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MOHIT PAPER MILLS LTD.

**FOURTEENTH ANNUAL REPORT
2005-2006**



MOHIT PAPER MILLS LIMITED

MOHIT PAPER MILLS LIMITED

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR:

Mr. Surendra Kumar Jain

WHOLE TIME DIRECTOR:

Mr. Sandeep Jain

OTHER DIRECTORS:

Mrs. Anju Jain

NON EXECUTIVE INDEPENDENT DIRECTORS:

Mr. Ashok Aggarwal

Mr. Rakesh Kansal

Mrs. Rashmi Kansal

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*

REGISTRAR & TRANSFER AGENT

*Intime Spectrum Registry Limited
A/31, 3rd Floor, Near PVR Cinema,
Naraina Industrial Area, Phase-I
New Delhi - 110028*

WORKS:

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



MOHIT PAPER MILLS LIMITED

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of MOHIT PAPER MILLS LIMITED will be held on Saturday, the 30th day of September, 2006 at 10.00 A.M., at Community Center, Municipal Corporation of Delhi, 1 C-49, New Rohtak Road, Opp. Lal Sons Jewellers, New Delhi to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date together with the Report of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Aggarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors for the financial year 2006-07 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Tatia Associates, Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Rakesh Kansal, who was co-opted as an Additional Director of the Company with effect from 31st January 2006 under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice from a member U/s 257 of the Companies Act, 1956 proposing the candidature of Mr. Rakesh Kansal for the office of director be and is hereby appointed as a director of the company.”

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

“RESOLVED THAT Mrs. Rashmi Kansal, who was co-opted as an Additional Director of the Company with effect from 31st January 2006 under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice from a member U/s 257 of the Companies Act, 1956 proposing the candidature of Mrs. Rashmi Kansal for the office of director be and is hereby appointed as a director of the company.”

BY ORDER OF THE BOARD OF DIRECTORS

ANANT VATS
COMPANY SECRETARY

PLACE : NEW DELHI
DATE : August 02, 2006

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and such proxy need not be a member of company. The instrument appointing proxy should be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. The information as required to be provided under the Listing Agreement entered into with Stock Exchanges regarding the directors who are proposed to be appointed/reappointed and the related explanatory statement pursuant section 173(2) in respect of the business under item no. 4 & 5 set out above are annexed hereto.
3. The register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, September 28, 2006 to Saturday, September 30, 2006 (both days inclusive).
4. Members are requested to notify to the Company any change in their address quoting ledger folio number.
5. Members who hold shares in dematerialized 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.
6. Members/Proxies are requested to bring copy of the Annual Report with them, as copies of the Report will not be distributed at the meeting.
7. Members/Proxies should fill the Attendance Slip for attending the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : NEW DELHI
DATE : August 02, 2006

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** : **Mr. Rakesh Kansal**
 AGE : **47 Years**
 QUALIFICATION : **Law Graduate**
 EXPERIENCE : **20 Years experience in diversified**
 business activities
 OTHER DIRECTORSHIP : **NIL**

He is member of the **Audit Committee and Shareholders Grievance Committee and Chairman of Remuneration Committee.**

2. **NAME** : **Mrs. Rashmi Kansal**
 AGE : **40 Years**
 QUALIFICATION : **Bachelor of Arts**
 EXPERIENCE : **9 Years experience in Administration.**
 OTHER DIRECTORSHIP : **NIL**

She is member of the **Audit Committee and Remuneration Committee and chair person of Shareholders Grievance Committee.**

3. **NAME** : **Mr. Ashok Aggarwal**
 AGE : **62 Years**
 QUALIFICATION : **Bachelor of Engineering**
 EXPERIENCE : **35 Years experience in managing business affairs.**
 OTHER DIRECTORSHIP : **Hindon Engineering Private Limited**

He is member of the **Remuneration Committee and Shareholders Grievance Committee and chairman of Audit Committee.**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2)****OF THE COMPANIES ACT, 1956.****ITEM NO.4 :**

Mr. Rakesh Kansal was appointed as Additional Director on 31st January, 2006 with a view to Broad base the Board by inducting independent director. He is a Law Graduate having more than 20 years of experience in diversified business activities. He will hold office of Director up to date of ensuing Annual General Meeting. The Company has received a notice from a member proposing the candidature of Mr. Rakesh Kansal for the office of the Director under the provisions of Section 257 of the Companies Act.

ITEM NO.5 :

Mrs. Rashmi Kansal was appointed as Additional Director on 31st January, 2006 with a view to Broad base the Board by inducting independent director. She is a Bachelor of Arts having more than 9 years of experience in Managing Administration. She will hold office of Director up to date of ensuing Annual General Meeting. The Company has received a notice from a member proposing the candidature of Mrs. Rashmi Kansal for the office of the Director under the provisions of Section 257 of the Companies Act.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE : NEW DELHI
DATE : August 02, 2006

ANANT VATS
COMPANY SECRETARY



DIRECTORS' REPORT

To the Members,

The Board of Directors have pleasure in presenting the 14th Annual Report together with the Audited Accounts of the company for the year ended 31st march, 2006.

The working of the company during the year under review has been highlighted below :

1. FINANCIAL RESULTS

	Current Year 31.3.2006	(Amount/Rs.) Previous Year 31.3.2005
Sales & other income	39,39,12,190	35,01,54,515
Operating profit before Interest & Depreciation	2,57,21,124	2,77,02,806
Interest & Finance Charges	56,71,476	53,36,663
Depreciation	1,48,70,659	1,58,50,354
Net of Adjustments:		
i. Depreciation on Revalued Assets	44,77,751	52,63,970
ii. Amount Transferred from Capital Reserve	44,77,751	52,63,970
Net Profit	51,78,989	65,15,789

The Company has not transferred any amount to the reserves during the current year except the surplus in the Profit & Loss A/C for the year-ended 31.03.2006, which has been carried over in the Balance Sheet.

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the report.

2. DIVIDEND

The Directors do not recommend any dividend for the year under review.

3. PUBLIC DEPOSIT UNDER SECTION 58 A:

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



4. CORPORATE OVERVIEW

During the year under review the Company has been able to enhance its production from 13370.831 MT in the previous year to 14685.884 MT which has been possible due to manufacturing diversified varieties of writing and printing paper. Despite increase in production there was decline in the level of operating profit as compared to the preceding year which was on account of increasing cost of raw materials and manufacturing expenses, the effect of which could not be completely offset with higher realization price of the finished product due to competitive conditions prevailing in the market.

The production of news print which had commenced in the preceding year has given encouraging results.

5. DIRECTORS

During the year Mr. Satish Chand Gupta, director of the Company had resigned from directorship and his office of directorship had fallen vacant. The vacancy caused on his resignation was filled up by appointing Mr. Sanjeev Gupta as director on the Board on 31.10.2005.

Subsequently, Mrs. Alka Gupta was appointed as Additional Director on 31.10.2005. Both Mr. Sanjeev Gupta and Mrs. Alka Gupta remained in office till 31.01.2006, and they were replaced with the appointment of Mr. Rakesh Kansal and Mrs. Rashmi Kansal who were co-opted as additional directors of the Company on 31.01.2006. They hold office up to the date of the Annual General Meeting and being eligible offer themselves for re-appointment. Mr. Vishal Sharma, director of the company resigned on 31.01.2006 and Sh. Navneet Jain resigned on 31.01.2006.

6. INSURANCE

The Assets of the company including Buildings, Plant & Machinery, Stocks & Stores have been adequately secured.

7. AUDITORS

M/S TATIA ASSOCIATES, CHARTERED ACCOUNTANTS, Auditors of the Company, retire from their office. They are, eligible for re-appointment and have furnished certificate to the effect that their appointment, if made, will be in accordance with the limits specified in sub-Section (IB) of Section 224 of the Companies Act, 1956. Your directors recommend their reappointment for the Accounting year 2006-07.

8. AUDITORS REPORT

The Auditor's Report on the Accounts is self-explanatory and no comments are required.



9. DISCLOSURE OF PARTICULARS UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956.

Under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, the detailed information is enclosed as per Annexure(A).

10. DIRECTOR'S RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) of the Companies Act, 1956.

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the Annual Accounts for the financial year ended 31st March, 2006, the applicable Accounting Standards had been followed and there has been no material departures;
2. That the selected accounting policies were applied consistently and the directors 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 as at the end of financial year and of the profit of the company for the year under review;
3. That proper and sufficient care has been taken 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;
4. That the annual accounts have been prepared on a 'going concern' basis.

11. CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed in Annexure - (B) as a part of this Annual Report of the company. A certificate from Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the listing agreement is annexed to the Report on Corporate Governance.

12. PARTICULARS OF EMPLOYEES

None of the employee of the Company was in receipt of total remuneration of Rs. 24,00,000/- during the financial year under review or Rs. 2,00,000/- per month. Hence, the information Under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be furnished.

13. SAFETY AND ENVIRONMENT

The company continued to maintain a good safety record. The plants of the company are environment friendly and maintain all safety measures.



14. INDUSTRIAL RELATIONS

Industrial relations remained cordial during the year. The company received full cooperation and support from all its employees without which it would not have been possible to achieve record performance.

15. DISCLOSURE PURSUANT TO CLAUSE 43A OF THE LISTING AGREEMENT

The equity shares of the company, are listed at the following stock exchanges:

1. The Delhi Stock Exchange Association Ltd.
DSE House, 3/1 Asaf Ali Road
NEW DELHI - 110 002
2. The Uttar Pradesh Stock Exchange Association Ltd.
Padam Towers, 14/113, Civil Lines,
KANPUR - 208 001
3. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street
MUMBAI - 400 001
4. Jaipur Stock Exchange Ltd.
Rajasthan Chamber Bhawan,
M.I Road,
JAIPUR - 302 001

It is further declared that the Company has paid the annual listing fees to each of the above mentioned exchanges up to the current Financial Year 2005-2006.

The trading of the shares is suspended from Mumbai Stock Exchange and the restoration of the same is in process.

16. ACKNOWLEDGEMENT

Your Directors would like to express their thanks to the financial institutions and Banks for their Co-Operation and assistance from time to time. The Directors would also like to record appreciation to the members of staff and workers, who inspite of constraints have been working hard for the Company and are maintaining cordial relations.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

S. K. JAIN
CHAIRMAN

PLACE : NEW DELHI
DATE : August 02, 2006