

SEVENTEENTH ANNUAL REPORT

MOHIT PAPER MILLS LIMITED



2008 - 2009



MOHIT PAPER MILLS LIMITED

MOHIT PAPER MILLS LIMITED

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Mr. Sandeep Jain

WHOLE TIME DIRECTOR

Mr. Sushil Kumar Patedar

NON EXECUTIVE DIRECTOR

Mrs. Anju Jain

INDEPENDENT DIRECTORS

Mr. Rakesh Kansal

Mrs. Rashmi Kansal

Mr. Devender Shankar Vishnoi

COMPANY SECRETARY

Mr. Anant Vats

AUDITORS

M/s Ajay Shreya & Company

Chartered Accountants

New Delhi

BANKERS

Bank Of Baroda

REGISTERED OFFICE

15A/13, Upper Ground Floor,

East Patel Nagar,

New Delhi-110008.

WORKS:

9 Km. Stone,

Nagina Road, Bijnor -246701 (U.P.)

REGISTRAR & TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED

A-40, 2nd Floor, Near Batra Banquet Hall,

Naraina Industrial Area, Phase-II

New Delhi-110028



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 17th Annual General Meeting of MOHIT PAPER MILLS LIMITED will be held on Saturday, the 19th Day of September, 2009 at 10.00 A.M. at Junction 36, 16/36, Junction of Joshi Road & Rohtak Road, Karol Bagh, New Delhi-110005 to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt the audited accounts for the Financial Year ended March 31, 2009 along with the Report of Auditors thereon as well as the Director's Report and for that purpose to consider and if thought fit, to pass with or without modifications, if any the following as an ORDINARY RESOLUTION:

"RESOLVED THAT the Company's Audited Balance Sheet as at March 31st, 2009, the Audited Profit and Loss Account and the Audited Cash Flow Statement for the financial year ended on that date together with Director's and Auditor's Report thereon be and are hereby approved and adopted."

2. To consider and if thought fit to, pass, with or without modifications, if any, the following as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Rakesh Kansal, who retires from the office of Director by rotation in pursuance of Section 256 of the Companies Act, 1956, in this Annual General Meeting be and is hereby re-elected as a Director of the Company, whose office shall be liable to retirement by rotation."

3. To consider and if thought fit to, pass, with or without modifications, if any, the following as an ORDINARY RESOLUTION:

"RESOLVED THAT Mrs. Rashmi Kansal, who retires from the office of Director by rotation in pursuance of Section 256 of the Companies Act, 1956, in this Annual General Meeting be and is hereby re-elected as a Director of the Company, whose office shall be liable to retirement by rotation."

4. To consider and, if thought fit, to pass, with or without, modifications, if any, the following as an ORDINARY RESOLUTION:

"RESOLVED THAT M/s Ajay Shreya & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on remuneration to be decided by the Board of Directors."

B. SPECIAL BUSINESS:

1. In accordance with Sections 94, 16, 31 and other applicable provision if any of the Companies Act, 1956 the Shareholders may consider and if thought fit to pass with or without modification the following resolution as Special Resolution for increase in Authorized Capital and change in Memorandum and Articles of Association of the Company:



a. "RESOLVED THAT the Authorised Capital of the Company be increased from Rs.10 crores divided into 1,00,00,000 Equity Shares of Rs. 10 each to Rs. 12 crore divided into 1,20,00,000 Equity Shares of Rs.10 each by the creation of 20,00,000 Equity Shares of Rs. 10 each ranking pari passu in all respects with and carry the same rights as the existing equity shares."

b. "RESOLVED THAT Clause V of the Memorandum of Association of the Company be amended by deleting the first sentence and substituting the following therefore:

The Authorised Share Capital of the Company shall be Rs. 12,00,00,000 (Rupees Twelve Crores only) divided into 1,20,00,000 Equity Shares of Rs.10 each."

c. "RESOLVED THAT the Articles of Association of the Company be amended by deleting the first sentence of the existing Article 3 and substituting the following therefore:

The authorised share capital of the Company shall be such as given in the clause V of Memorandum of Association or altered from time to time, thereat payable in the manner as may be determined by the Directors, with power to increase, reduce, sub divide or to repay the same or to divide the same into several classes and to attach thereto any rights and to consolidate or sub divide or re-organise the shares and subject to provisions of Companies Act 1956, to vary such rights as may be determined in accordance with the regulations of the company."

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

"Resolved that pursuant to the provisions of section 81(1A) of the Companies Act, 1956, the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, the Foreign Exchange Management Act, 1999, guidelines issued by the Reserve Bank of India or other competent authorities in this behalf, and the enabling provisions of the Memorandum and Articles of Association of the Company, and subject to necessary approvals, permissions, consents and sanctions of concerned authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee thereof with a power of sub-delegation by the Committee to any of the Director/ Officer of the Company), the consent of the Members of the Company be and is hereby given and the Board of Directors of the Company be and is hereby authorised to offer, issue and allot up to 20,00,000 (Twenty lacs) Convertible Warrants with an entitlement to convert into/exchange with the equal number of Equity Shares of the Company, at the option of the warrant holder(s) in one or more tranches, within a period of Eighteen months from the date of the allotment, to the following Persons who belongs to the Promoter Group on preferential allotment basis, such price and terms and conditions as may be decided by the Board as per the SEBI (DIP) guidelines and given in the Explanatory Statement annexed to this notice, subject to the following:-



Name of the Persons	Category	Number of Convertible Warrants
Shri Sandeep Jain, Chairman & Managing Director	Promoter Group	5,00,000
Smt. Anju Jain, Director	Promoter Group	5,00,000
Shri Mohit Jain	Promoter Group	10,00,000
Total		20,00,000

- The amount to be paid on the warrants at the time of allotment shall be 25% of the exercise price.
- The relevant date, in terms of Chapter XIII of the SEBI Guidelines, for determination of minimum price for issuance of the Warrants on a preferential basis and conversion thereof into equity shares of Rs.10/- each, is August 20, 2009.
- The 20,00,000 Convertible warrants allotted to Promoter group and the equity shares arising from the conversion thereof shall be locked in for a period of three years from the date of allotment and again on the conversion thereof or as per the provisions of SEBI (DIP) guidelines for issue of shares on Preferential basis.
- The warrants and the Equity shares shall not be sold, transferred, hypothecated or encumbered in any manner during the period of lock in provided under SEBI Guidelines except to the extent and in the manner permitted thereunder.
- The rights attached to them and other terms and conditions of the warrants will be as may be decided in accordance with the SEBI Guidelines and other provisions of the applicable laws by the Board of Directors.
- Entitlement to the extent not exercised shall be lapsed and up-front amount paid on such warrants shall be forfeited.

Resolved further that the Board of Directors of the Company be and is hereby authorised to reduce, the number of convertible warrants to be issued, to finalise and modify the terms and conditions, and all other matters relating to the issue and allotment of the aforesaid preferential issue of convertible warrants and resultant equity shares, to agree to such conditions or modifications that may be imposed, required or suggested by the Securities & Exchange Board of India (the SEBI), Stock Exchange(s) or other authorities, or that may otherwise be deemed fit or proper by the Board without being required to seek any further consent or approval of the Company in General Meeting and to settle all questions or difficulties that may arise with regard to the aforesaid in such manner as it may determine in its absolute discretion and to take such steps and to do all such acts, deeds, matters and things as may be required, necessary, proper or expedient, to give effect to this Resolution.

Resolved further that the Board of Directors of the Company be and is hereby authorised to delegate all or any of the previously mentioned powers/authorities to any committee of Directors and/or officers or to any one or more directors and officers of the Company as it may deem fit and proper."

BY ORDER OF THE BOARD OF DIRECTORS

ANANT VATS
(COMPANY SECRETARY)

PLACE: NEW DELHI
DATED: 21.08.2009



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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/re-appointed and the related explanatory statement pursuant to section 173(2) in respect of the business under item no.1-2 as set out above are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 17th Day of September to 19th Day of September, 2009 (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

ANANT VATS
(COMPANY SECRETARY)

PLACE: NEW DELHI
DATED :21.08.2009



ANNEXURE

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

ITEM NO. 1

With the planning of the expansion of the Company, it is desirable to increase the Authorized Capital in proper correlation with the size and resources of the company.

Under Section 94 of the Companies Act, 1956 and Article of Association of the Company, the proposed increase of the Authorised Capital of the Company, and the consequent amendment to the Memorandum and Articles of Association of the Company require the approval of the Members in General Meeting and hence the resolutions as set out in (a), (b) & (c) above are proposed.

The Directors of the Company may be deemed to be interested in the said resolution to the extent of the shares held by them.

ITEM NO. 2.

Your Company proposes to make a preferential issue of convertible warrants with an option/entitlement of conversion into/exchange with the equity shares of the Company in one or more tranches within a period of about 18 months from the date of issue / allotment of warrants.

The proposal is subject to the approval of the Members of the Company and other statutory approvals, if any. Since your Company is a listed company, the proposed issue is in terms of the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and other applicable provisions, if any. In terms of the provisions of the Companies Act, 1956, and the aforesaid SEBI Guidelines and Regulations, the relevant disclosures/details are given below:

Instrument and Numbers: The Company is proposing to issue up to 20,00,000 convertible warrants in the following manner.

A. Object of the Issue:

The proceeds of the Issue will be utilized for the expansion plan of the Company. The Company is in the process of expanding the capacity of the production of Paper from 45 tonnes per day to 140 tonnes per day.



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The project cost of the expansion will come to around 18 crores which will be met partly by the above issue and partly by Bank Finance and Internal Accruals. The Company is self sufficient in terms of the Power. It has installed the Turbine of the capacity of 5.5 MW which is sufficient to support the expansion.

The Company has previously installed the Chemical Recovery Plant which recovers Chemical in the form of Soda Ash which is saleable item. This recovery plant is also self sufficient for the prescribed expansion. Turbine and Chemical Recovery Plant is been financed by Bank and internal accruals.

B. Intention of the Promoters group to subscribe to the offer:

Shri Sandeep Jain Chairman and Managing Director and promoter of the company along with his family members intends to subscribe for 20,00,000 (Twenty lacs shares) Convertible Warrants to be exchanged with equal number of equity shares of Rs10/- each at a price as may be decided by the Board within a period of 18 months from the date of allotment. The company has received written consent from all the promoters named above towards their intention to subscribe.

C. Relevant Date & Issue Price

The relevant date for the purpose of determination of issue price of the resultant equity shares on conversion of warrants is August 20, 2009.

Minimum issue price of the resultant equity shares on conversion of warrants, calculated as per the pricing formula prescribed in the SEBI Guidelines (which is given below):

- a. The average of weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or
 - b. The average of weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;
- Whichever is higher.

Therefore the issue price for the proposed allotment will be which is in accordance with the SEBI Guidelines.

D. Shareholding Pattern of the Company before and after the issue

Pre-issue & Post-issue Shareholding Pattern of the Issuer Company: Presuming 100% conversion/exchange, post warrant conversion shareholding pattern of the Issuer Company, after the last conversion, will be as below



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Category	Pre-issue	Preferential issue	Post-issue After the conversion of 20,00,000 warrants		
	No. of Shares held	% of share holding	No. of warrants	No. of Shares held	% of share holding
A. Promoters' holding					
1. Promoters					
○ Indian Promoters	4004200	44.49	20,00,000	6004200	54.58
○ Foreign Promoters	0	0		0	0
2. Persons acting in concert	0	0		0	0
Sub-total	4004200	44.49		6004200	54.58
B. Non-Promoters' holding					
3. Institutional Investors					
a. Mutual Funds & UTI	81054	0.90		81054	0.73
b. Banks, Financial Institutions, Insurance Companies	0	0		0	0
c. FIIs	0	0		0	0
Sub-total	81054	0.90		81054	0.73
4. Others					
a. Private Corporate Bodies	1422139	15.81		1422139	12.94
b. Indian Public	2899056	32.21		2899056	26.36
c. NRIs/OCBs	536300	5.96		536300	4.88
d. Any Other					
Clearing Member	20400	0.22		20400	0.18
HUF	36851	0.41		36851	0.33
E. Custodian	0	0		0	0
Sub-total	4914746	54.60		4914746	44.69
Grand Total	9000000	100		11000000	100

* Based on the beneficiary positions in the shares of the Company as on 30 June 2009, as provided by the Depositories. Post Issue shareholding pattern may change due to the change in beneficiary position.

**E. PROPOSED TIME OF ALLOTMENT**

The allotment of warrants in the present preferential issue will be made within a period of 15 days from the date of passing of the aforesaid Special Resolution in the present AGM excluding the time taken in obtaining the necessary approvals, if any, or within such further period as may be prescribed or allowed by the SEBI, stock exchange(s) or other concerned authorities.

F. The Identity of the Proposed allottees and the percentage of the preferential issue that may be held by them

Sr. No.	Name of the Proposed Allottees	Category	Pre-Issue Shareholding		Number of Warrants	Post Issue shareholding After conversion of warrants	
			No. of shares	%		No. of shares	%
1.	Shri Sandeep Jain, Chairman & Managing Director	Promoter	956,450	10.63%	500,000	1,456,450	13.24%
2.	Smt. Anju Jain, Director (Wife of CMD)	Promoter	853,200	9.48%	5,00,000	1,353,200	12.30%
3.	Shri Mohit Jain (Son of CMD)	Promoter	361,300	4.01%	10,00,000	1,361,300	12.38%

G. CONSEQUENTIAL CHANGES IN THE VOTING RIGHTS

Voting rights will change in tandem with the shareholding pattern however there shall not be any change in the management control of the Company.

H. The Statutory Auditors of the Company has certified that the present preferential issue of warrants, on the above terms and conditions, is in accordance with the requirements contained in the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended up to date. The Auditors' Certificate shall be laid before the AGM.

I. Lock-in Period

The 20,00,000 (Twenty Lacs) Convertible Warrants and resultant shares allotted to persons mentioned as Promoters in Point F above shall be locked in for such period from the date of allotment of warrants and equity shares as per SEBI Guidelines.