investment, considering