



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
ICICI BANK

REGISTERED OFFICE
15A/13, Upper Ground Floor
East Patel Nagar,
New Delhi-110008.

WORKS:
9TH 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 18th Annual General Meeting of MOHIT PAPER MILLS LIMITED will be held on Thursday, the 30th Day of September, 2010 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, 2010 along with the report of auditors thereon as well as the directors' 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 31, 2010, the audited Profit and Loss Account and the audited Cash Flow Statement for the financial year ended on that date together with directors' 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.Devendra Shankar Vishnoi, 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.Anju Jain, 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."

C. SPECIAL BUSINESS:

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

"RESOLVED that pursuant to Section 149(2A) and other applicable provisions, if any of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of directors for commencing all or any of the Business as set out in Clauses 13, 15, 19, 46 of the "Other Object" Clause of the Memorandum of Association of the Company."

BY ORDER OF THE BOARD OF DIRECTORS

ANANT VATS
(COMPANY SECRETARY)

PLACE: NEW DELHI
DATED: 31.07.2010



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 the 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 as set out are attached herewith.
3. The Register of members and the Share Transfer Books of the Company shall remain closed from 28th Day of September to 30th Day of September, 2010 (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.

BRIEF PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING(As required under Clause 49IV(G) of the Listing Agreement entered into with the Stock Exchanges):

1.NAME	MRS. ANJU JAIN
AGE	44 YEARS
QUALIFICATION	POST GRADUATE
EXPERIENCE	17 YEARS EXPERIENCE IN ADMINISTRATION
OTHER DIRECTORSHIPS	NIL
DESIGNATION	PROMOTER, NON EXECUTIVE DIRECTOR

1.NAME	MR.DEVENDRA SHANKAR VISHNOI
AGE	40 YEARS
QUALIFICATION	CHARTERED ACCOUNTANT
EXPERIENCE	13 YEARS OF PROFESSIONAL EXPERIENCE
OTHER DIRECTORSHIPS	NIL
DESIGNATION	INDEPENDENT DIRECTOR

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

As we all are aware that it is a testing time of the Paper Industry, The cost of paper is going high due to increase in prices and the demand of paper is reducing due to large scale production and increased new capacities which has come in Paper Industry. So your management is of the view to diversify and to add in its activities the activity of Manufacturing/Casting of Iron and steel.

As your management has the experience in the field of Casting of Iron and Steel, it would be beneficial in the interest of the Company.

Your Company have co-generation power plant which is not fully utilized so the Management is of the view to distribute and supply the extra or unutilized power to the neighboring industries for consideration. It will utilize the unutilized capacity of the turbine and will be an extra source of Funds for your Company.

In terms of Section 149(2A) of the Companies Act, 1956 the commencement of the business stipulated in clauses covered under the head "Other Objects" require shareholders approval by way of Special resolution.

None of the directors of the Company in any way interested or concerned in the Resolution.

The Board of directors recommends the resolution for the approval of shareholders.

BY ORDER OF THE BOARD OF DIRECTORS

**ANANT VATS
(COMPANY SECRETARY)**

**PLACE: NEW DELHI
DATED: 31.07.2010**

DIRECTORS' REPORT

To the Members,

The Board of Directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts of the Company for the year ended, 31st March, 2010.

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

1. FINANCIAL RESULTS

(Amount/Rs.)

		Current Year 31.03.2010		Previous Year 31.03.2009
Gross Sales & Other Income		53,14,27,259		59,23,69,459
Operating Profit				
-before Interest & Depreciation		2,31,21,241		5,89,00,870
Interest & Finance Charges		1,43,02,856		1,40,02,834
Depreciation	3,04,92,148		3,09,49,414	
Less Depreciation for earlier years written back	2,01,29,995		-	
Net of Adjustments				
Depreciation on revalued assets	23,51,132	80,11,021	27,60,739	2,81,88,675
Less : Amount transferred from capital reserve	23,51,132		27,60,739	
NET PROFIT BEFORE TAX		8,07,364		1,67,09,361

The Company has not transferred any amount to the reserves during the current year except the surplus in the Profit & Loss account for the year ended on 31.3.2010, which has been carried over in the Balance Sheet. Gross sales and other income for the year was Rs. 53.14 crores as against Rs.59.23 in the previous year.

Profit before Depreciation, Interest and Taxes was Rs. 2.31 crores as against Rs.5.89 crores in the previous year.

2. DIVIDEND

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

3. PUBLIC DEPOSITS UNDER SECTION 58 A

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

4. SHARE CAPITAL

The Authorised Share Capital has been increased from Rs.10,00,00,000 to Rs.12,00,00,000. The Company has issued 20,00,000 Convertible Warrants of Rs.10 per warrant to the promoters on preferential basis out of which 6,66,667 Warrants have been converted into 9,66,667 Equity Shares of Rs.10 each during the financial year 2009-2010. So the paid up capital of the Company stands increased from Rs. 9,00,00,000 to Rs. 9,66,66,670.

5. CORPORATE OVERVIEW

During the year the production has been decreased from 18693 M.T. To 18299.636 M.T. Gross Sales has decreased from Rs. 59.23 Crores to Rs. 53.14 crores. Net Profit of the Company has decreased from Rs. 1.67 crores to Rs. 8.07 Lacs.

The performance of the Company was mainly affected by the decrease in demand of paper due to the global slowdown in the Paper Industry, hike in raw material prices and decrease in the price of paper.

6. DIRECTORS

Mr. Devendra Shankar Vishnoi and Mrs. Anju Jain retires by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

7. INSURANCE

the assets of the company including buildings, plant & machinery, stocks and stores have been adequately secured.

8. AUDITORS

M/s AJAY SHREYA & CO. 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 (1B) of Section 224 of the Companies Act, 1956. Your directors recommend their re-appointment for the Accounting Year 2010-2011.

9. AUDITORS REPORT

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

10. 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).

11. DIRECTORS 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:

- i. That in the preparation of the Annual Accounts for the financial year ended 31st March, 2010 the applicable accounting standards had been followed and there has been no material departures;
- ii. 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;
- iii. 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.
- iv. That the annual accounts have been prepared on 'going concern basis'.

**12. CORPORATE GOVERNANCE**

Your Company has complied with all the mandatory requirements of Corporate Governance. a detailed report on corporate governance and management discussion and analysis forming part of the Directors' Report is enclosed as Annexure (B).

13. 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 U/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not required to be furnished.

14. 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.

15. 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 consistent good performance.

16. 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-110002
2. The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street
Mumbai-400001

17. 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 despite of constraints have been working hard for the company and are maintaining cordial relations.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

SANDEEP JAIN
(CHAIRMAN)

PLACE : NEW DELHI
DATED : 31.07.2010



**ANNEXURE TO DIRECTOR'S REPORT
ANNEXURE (A)**

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTOR) RULES, 1988

A. CONSERVATION OF ENERGY

a. Energy conservation measures taken:

- i. The Company is self sufficient in terms of power. Co-generation power plant is running good.
- ii. Training sessions of shop floor workmen had been organized periodically.
- iii. The Company has revamped and realigned the existing facilities to optimize power consumption in various power consuming facilities.

b. Additional Investments and proposals, if any, being implemented for reduction of energy consumption.

- i. Better power factor management across the unit.
- ii. Identifying and eliminating non-productive energy consumption areas.

c. Impact of the measures at (a) and (b) for reduction of energy consumption on the cost of production of goods.

The above efforts shall help in restoring efficiency in conservation of energy. No separate costing had been done to measure energy saved, if any, by the company.

d. Total energy consumption and energy consumption per unit of production:

As per Form 'A' enclosed.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption

As per 'B' enclosed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Company operates in domestic market of India and has not undertaken exports during the year. Foreign Exchange earnings on account of exports was NIL. Total foreign exchange outgo during the year amounted to Rs. 10,92,67,778/- on account of Import on CIF basis of waste paper, stores and spares.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

SANDEEP JAIN
(CHAIRMAN)

PLACE : NEW DELHI
DATED : 31.07.2010

FORM-A

Disclosure of particulars with respect to conservation of energy:

A. Power & Fuel consumption
1. Electricity

	Current Year	Previous Year
	<u>31.03.2010</u>	<u>31.03.2009</u>
a. Purchased:		
Units	305500	2000880
Total Amount(Rs)	4130840	11055036
Rate/Unit	13.52	5.52
b. Own Generation:		
i. Through Diesel Generator:		
Units	3210	22400
Units per ltr. of Diesel oil	3.21	3.20
Cost/Unit	8.87	8.89
ii. Through Steam Turbine/Generator		
Units	14954022	13659300
Cost/Unit	NIL	NIL
Units per ltr. of fuel	NIL	NIL
2. Coal / Charcoal:		
Qty.(MT)	18585.324	16008.32
Total Cost (Rs.)	50931147	43570554
Average Rate	2740.39	2721.74
3. Tel Rahit Bhussi:		
Qty.(MT)	26509	23150.150
Total Cost (Rs.)	39111566	29119227
Average Rate	1475.40	1257.84
4. Baggass:		
Qty.(M.T.)	Nil	8026
Total Cost (Rs)	Nil	12430243
Average Rate	Nil	1548.75



B. Consumption/Tones of Production:

Product	Current year		Previous year	
	Paper	Soda Ash	Paper	Soda Ash
Production (MT)	14838.136	3461.500	15624.785	3070.750
Electricity (Units/MT)	943	367	932	365
Tel Rahit Bhussi (in Boiler) (On directly attributable basis To Production)	1.637	0.637	1.375	0.530
Coal(In Boiler) (On Directly attributable basis to production)	1.148	0.446	0.951	0.372
Bagasse	Nil	Nil	0.476	0.186

FORM B

DISCLOSURES OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT

1. Research & Development (R & D):

The Company is a manufacturing organization and is not engaged in any major Research & Development activity. However, continuous efforts are made to improve the quality and efficiency and to develop new product/product mix.

2. Technology, Absorption, Adoption and Innovation:

The latest technology has been adopted in various sections for improving production and production quality and suitable efforts has been taken by the engineers to reduce the consumption of chemicals and energy which has helped in price and quality maintenance.

3. Imported Technology (Imported during the last 5 years): NIL

FOR AND ON BEHALF OF BOARD OF DIRECTORS

SANDEEP JAIN
(CHAIRMAN)

PLACE : NEW DELHI
DATED : 31.07.2010



**ANNEXURE (B) TO DIRECTORS' REPORT
AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of Mohit Paper Mills Ltd.

We have examined the compliance of conditions of corporate governance by MOHIT PAPER MILLS LIMITED, New Delhi, for the year ended 31st March, 2010 as stipulated in clause 49 of the listing agreement of the said company with the stock exchange in India.

The compliance of conditions of corporate governance is the responsibility of the management. our examination has been limited to review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us we certify that company has complied with the conditions of corporate governance as stipulated in clause 49 of the listing agreement.

We state that in respect of investor grievances received during the year ended 31.03.2010, no investor grievances are pending against the company for a period exceeding one month.

We further state that our examination of such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management had conducted the affairs of the company.

For AJAY SHREYA & COMPANY
CHARTERED ACCOUNTANTS
Registration No. : 021423N

AJAY JAIN
(Proprietor)
Membership No. 85354

PLACE : NEWDELHI
DATED : 31.07.2010



ANNEXURE TO DIRECTORS' REPORT

**ANNEXURE- (C)
REPORT ON CORPORATE GOVERNANCE
(Pursuant to clause 49 of the Listing Agreement)**

1. Company's Philosophy on Code of Governance:

Mohit Paper Mills Limited is committed to good corporate governance and in ensuring adequate disclosure for its stakeholders. We believe that governance process should be such so as to ensure adequate utilization of resources to meet the expectations of the shareholders.

We believe in accountability, self-responsibility, transparency, safety of the people and environment.

Corporate governance is an integral part of management and in its pursuit of excellence, growth and value creation, it continuously endeavors to leverage resources to translate opportunities into reality.

2. Board of Directors:

Composition

The Board of the Company consists of an optimum combination of executive and non-executive directors. The composition of the board is in conformity with Clause 49 of the Listing Agreement, which stipulates that not less than fifty percent of the Board of Directors should comprise of non-executive directors and where the chairman of the board is executive director, at least half of the board should comprise of independent director.

The composition of the Board consists of the Following:

NAME	DESIGNATION	CATEGORY
MR. SANDEEP JAIN	CHAIRMAN AND MANAGING DIRECTOR	PROMOTER, EXECUTIVE DIRECTOR
MR. SUSHIL KUMAR PATEDAR	WHOLE TIME DIRECTOR	EXECUTIVE
MRS. ANJU JAIN	DIRECTOR	PROMOTER, NON-EXECUTIVE
MR. RAKESH KANSAL	INDEPENDENT DIRECTOR	NON-EXECUTIVE
MRS. RASHMI KANSAL	INDEPENDENT DIRECTOR	NON-EXECUTIVE
MR. DEVENDRA SHANKAR VISHNOI	INDEPENDENT DIRECTOR	NON-EXECUTIVE

Board Meetings were held on the following dates during the year:

Total Number of Board Meetings held were - 9

- 01.04.2009
- 30.04.2009
- 17.06.2009
- 31.07.2009
- 21.08.2009
- 31.10.2009
- 21.11.2009
- 30.01.2010
- 22.03.2010



Particulars of Directors including their attendance at the Board/Shareholder's Meetings during the year 2009-2010

NAME OF DIRECTORS	CATEGORY	OTHER DIRECTORSHIPS	NO. OF BOARD MEETINGS ATTENDED	ATTENDANCE AT LAST AGM	COMMITTEE MEMBERSHIP
Mr. Sandeep Jain	Chairman and Managing Director	Nil	9	Yes	-
Mrs. Anju Jain	Non Executive Director	Nil	9	Yes	-
Mr.Sushil Kumar Patedar	Executive Director	-	7	No	-
Mr. Rakesh Kansal	Independent Director	-	7	Yes	3
Mrs. Rashmi Kansal	Independent Director	-	1	No	3
Mr.Devendra Shankar Vishnoi	Independent Director	-	2	No	3

3. AUDIT COMMITTEE

The Audit Committee of Directors consists of well qualified and Independent Directors. The scope of the activities of the Committee, are in conformity as are set out in Clause 49II(D) of the Listing Agreement with Stock Exchange read with Companies Act, 1956.

So during past year the composition of the Audit Committee and their attendance was:

Name of Director	No. of Meetings Attended	Chairman/Member
Mr. Rakesh Kansal	4	Chairman
Mrs. Rashmi Kansal	4	Member
Mr. Devendra Shankar Vishnoi	4	Member

Date of the Meetings are as follows:

28.04.2009
28.07.2009
26.10.2010
25.01.2010

The role and responsibilities of the Committee include the following:-

Information to ensure that the financial statements are correct, sufficient and credible.

Reviewing, with the management, the Quarterly Financial Statements before submission to the board for approval.

Reviewing with the management, the performance of the statutory auditors and adequacy of the internal control systems.

Reviewing with the management, the Annual Financial Statements before submission to the board for approval.

Discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.



4. REMUNERATION COMMITTEE:

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive directors and recommend suitable revision to the board, to recommend compensation to the non-executive directors in accordance with the Companies Act, 1956.

The Composition of the Committee is as follows:

Mr. Rakesh Kansal	Member
Mrs. Rashmi Kansal	Member
Mr. Devendra Shankar Vishnoi	Chairman

No meeting was held during the year as no related matter exists during the year.

Details of Remuneration for the Year 2009-2010

(Rs.)

Name	Salary	Commission	Perks	Retirement Benefits	Total
Mr. Sandeep Jain	1200000	-	-	-	1200000
Mr. Sushil Kumar Patedar	360000	-	-	-	360000
Total	1560000	-	-	-	1560000

5. Shareholders/Investors/Grievance Committee:

Composition of the Committee was as follows:

Mr. Rakesh Kansal	Chairman
Mrs. Rashmi Kansal	Member
Mr. Devendra Shankar Vishnoi	Member

All of the work relating to the share transfer, transmission and dematerialization is been given to the M/s LINK INTIME INDIA PRIVATE LIMITED (Registrar and Share transfer Agent) and the Compliance officer is been instructed to monitor the work of registrar and share transfer agent and also to see to the redressal of investor grievances and to report to the committee whenever the meeting is held.

So the Committee has reviewed the work done by the registrar and share transfer agent on its Meeting held on 22nd Day of March, 2010, it has seen whether the shares has been transferred in time, Investors complaints has been properly resolved or not and all other matter relating to shares.

6. Investor Complaints

All the complaints received during the year has been resolved to the satisfaction of the Complainant. there are no complaints pending as on 31.03.2010.

7. Code for Prevention of Insider Trading Practices

In compliance with the SEBI regulations on prevention of insider trading, the company has instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with the shares of the company, and cautioning them of the consequences of violations.

8. Code for conduct for Board/Committee Members/Senior Management

In compliance with Clause 49 of Listing Agreement of Mumbai Stock Exchange, the Company has instituted a code of conduct for its Board/Committee members and senior management. A code of conduct is a written document that outlines company values, principles, and guidelines in a variety of areas and enable the company to state to their suppliers, customers, consumers, and other stakeholders the way in which they intend to do business. Commitment to ethical professional conduct is a must for every employee of the company in all of its businesses/Units. This code, consisting of imperatives formulated as statements of personal responsibility, identifies the elements of such a commitment. It contains many, but not all issues employees are likely to face.

9. Whistle Blower and Protection Policy

In line with the best Corporate Governance practices, the Company has framed a policy through which employees and business associates may report unethical business practices at work place without fear of reprisal. Under the said policy all employees/business associates have direct access to the chairman and all the members of the Audit committee. The whistle blower policy aims to:-

- i. Allow and encourage employees and business associates to bring to the management notice about suspected unethical behavior, malpractice, wrongful conduct, fraud and violation of the policies.
- ii. Ensure timely and consistent organizational response.
- iii. Provide protection against victimization.
- iv. Build and strengthen a culture of transparency and trust.

The Audit Committee periodically reviews the existence and functioning of the mechanism.

10. General Body Meetings:

The last 3 Annual General Meetings were held as under:

Year	Venue	Date	Time
2008-2009	Junction 36,16/36, Junction of Joshi Road & Rohtak Road, Karol Bagh, New Delhi-110005	19.09.2009	10.00 A.M.
2007-2008	Junction 36,16/36, Junction of Joshi Road & Rohtak Road, Karol Bagh, New Delhi-110005	30.09.2008	10.00 A.M.
2006-2007	Junction 36,16/36, Junction of Joshi Road & Rohtak Road, Karol Bagh, New Delhi-110005	28.09.2007	10.00 A.M.

11. Disclosures :

a. Related Party Disclosure

There were no transactions of material nature with the directors or the management or their subsidiaries or relatives etc. during the year that had potential conflict with the interests of the Company at large. The details of related party transactions have been reported in the Note No. 13 of Section B of Notes to Accounts

**b. Compliance by the Company**

There were no cases of non-compliance of any matter relating to capital market during the last 3 years.

12. CORPORATE GOVERNANCE COMPLIANCE STATUS

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks
I Board of Directors	49 I.	YES	
(A) Composition of Board	49(IA)	YES	
(B) Non-executive Directors' compensation & disclosures	49 (IB)	YES	
(C) Other provisions as to Board and Committees	49 (IC)	YES	
D) Code of Conduct	(49 (ID)	YES	
II. Audit Committee	49 (II)	YES	
(A) Qualified & Independent Audit Committee	49 (IIA)	YES	
(B) Meeting of Audit Committee		YES	
(C) Powers of Audit Committee 49 (IIC)	49 (IIB)	YES	
(D) Role of Audit Committee	49 II(D)	YES	
(E) Review of Information by Audit Committee	49 (IIE)	YES	
III. Subsidiary Companies	49 (III)	NOT APPLICABLE	NO SUBSIDIARY HOLDING
V. Disclosures	49 (IV)	YES	
(A) Basis of related party transactions	49 (IV A)	YES	
(B) Board Disclosures	49 (IV B)	YES	
(C) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV C)	YES	
(D) Remuneration of Directors	49 (IV D)	YES	
(E) Management	49 (IV E)	YES	
(F) Shareholders	49 (IV F)	YES	
V. CEO/CFO Certification	49 (V)	YES	
VI. Report on Corporate Governance	49 (VI)	YES	
VII. Compliance	49 (VII)	YES	

13. Means of Communication:

The quarterly/ half-yearly results of the Company were announced within a month of the end of each quarter and such results are generally published in Jansatta and financial express.

Official news releases and results, shareholding pattern are displayed on the BSE website-www.bseindia.com.

Annual Report containing, inter-alia, Audited Annual Accounts, Director's Report, Auditor's report and other information is circulated to members and other's entitled thereto.

14. Management Discussion and Analysis Forms Part of the Director's Report

All price sensitive information or clarifications on the decisions of the board are communicated immediately to the stock exchange for dissemination to the shareholders.

15. General Shareholder Information**a. Registered Office**

15A/13, Upper Ground Floor,
East Patel Nagar,
New Delhi-110008

b. Annual General Meeting

Date 30.09.2010
Time 10:00 A.M.
Venue Junction 36, 16/36, Junction of Joshi Road & Rohtak Road,
Karol Bagh, New Delhi-110005.

c. Financial Year

April 1st To March 31st

d. Date of Book Closure

From 28th Day of September, 2010 To 30th September, 2010 (both days inclusive)

e. Listing at Stock Exchanges:

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

1. The Delhi Stock Exchange Ltd.
DSE House, 3/1 Asaf Ali Road
New Delhi-110002
2. The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street
Mumbai-400001

The Annual Listing Fee for the year 2010-2011 has been paid to all the aforesaid Stock Exchanges.

f. Scrip Code at Mumbai Stock Exchange is 530169.

g. Demat ISIN Number in NSDL and CDSL for Equity Shares : INE 388C01017

h. Web-site of the Company is www.mohitpaper.net

i. Email for Investors is investor@mohitpaper.net

j. Registrar & Share Transfer Agent:

M/S LINK INTIME INDIA PRIVATE LIMITED
Address for Correspondence:
A-40, 2nd Floor, Near Batra Banquet Hall
Naraina Industrial Area,
Phase II, New Delhi-110028.
PH: 011-51410592 Fax: 011-51410591
E-Mail: delhi@linkintime.co.in



Shareholders holding shares in the electronic form should address their correspondence except those related to dividend to their respective depository participants. The shares received at Company's registered and corporate office are sent by the company to the registrar for the transfer/demat etc.

- k. The Company's shares are traded at the Stock Exchange in compulsory D-Mat form. However, the shares in physical mode which are lodged for transfer/demat may be sent to:-

M/S LINK INTIME INDIA PRIVATE LIMITED
A-40, 2nd Floor, Near Batra Banquet Hall
Naraina Industrial Area,
Phase II, New Delhi-110028.
PH: 011-51410592 Fax: 011-51410591
E-Mail: delhi@linkintime.co.in

The Registrar & Share Transfer Agents, process every fortnight requests for approving share transfers. The processing activities with respect to requests received for share transfers are completed within the time prescribed by the authorities. After such processing, the facility of simultaneous transfer and dematerialisation of shares is provided to the shareholders.

I. Dematerialisation of shares and liquidity:

The shares of the company can be traded in dematerialized form under both the systems in NSDL, CDSL.

As on 31.03.2010
4193793 number of shares stand in NSDLA/C
462874 number of shares stand in CDSL/C and balance of 5010000 stands in physical mode.

ISIN of the Company is INE388C01017

m. Distribution of shareholding as on 31st March 2010

Slab	No of Shareholders		No of Shareholders	
	Total	% of Shareholders	Total	% of Share Capital
Upto 2500	9808	85.942	10266150	10.620
2501-5000	633	5.604	2507420	2.594
5001-10000	493	4.364	4406270	4.558
10001-20000	241	2.133	3909230	4.044
20001-30000	84	0.744	2139800	2.214
30001-40000	25	0.221	878610	0.909
40001-50001	16	0.142	763700	0.790
50001-100000	48	0.425	3575650	3.699
100000 & above	48	0.425	68219840	70.572
Total	11296	100.000	96666670	100.00

n. Category of Shareholders as on 31st March, 2010

Category	No. of Shares	%
Non Resident Holding	497400	5.15
Body Corporate	1450877	15.01
Mutual Funds	81054	0.84
Promoter Group	4668367	48.29
Public	2968969	30.71
Total	9666667	100

**o. Stock Price Data- monthly high and low in Bombay Stock Exchange during the financial year 2009-2010**

Month	High(Rs.)	Low(Rs.)
April 2009	4.52	3.10
May 2009	5.92	4.00
June 2009	9.15	5.96
July 2009	11.37	5.56
August 2009	7.30	6.26
September 2009	7.55	6.15
October 2009	6.84	5.95
November 2009	7.02	5.75
December 2009	8.80	6.26
January 2010	9.20	7.00
February 2010	9	7.00
March 2010	7.98	5.86

p. Plant Location

9 KM. Stone, Nagina Road, Bijnor

q. Address for Correspondence:**a. For share transfer demat/ remat and any other query relating to shares**

M/S LINK INTIME INDIA PRIVATE LIMITED
A-40, 2nd Floor, Near Batra Banquet Hall
Naraina Industrial Area,
Phase II, New Delhi-110028
PH: 011-51410592 Fax: 011-51410591
E-Mail: delhi@intimespectrum.com

b. For Investor assistance

Mr. Anant Vats
Compliance Officer
Mohit Paper Mills Limited

r. Secretarial Audit Report:

The secretarial audit report of the company prepared in terms of SEBI circular no. D&CC/FITTC/16, 2002 reconciling the total shares held in both the depositories viz. NSDL, CDSL and in physical form with the total issued/paid up capital of the company is duly submitted to the Stock Exchange.



s. CERTIFICATE IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT

CEO/CFO Certification:

I hereby certify that:

- 1.) I have reviewed the Financial Statement and the Cash Flow Statement for the year and that to the best of my knowledge and belief;
- 1.1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 1.2) These statements together present a true and fair view of the companies affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2.) There are to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct;
- 3.) I accept responsibility for establishing and maintaining internal control systems and that I have evaluated the effectiveness of the internal control system of the Company and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any of which I am aware and the steps the Company has taken or propose to take to rectify the deficiencies.
- 4.) I have indicated to the auditors and the Audit Committee;
- 4.1) Significant changes in internal control during the year:
- 4.2) Significant changes in accounting policies during the year and the same has been disclosed in the notes to the financial statements;
- 4.3) Instances of significant fraud of which the Company has become aware and the involvement therein, if any of the management or an employee having significant role in the Company's internal control system.

**SANDEEP JAIN
(MANAGING DIRECTOR)**

**PLACE: NEW DELHI
DATED: 31.07.2010**

**t. Non mandatory requirements under Clause 49 of the Listing Agreement**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the stock exchanges, further, compliance of non-mandatory requirements of the said clause is provided below.

- i. **Non Executive Chairman's Office**
The Chairman of the Company is the executive chairman and hence this provision is not applicable.
- ii. **Tenure of Independent Directors**
Their office is liable to retire by rotation at every Annual general meeting as of other directors other than Managing Director and Whole time directors.
- iii. **Remuneration Committee**
A remuneration committee under the name of Remuneration Committee comprises of 3 Independent directors. chairman of the committee is an Independent Director who reviews and decides the company's policy on specific remuneration package for Executive Directors.
- iv. **Shareholders Right**
The quarterly and annual results of the company are published in English language in newspapers having nation-wide circulation and also in regional language newspaper of the registered office of the Company as well as stock exchanges. Annual Report containing the detailed Balance Sheet and Profit and Loss account is also sent to individual shareholders of the company.
- v. **Audit Qualifications**
The Company always strives to present an unqualified financial statements. There was no audit qualification in the financial statements of the Company for year 2009-2010.
- vi. **The Training of Board Members**
The Board of Directors of the company is continuously briefed with the developments and performance of the company so as to enable them to monitor the same at regular intervals. Report on risk assessment and minimization process and new initiatives proposed by the Company are also presented to them for suggestions and up gradation.
- vii. **Mechanism of evaluation of Non-Executive Directors**
The Board of Directors including non- executive directors is casted with the responsibility of strategic supervision of the Company. In view of the same, the Board evaluates its Non-executive directors on the basis of individual contribution towards fulfillment of this responsibility.
- viii. **Whistle Blower Policy**
The Company has promoted a policy for employees to have an open access to the respective functional heads, Head HRD, Managing Director as well as Executive Chairman so as to ensure ethical and fair conduct of the business of the Company.

Declaration of Compliance with the Code of Conduct as provided in Clause 49 of the Listing Agreement with the Stock Exchange.

The board members and senior management of MOHIT PAPER MILLS LIMITED have confirmed compliance with the code of conduct as laid down by the Board of Directors of the Company, during the Financial Year 2009-2010.

SANDEEP JAIN
(MANAGING DIRECTOR)



ANNEXURE TO DIRECTOR' REPORT
ANNEXURE(D)
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Board of Directors presents hereunder an analysis of performance of the Company for the year 2009-2010 and its outlook for the future. This outlook is based on current business environment which may vary due to future economic and other developments.

1. Industry Structure and Development

India is one of the fastest growing economies in the world. Paper production and consumption have both grown at around 7-8 per annum on average over the past 10 years, broadly in line with the increase in GDP. nevertheless, paper consumption per capita, at around 8-9 kg per annum, remains low by international standards.

The Indian paper industry is fragmented with hundred of mills with low production capacities. The top 10 producers cover 20-30% of the Indian total paper production capacity. As the global demand of paper has been reduced during past couple of years, the time for small mills is very challenging. The fittest will survive in such situation.

So the small mills should give more attention to the quality they make and the pricing because they have to compete with large capacity holders with very good quality and cheap prices.

The Indian paper industry accounts for about 1.6% of the worlds production of paper and paperboard. The estimated turnover of the industry is Rs. 25,000 crore. The pulp and paper industry will grow at an estimated CAGR of 7-8% over the next decade. The installed capacity is also stated to grow to 11.2 million tonne per annum by 2010 from the current level of 9 million tonne.

As per industry guess mates, overall paper consumption (including newsprint) has now touched 8.86 million tons and per capita consumption is pegged at 8.3 kg. To be globally more competitive Indian paper industry needs the following:

- Increase in capacity for proper utilization of the resources and enjoying large economies of scale.
- Sustained availability of good quality of raw material (forest based) and bulk import of waste paper to supplement the raw material supplies.
- Adequate modernization of the manufacturing facilities.
- Improvement of Infrastructure.
- Quality improvements and reduction in cost of production.
- Import policy conducive for import of material, equipment, instrument, raw - materials & technologies.



2. Opportunities and Threats:

The performance of paper industry this year was not up to the mark as compared to other industries.

There has been severe competition in the market, due to entry of new and large capacities in the market which has resulted in low margins.

One more threat is the availability of fuel like tel rahit bhussi and bagasse and coal for production of electricity. Agro base fuel are scarce so there is need to increase the forestation of degraded lands so that fuels can become available for generation of power.

The cost of manufacturing can only be reduced if the cost of power and fuel remains under check. As most of the paper industry has set up their own power plants, they are in need of fuels to make electricity. If the availability of the fuel is made available at competitive prices and in abundance then most of the problem of the paper industry will be solved. but due to increase in prices of the fuel, the cost of producing electricity is also on higher side, which has the effect of increase in the cost of production.

The opportunity is to be the best in the industry. This can be achieved only by reduction of costs, optimum utilization of resources, economies of large scale production and quality up-gradation. So your Company is trying to be the best in the sector despite various challenges.

3. Segment wise Performance

During the year the company has achieved the capacity utilization to 99.92% with respect to the manufacture of paper and it has been done due to the expertise of the Managing Director and the technical staff. This is a good example of maximum utilization of the capacity with minimum of the resources.

Your Company has produced 14838.136 M.T. of paper as against 15624.785 M.T. for the previous year.

The Company has also produced 3461.500 M.T. of soda ash as against 3070.750 M.T. which is another segment.

4. Outlook

The increasing demand of paper brings with it new challenges of economies of scale, efficient usage of resources, need to develop and expand sustainable use of fibre, and value chain management, etc. Despite the fact that the Indian paper industry hold its importance to the national economy, unfortunately it stands fragmented.

Paper sector is denominated by small and medium size units, number of mills of capacity 50000 tons per annum or more is not more than 25. Less than half a dozen mills account for almost 90 % production of newsprint in the country.

As far as your company is concerned, it is also a small mill. There is growing need for it to modernize, improve productivity and quality of paper and build new capacities and your management will take all the steps to accomplish it.

The industry is targeting a capital expenditure of over Rs.13,000 crores in the next 2-3 years, towards capacity expansion, modernization and enhancement of efficiencies.

Due to recessionary pressures during the year the demand of the paper has been tremendously reduced but this was mainly due to the global recession but the indian paper industry is strong and it will bounce back when the global melt down goes away.

**5. Risks And Concerns**

The Indian Paper Industry has potential and also capabilities to service the demand of paper globally and domestically.

Major deterrent are:

India's wood resources are limited Therefore, cost of wood is much higher in global comparison, Since there is conspicuous absence of government's enabling policies favouring industrial production plantation, securing the wood supplies will be industry's biggest challenge.

Though annual availability of agro residues is large yet this may not be able to sustain the future growth of the industry, taking due account of quality of paper required, environmental issues involved, etc. Moreover bagasse is increasingly used by sugar mills for co-generation of power and no more easily available to the paper mills as raw material and also depends upon the monsoon.

Your Company mainly depends upon the good quality of agro products like bagasse, wheat straw which are used for pulp making as well as used as fuel for making power. This is an agro based industry and its production depends upon the production of agro based raw material which is seasonal and depends upon crop.

Recovered fibre consumption is going up globally. In India about 850000-1000000 tons of waste paper is being currently recovered annually. Paper mills are heavily dependent on imported waste paper which commands exorbitant price due to inadequate availability. India needs a well-defined and aggressive system for collection, sorting, grading and utilization recyclable waste paper to reduce imports.

The Government of India has recently withdrawn core status enjoyed by the paper industry. Cost of coal is increasing and prospect of availability of quality coal is diminishing, so the price rise had resulted in escalation of cost of production of those mills which happened to be dependent on coal for co-generation of power.

6. Internal Control System And Their Adequacy

Your Company possesses a good internal control system to ensure that all the assets are safe guarded and protected against the unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

The Audit committee of the Board of Directors have been constituted as per the provisions of Section 292A of the Companies Act, 1956 and corporate governance requirements specified by the stock exchange. The Committee reviews the internal control system of the Company from time to time.

7. Discussion of Financial Performance with respect to operational performance

The financial statements have been prepared in accordance with the requirements of the Companies Act 1956 and applicable accounting standards issued by the Institute of Chartered Accountants of India. The Management of Mohit Paper Mills Limited accepts the integrity and objectivity of these financial statements as well as the various estimates and judgments used therein. The statement has been made on prudent basis and reflects in a true and fair manner.

Highlights for the year are as follows.

Particulars	Amount (Rs. in Lacs)
Sales & Other Income	5314.27
Profit before Interest, Depreciation and Tax	231.21



8. Human Resources/Industrial Relations

Human resource is the best resource of all the resources because it is the one which can properly take advantage of the other resources.

It is the Company's belief that human resources is the driving force towards progress and success of the Company. The Company seek to motivate and retain its professionals by offering reasonable compensation and opportunity to grow in the organization. The total permanent employees strength of the Company was 158 as on 31st March, 2010. Industrial relations remained cordial during the year.

Cautionary Statement

Statements in the management discussion and analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results may differ from those expressed and implied. Important matters that effects the Company's performance is the economic conditions of demand and supply and price conditions in the domestic and overseas market in which the Company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

**AUDITOR'S REPORT**

To the Members

1. We have audited the attached Balance Sheet of M/s Mohit Paper Mills Limited as at 31st March 2010, and annexed Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure 'A', a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure 'A' statement on the matters specified in paragraph 4 and 5 of the said Order.
 - (i.) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii.) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of the books of account of the Company.
 - (iii.) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Company.
 - (iv.) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - (v.) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - b. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.



5. On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956

FOR AJAY SHREYA & COMPANY
CHARTERED ACCOUNTANTS
Registration No. 021423 N

AJAY JAIN
(Proprietor)
Membership No.: 85354

PLACE : NEW DELHI
DATED : 31.07.2010

**ANNEXURE TO THE AUDITOR'S REPORT**

[Referred to in paragraph 3 of our report of even date]

As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we report that:

1. In respect of Fixed Assets
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verifications.
 - c. According to the information and explanation given to us, the Company has not disposed off substantial part of its fixed assets during the year and the fixed assets disposed off during the year were not material enough to affect the going concern status of the Company.
2. In respect of Inventories
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. as explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured granted or taken by the Company to/from Companies, firms and other parties covered in the register maintained u/s 301 of Companies Act, 1956:
 - a. According to the records of the Company and information given to us, Company has not granted loan to any party during the year.
 - b. The Company has taken loan from 4 parties. In respect of the said loan the maximum amount due at any time during the year is Rs180.84 lacs and year end balance is Rs. 8.51 lacs.
 - c. In our opinion and according to the information and explanation given to us, the loan taken is interest free and other terms and conditions of the loans taken by the Company are not prima facie prejudicial to the interest of the Company.
 - d. According to the records of the Company and information given to us in respect of loans taken by the Company, the loan is interest free and the principal amount is repayable on demand and there are no overdue.



4. In our opinion and according to the information and explanations given to us, there were adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956, particulars of which need to be entered into a register maintained under section 301 of the Act. Accordingly, clause 4(v)(b) of the order is not applicable.
6. The Company has not accepted any deposits from the public.
7. In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
9.
 - (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education & protection fund, income tax, sales tax, wealth tax, service tax, excise duty, cess and other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, excise and cess were in arrears, as at 31.03.2010 for the period of more than six months from the date they become payable.
 - (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, sales tax and cess, which have not been deposited on account of any dispute.
10. The Company do not have any accumulated losses nor has incurred cash losses during the year covered by our audit and in the immediately preceding financial year.
11. According to the records and information given to us, the Company has not defaulted in repayment of dues to any financial institution or banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
14. According to the information and explanation given to us, the Company is not dealing in shares, securities/debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year covered by our audit, the terms and conditions whereof are prejudicial to the interest of the Company.
16. The term loans have been applied for the purpose for which they were raised.



17. According to information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets (excludes permanent working capital).
18. The Company has made preferential allotment of 20,00,000 warrants convertible into equity shares which were allotted to parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Out of these, 6,66,667 Warrants have been converted at par into Equity Shares during the year. These were priced as per the SEBI guidelines and are not prejudicial to the interest of the shareholders.
19. According to information and explanations given to us, the company has not issued any, debentures during the year.
20. The Company has not raised any money by way of Public Issue during the year.
21. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

FOR AJAY SHREYA & COMPANY
CHARTERED ACCOUNTANTS
Registration No. 021423 N

AJAY JAIN
(Proprietor)
Membership No.: 85354

PLACE : NEW DELHI
DATED : 31.07.2010



MOHIT PAPER MILLS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule	CURRENT YEAR 31.03.2010 (AMOUNT (RS.))	PREVIOUS YEAR 31.03.2009 (AMOUNT (RS.))
SOURCE OF FUNDS :			
Share Capital	1	96,666,670	90,000,000
Reserve and Surplus	2	78,706,156	84,446,051
Share Warrant	3	13,333,330	-
		<u>188,706,156</u>	<u>174,446,051</u>
LOAN FUNDS :			
Secured Loan	4	88,598,160	89,739,071
Unsecured Loan	5	52,619,427	67,288,997
Deferred Tax Liability-Net		46,582,274	-
TOTAL		<u>187,799,861</u>	<u>42,561,397</u>
		<u><u>376,506,017</u></u>	<u><u>199,589,465</u></u>
			<u><u>374,035,516</u></u>
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	6	548,051,720	541,032,493
Less : Depreciation		320,322,789	311,056,098
Net Block		<u>227,728,931</u>	<u>229,976,395</u>
WORK IN PROGRESS		5,319,583	-
		<u>233,048,514</u>	<u>229,976,395</u>
INVESTMENT	7	13,200,000	13,200,000
CURRENT ASSETS, LOANS & ADVANCES :			
Inventories	8	150,698,961	133,050,600
Sundry Debtors	9	36,220,674	50,794,891
Cash & Bank Balances	10	19,050,300	18,960,649
Loans & Advances	11	22,575,780	23,910,794
		<u>228,545,715</u>	<u>226,716,934</u>
Less : Current Liabilities & Provision	12	<u>98,288,212</u>	<u>95,857,813</u>
Net Current Assets		<u>130,257,503</u>	<u>130,859,121</u>
TOTAL		<u><u>376,506,017</u></u>	<u><u>374,035,516</u></u>

Notes forming part of Accounts 21
As per our report of even date attached

For AJAY SHREYA & COMPANY
CHARTERED ACCOUNTANTS
Registration No. : 021423N

AJAY JAIN
(Proprietor)
Membership No.: 85354

ANANT VATS
(Company Secretary)

ANJU JAIN
(Director)

SANDEEP JAIN
(Managing Director)

Place : New Delhi
Dated : 31.07.2010



MOHIT PAPER MILLS LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	Schedule	CURRENT YEAR 31.03.2010 (AMOUNT (RS.))	PREVIOUS YEAR 31.03.2009 (AMOUNT (RS.))
INCOME			
Gross Sales	13	528,228,223	590,289,151
Less: Excise Duty		14,452,133	24,189,906
Net Sales		<u>513,776,090</u>	<u>566,099,245</u>
Other Income	14	3,199,036	2,080,308
Increase / (Decrease) in stock	15	422,123	4,479,664
TOTAL (A)		<u>517,397,249</u>	<u>572,659,217</u>
EXPENDITURE			
Raw Material Consumed	16	184,086,225	167,726,497
Manufacturing Expenses	17	271,405,049	304,421,193
Administration & Other Expenses	18	11,543,173	13,777,636
Selling Expenses	19	27,241,561	27,833,021
TOTAL (B)		<u>494,276,008</u>	<u>513,758,347</u>
Profit Before Depreciation, Interest & Tax		23,121,241	58,900,870
Interest & Financial Charges	20	14,302,856	14,002,834
Depreciation	6	30,492,148	30,949,414
Less : Transfer from Capital Reserve		2,351,132	2,760,739
Less : Depreciation of earlier year written back		<u>20,129,995</u>	-
Profit Before Tax		8,011,021	28,188,675
Provision for Current Taxation		807,364	16,709,361
Provision for Deferred Tax		124,738	1,898,718
Provision for Fringe Benefit Tax		4,020,877	18,792,618
Provision for Wealth Tax		-	82,630
Profit After Tax		24,070	14,598
Less : Prior Period Adjustment		(3,362,321)	(4,079,203)
Balance carried over to Balance Sheet		26,442	(4,079,203)
		<u>(3,388,763)</u>	<u>(4,079,203)</u>
Earning per share (In Rupees) :			
Basic		(0.35)	(0.45)
Diluted		(0.30)	(0.45)

Notes forming part of Accounts 21
As per our report of even date attached

For AJAY SHREYA & COMPANY
CHARTERED ACCOUNTANTS
Registration No. : 021423N

AJAY JAIN
(Proprietor)
Membership No.: 85354

ANANT VATS
(Company Secretary)

ANJU JAIN
(Director)

SANDEEP JAIN
(Managing Director)

Place : New Delhi
Dated : 31.07.2010

**MOHIT PAPER MILLS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010**

<u>PARTICULARS</u>	<u>YEAR ENDED 31.03.2010</u>	<u>Amount in Rs. YEAR ENDED 31.03.2009</u>
A. Cash flow from Operating Activities		
Net profit before tax and extra ordinary item	807364	16709360
Net prior year & other adjustment:		
(i) Depreciation	2351132	2760739
(ii) Amount credited from P&L A/c	(2351132)	(2760739)
	<hr/> 807364	<hr/> 16709360
(iii) Profit/(Loss) on sale of assets	(87102)	(72742)
	<hr/> 720262	<hr/> 16636618
Adjusted for		
- Depreciation	8011021	28188676
Operating Profit before working capital changes	<hr/> 8731283	<hr/> 44825294
Adjustments for:		
- Inventories	(17648361)	(15552547)
- Trade Receivables	14574217	(7838827)
- Payable	2430399	12724186
- Direct Taxes Paid	(175250)	(1995946)
Net Cash Flow from operating activities	7912288	32162160
B. Cash flow From Investing Activities		
Increase in Fixed Assets	(8385587)	(104064368)
- Sale of Fixed Assets	358000	140000
- Decrease in capital work in progress	(5319583)	31131448
- Increase in Loans & Advances	1335014	35297718
Net Cash Flow from Investing Activities	(12012156)	(37495202)
C. Cash Flow from Financing Activities		
- Proceeds from Secured Loan	(1140911)	615912
- Increase in Unsecured Loans	(14669570)	8768298
- Increase in Share Capital	6666670	-
- Issue of Share Warrants	13333330	-
Cash flow from Financing Activities	4189519	8152,386
Net increase in Cash and Cash Equivalents (A+B+C)	89651	2819344
Opening Balance of cash and cash equivalents	18960649	16141305
Closing Balance of cash and cash equivalents	19050300	18960649
As per our report of even date attached		

For AJAY SHREYA & COMPANY
CHARTERED ACCOUNTANTS
Registration No. : 021423N

AJAY JAIN
(Proprietor)
Membership No. 85354.

ANANT VATS
(Company Secretary)

SANDEEP JAIN
(Managing Director)

ANJU JAIN
(Director)

Place : New Delhi
Dated:31.07.2010



MOHIT PAPER MILLS LIMITED
SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

PARTICULARS	CURRENT YEAR 31.03.2010 (AMOUNT (RS.))	PREVIOUS YEAR 31.03.2009 (AMOUNT (RS.))
SCHEDULE - 1		
AUTHORISED SHARE CAPITAL : 1,20,00,000 (Previous year 1,00,00,000) Equity shares of Rs. 10/- each.	120,000,000	100,000,000
ISSUED, SUBSCRIBED, CALLED UP AND PAID UP 96,66,667 (Previous year 90,00,000) Equity Shares of Rs. 10/- each Fully Paid up.	96,666,670	90,000,000
	<u>96,666,670</u>	<u>90,000,000</u>
SCHEDULE - 2		
RESERVE & SURPLUS		
Profit & Loss A/C (As per last Balance Sheet)	60,843,173	64,922,376
Add : Profit & Loss A/C	(3,388,763)	(4,079,203)
	<u>57,454,410</u>	<u>60,843,173</u>
SCHEDULE - 3		
SHARE WARRANT 13,33,333 Warrant of Rs. 10 Each	1,33,33,330	-
	<u>1,33,33,330</u>	<u>-</u>
CAPITAL RESERVE :		
Capital Reserve	23,602,878	26,363,617
Less : Transfer to Profit & Loss A/C	2,351,132	2,760,739
	<u>21,251,746</u>	<u>23,602,878</u>
Total Reserve & Suplus	<u>78,706,156</u>	<u>84,446,051</u>
SCHEDULE - 4		
SECURED LOANS :		
Bank of Boroda Term Loan - I	-	1,046,169
Bank of Boroda Term Loan - II	10,924,350	16,669,964
Bank of Boroda Term Loan - III (Refer Note No. 5)	17,282,589	31,427,372
Bank of Boroda (Sub-limit-Parking)	-	(641,295)
Bank of Boroda CC (Stock & Book Debts) (Refer Note No. 6)	59,773,890	41,236,861
Bank of Boroda Car Loan	450,000	-
Mahindra & Mahindra Financial Services Limited (Vehicle Loan)(Refer Note No. 7)	167331	-
	<u>88,598,160</u>	<u>89,739,071</u>
SCHEDULE - 5		
UNSECURED LOANS :		
Loan & Advances :		
-From Directors	851,445	18,083,528
-Other than Banks (Inter Corporate)	51,767,982	49,205,469
	<u>52,619,427</u>	<u>67,288,997</u>



MOHIT PAPER MILLS LIMITED

SCHEDULE-6

FIXED ASSETS

Amount in Rs.

Assets	Gross Block				Depreciation				Net Block	
	As At 01.04.09	Addition during the Year	Deduction During the Year	Total Cost As At 31.3.10	upto 31.3.2009	Adjustment	For the period	Total Upto 31.03.2010	As At 31.03.2010	As At 31.03.2009
Land	8,857,464	-	-	8,857,464	-	-	-	-	8,857,464	8,857,464
Building	44,617,249	301,840	-	44,919,089	26,410,129	-	1,735,308	28,145,437	1,67,73,652	18,207,120
Furniture & Fixtures	1,706,696	57,575	-	1,764,271	1,239,018	-	95,249	1,328,267	436,004	473,677
Plant & Machinery	476,916,759	6,462,193	-	483,378,952	278,568,147	20,129,995	27,533,899	285,972,051	197,406,901	198,348,613
Motor Vehicle	5,668,989	1,135,033	1,366,360	5,437,662	2,454,977	1,095,463	898,360	2,257,874	3,179,788	3,214,012
Office Equipment	32,65,336	428,946	-	3,694,282	2,389,828	-	229,332	2,619,160	1,075,122	875,508
Total	541,032,493	83,85,587	1,366,360	548,051,720	311,056,099	21,225,458	30,492,148	320,322,789	227,728,931	229,976,394
Previous Year Total	437,348,125	104,064,368	380,000	541,032,493	280,419,426	312,742	30,949,414	311,056,098	229,976,395	156,928,699



PARTICULARS

CURRENT YEAR
31.03.2010
(AMOUNT (RS.))

PREVIOUS YEAR
31.03.2009
(AMOUNT (RS.))

SCHEDULE - 7

INVESTMENT :

INVESTMENT:- (Non Trade) (At Cost)-
 Un quoted-In Equity Shares of Mohit
 Petrochemicals (P)Ltd -1320000 Equity
 Shares of Rs 10/- Each fully paid up.
 (Previous year 1320000 of Rs 10/-each
 fully paid up)

13,200,000

13,200,000

13,200,000

13,200,000

SCHEDULE - 8

INVENTORIES :

(As Valued & Certified by the Management)

Raw Materials & Chemicals

76,291,175

65,683,689

Stores & Spares

48,789,267

44,797,332

Packing Materials & Others

10,398,270

7,742,455

Finished Goods

7,157,472

8,696,755

Unfinished Goods

4,301,557

3,659,797

Work - in - Process

3,761,220

2,470,572

150,698,961

133,050,600

SCHEDULE - 9

SUNDRY DEBTORS :

(Unsecured but considered good)

Debts outstanding for a period exceeding 6 months

4,903,560

5,171,823

Other Debts

31,317,114

45,623,068

36,220,674

50,794,891

SCHEDULE - 10

CASH & BANK BALANCES :

Cash in hand

430,369

275,387

Balance with Scheduled Banks :

In Current Accounts

10,804,379

7,128,578

In Fixed Deposit

7,815,552

11,556,684

19,050,300

18,960,649



PARTICULARS

CURRENT YEAR
31.03.2010
(AMOUNT (RS.))PREVIOUS YEAR
31.03.2009
(AMOUNT (RS.))

SCHEDULE - 11

LOANS & ADVANCED :

(Unsecured but considered good)

Advance to Suppliers	6,492,111	7,103,878
Tax Deducted at Sources	168,213	125,071
Advance Income Tax Paid	625,000	1,775,000
Prepaid Expenses	454,672	685,985
Interest Accrued	61,644	61,378
Advances recoverable in cash or in kind or for value to be received	14,774,140	14,159,482
	<u>22,575,780</u>	<u>23,910,794</u>

SCHEDULE - 12

CURRENT LIABILITIES :

Sundry Creditors & Others	90,180,835	85,501,857
Security Deposits from Distributors	600,000	600,000
Advances from Distributors & Others	1,465,951	934,223
Expenses Payable	5,892,618	6,825,787
PROVISIONS :		
Income Tax	124,738	1,898,718
Fringe Benefit Tax	-	82,630
Wealth Tax	24,070	14,598
	<u>98,288,212</u>	<u>95,857,813</u>

SCHEDULE - 13
SALES :

Finished Goods - Paper	497,703,323	560,385,991
Finished Goods - Soda Ash	30,524,900	29,903,160
	<u>52,82,28,223</u>	<u>590,289,151</u>

SCHEDULE - 14

INCOME FROM MISC. BUSINESS OPERATION :

Misc. Receipts & Income From Business Operation	3,199,036	2,080,308
	<u>3,199,036</u>	<u>2,080,308</u>

SCHEDULE - 15

INCREASE/(DECREASE) IN STOCK :

Opening Stock :			
Finished Goods	8,696,755	5,199,550	
Semi-Finished Goods	3,659,797	3,288,979	
Work in process	2,470,572	2,008,134	10,496,663
	<u>14,827,124</u>		
Closing Stock :			
Finished Goods	7,157,472	8,696,755	
Semi-Finished Good	4,301,557	3,659,797	
Work in process	3,761,220	2,470,572	14,827,124
	393,125		4,330,461
Add: Excise duty in value of Finished Goods	28,998		149,203
Increase / (Decrease)	<u>422,123</u>		<u>4,479,664</u>



PARTICULARS

CURRENT YEAR
31.03.2010
(AMOUNT (RS.))PREVIOUS YEAR
31.03.2009
(AMOUNT (RS.))

SCHEDULE - 16

RAW MATERIAL CONSUMED :

Opening Stock	51,427,597	48,650,844
Add : Purchases	191,412,450	182,933,493
	<u>24,28,40,047</u>	<u>231,584,337</u>
Less : Transfer to Fuel Exp.	-	12,430,243
	<u>24,28,40,047</u>	<u>219,154,094</u>
Less : Closing Stock	58,753,822	51,427,597
	<u>184,086,225</u>	<u>167,726,497</u>

SCHEDULE - 17

MANUFACTURING EXPENSES :

Chemicals , Consumables & Stores	162,446,660	190,298,214
Wages & Allowances	8,136,704	7,804,439
Power & Fuel	95,173,660	99,754,692
Repair & Maintenance	2,511,095	1,857,203
Raw Material, Mixing, Loading & Sorting	1,320,000	1,810,000
Laboratory Expenses	131,265	98,491
Boiler Feeding Expenses	900,000	960,000
Water Cess	785,665	1,838,154
	<u>271,405,049</u>	<u>304,421,193</u>

SCHEDULE - 18

ADMINISTRATION & OTHER EXPENSES :

Advertisement & Publicity	99,556	96,039
Office & General Expenses	623,848	2,847,321
Fees, Rate & Taxes	644,792	638,036
Insurance Charges	1,324,233	1,335,190
Legal and Professional Charges	985,236	749,999
Printing & Stationery	160,070	139,955
Communication Charges	520,817	596,141
Travelling & Conveyance	7,243	17,925
Vehicle Running & Maintenance Expenses	36,908	6,332
Auditors Remuneration	170,000	110,000
Salaries (Including Managerial Remuneration)	6,970,470	7,240,698
	<u>11,543,173</u>	<u>13,777,636</u>

SCHEDULE - 19

SELLING EXPENSES :

Discount, Commission & Other Selling Exp:			
Discount & Commission	7,701,941		5,874,740
Add: Other Selling Exp	2,426,080	10,128,021	1,892,667
Sales Tax & Entry Tax		17,113,540	7,767,407
		<u>27,241,561</u>	<u>28,065,614</u>
			<u>27,833,021</u>

**PARTICULARS****CURRENT YEAR
31.03.2010
(AMOUNT (RS.))****PREVIOUS YEAR
31.03.2009
(AMOUNT (RS.))****SCHEDULE - 20****INTEREST & FINANCIAL CHARGES :**

Interest on Bank of Baroda Term Loans	5,153,982	5,489,540
Interest on Bank of Baroda CC (Hypo & Book Debts)	5,002,887	4,143,403
Interest on Distributor and Inter-Corporate Deposit	2,877,236	2,937,670
Bank Charges	1,236,110	1,432,221
Interest on Vehicle Loan	32,641	
	<u>14,302,856</u>	<u>14,002,834</u>

**SCHEDULE - 21****NOTES TO ACCOUNTS****(A) SIGNIFICANT ACCOUNTING POLICIES****(1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- (i) The financial statements have been prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant disclosure requirements of the Companies Act, 1956 under historical cost convention and on the basis of going concern. Revenues and expenses are accounted for on accrual basis with necessary provisions for all known liabilities and losses except certain items as noted elsewhere. Claims/refunds not ascertainable with reasonable certainty are accounted for on cash basis.
- (ii) Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles followed by the company.
- (iii) The Company has adopted accrual system of accounting and the financial statements have been prepared in accordance with the accepted accounting policies. All expenses and incomes are accounted on accrual basis.

(2) REVENUE RECOGNITION

Sales are recognised at the point of dispatch of goods to customers and includes excise duty and sales tax.

Income/Expenses/Revenues are accounted for on accrual basis in accordance with the Accounting Standard (AS-9) issued by the Institute of Chartered Accountants of India.

(3) FIXED ASSETS INCLUDING INTANGIBLE ASSETS AND DEPRECIATION

Fixed Assets including intangible assets are stated at acquisition cost (net of modvat/cenvat) less accumulated depreciation. cost comprises of purchase price and other attributable expenses incurred during the installation period and is net of modvat credit availed.

Depreciation on fixed assets is provided on Written Down Method (WDV) at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 over their useful life, except on fixed assets pertaining to boiler house and ETP plant where considering different set of environment in which the Boiler and ETP plant are operating viz-a-viz the other plant and machinery, adoption of straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 over their useful life, will result in more appropriate preparation and presentation of the financial statements of the Company. Due to change in accounting policy during the current year, depreciation has been recalculated on these assets in accordance with the changed method, from the date of the asset coming into use, and difference arising from the retrospective re-computation has been reflected in the accounts of the year.

(4) INVESTMENTS

Long term investments are held at cost. Provision will be made as and when deemed necessary under AS-13 issued by the Institute of Chartered Accountants of India.

(5) FOREIGN CURRENCY TRANSACTIONS

- i) Foreign currency transactions are recorded on initial recognition at the rate prevailing on the date of the transactions.
- ii) Foreign currency monetary items are reported using the closing rate. Exchange difference arising on the settlement of monetary items or on reporting the same at the closing rate as at the balance sheet date are recognized as income or expenses in the period in which they arise except in case of liabilities incurred for the purpose of acquiring the fixed assets from outside India in which case such exchange differences are adjusted in the carrying amount of fixed assets.

(6) INVENTORIES

The Company has valued its inventories on "cost or net realizable value whichever is lower" basis and is in compliance with the Accounting Standard (AS-2) issued by the Institute of Chartered Accountants of India. Further, the valuation of inventory is inclusive of excise duty component wherever applicable as required u/s 145A of the Income Tax Act, 1961.

Cost for the purposes of inventory valuation is calculated as follows :

- i) Raw Materials and other materials at weighted average cost.
- ii) Store spares and loose tools at cost on FIFO basis.
- iii) Work in process material cost plus appropriate share of labour and overheads.
- iv) Finished Goods - Cost is determined by taking material, labour and related factory overheads including depreciation and fixed production overheads which are apportioned on the basis of normal capacity.

(7) EXCISE DUTY

Excise Duty has been accounted on the basis of payments made in respect of goods cleared, as also provision for goods lying in store room wherever applicable.

(8) SALES & STOCKS

Sales are recorded on the basis of dispatches till the last day of the year. Sales are accounted for inclusive of excise duty, trade tax & sales tax. Closing Stocks of finished goods and semi-finished goods are accounted for inclusive of excise duty.

(9) TAX ON INCOME

Current tax is determined in accordance with the provision of the Income Tax Act, 1961, as the amount of tax payable to the taxation authorities in respect of taxable income for the year.

Deferred Tax is recognized subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods.

(10) EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

(11) BORROWING COST

Interest and other costs in connection with the borrowing of funds to the extent related / attributed to the acquisition /consumption of qualifying fixed assets are capitalised up to the date when such assets are ready for intended use and other borrowing costs are charged to Profit & Loss Account.

(12) SHARE CAPITAL

The authorised share capital has been increased from Rs.10,00,00,000 to Rs.12,00,00,000. The Company have issued 20,00,000 convertible warrants of Rs.10 per warrant to the promoters on preferential basis out of which 6,66,667 warrants have been converted into 6,66,667 equity shares of Rs.10 each during the financial year 2009-2010, So the paid up capital of the company stands increased from Rs. 9,00,00,000 to Rs. 9,66,66,670.

(13) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not provided for and are disclosed separately by way of notes to the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

(14) RETIREMENT BENEFITS

The Company has adopted the Revised Accounting Standard-15 (Revised-2005) for 'employee benefits'. The relevant policies are:

Short Term Employee Benefits

Short term employee benefits are recognized in the period during which the services have been rendered.

Long Term Employee Benefits**a) Defined Contribution plan****(i) Provident Fund Scheme**

Contribution to this scheme are expensed in the Profit & Loss Account.

These contribution are made to the fund administered and managed by the Government of India. The Company has no further obligations under these plans beyond its monthly contribution.

(ii) Gratuity

Group Gratuity cum Life Assurance Scheme with the Life Insurance Corporation of India has been taken in such a way that the gratuity benefits will be payable under an irrevocable trust. The trustees appointed for the purpose of administering the Scheme shall insure gratuity benefits with the LIC. The Company shall pay to the trustees such contributions as are required to secure gratuity benefits to the employees which will include the liberalized death cover to the employees. The employees gratuity fund scheme managed by the Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

DEFINED BENEFIT PLAN**Actuarial Assumptions**

Mortality Rate - Indian Assured Lives Mortality Table (1994-1996) ultimate

Discount Rate - 8% p.a.

Interest Rate - 9%

Salary Escalation - 7%

Withdrawal Rate - 1% to 3% depending on age

Gratuity Plan :
Amount (In Rs.)

		2009-2010
1	Change in present value of obligation	
a)	Present value of obligation as at the beginning	249886
b)	Current Service cost	43457
c)	Interest Cost	22662
d)	Benefit Paid	-
e)	Additional contribution (As per Actuarial valuation)	10244
f)	Present value of obligation as at the end of year	326249
2	Change in the fair value of plan assets	
3	Fair value of plan assets	-
	Funded Status	(326249)
4	Actuarial gain / loss recognized	-
a)	Actuarial gain / (loss) for the period-obligation	-
b)	Actuarial (Gain) / loss for the period plan assets	-
c)	Total (gain) / loss for the year	-
d)	Actuarial (gain)/loss recognized in the period	-
e)	Unrecognised actuarial (gains)/losses at the end of the period	-
5	The amount recognized in balance sheet and statement of profit and loss	
a)	Present value of obligation as at the end of the year	326249
b)	Fair value of plan assets as at the end of the year	-
c)	Funded status	(326249)
d)	Net assets / (liability) recognized in balance sheet	-
6	Expenses recognized in the statement of profit and loss	
a)	Current service cost	43457
b)	Interest cost	22662
c)	Curtailment cost / (credit)	-
d)	Settlement cost / (credit)	-
e)	Net actuarial (gain)/loss recognized in the year	10244
f)	Expenses recognized in the statement of profit & loss	76363

- (b) Other Long Term Benefit
Provision of leave encashment is provided for as liability at period end on account of un-availed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.
- (c) Actuarial gains and losses are recognized as and when incurred.

(15) CASH FLOW

- i. The Cash Flow Statement has been prepared under the "Indirect Method" as prescribed in the Accounting Standard 3 "Cash Flow Statement".
- ii. The figures of previous year have been recast, rearranged and regrouped whenever considered necessary.
- iii. During the year, the Company has issued share warrants amounting to Rs. 2,00,00,000 out of which equity shares of Rs. 66,66,670 have been allotted on their conversion. The same have been considered for the purpose of Cash Flow Statement.

B. NOTES FORMING PART OF THE ACCOUNT

1. (a) Previous year figures have been reworked, rearranged regrouped and reclassified, wherever considered necessary.
- (b) Figures have been rounded off to the nearest rupee.
2. In the opinion of the Board of Directors, current assets, loans and advances have a value of realization in the ordinary course of business at least equal to the amount at which they have been stated in the Balance Sheet. The provisions for all known liabilities are adequate and not in excess of amount considered reasonably necessary.
3. Contingent Liability not provided for:
 - i. In land bank guarantee given by Bank of Baroda for the Company amounting to Rs. 7.27 lacs and L/C amounting to Rs. 123.92 lacs outstanding as on 31.03.2010.
 - ii. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. NIL (previous year NIL).
4. Managerial Remuneration

Remuneration paid to Managing Director and Whole Time Director:

	Current Year 31.03.2010 Amount in (Rs.)	Previous Year 31.03.2009 Amount in (Rs.)
Salary & Allowances	1560000	1550000
TOTAL	1560000	1550000

Remuneration has been paid in accordance with Section II of Part II of Schedule XIII of the Companies Act, 1956.

Computation of Net Profit in accordance with section 309(5) of the Companies Act, 1956 is not given, as the Company has not paid any commission to any of its Directors.

5. The Term Loan from Bank of Baroda of Rs. 2,82,06,939/- (Previous Year Rs. 4,91,43,505/-) is secured by way of first charge over immovable assets of the Company and equitable mortgage of landed property situated at Village Aaspur ka & Abdulpur Munna, 9KM Nagina Road, District - Bijnor. The loan is further secured by way of second charge on the current assets of the Company and personal guarantee of the promoter / directors of the Company.
6. Working capital loan from Bank of Baroda Rs. 5,97,73,890/- (Previous Year Rs. 4,05,95,566/-) is secured by way of hypothecation of stocks of raw material, stores & spares, stock in process, finished goods, book debts and second charge over the plant & machinery of the Company and equitable mortgage of landed property situated at Village Aaspur ka & Abdulpur Munna, 9th Km Nagina Road, District Bijnor. the loan is further secured by way of personal guarantee of the promoter / directors of the Company.
7. the Company has taken vehicle loans from Bank of Baroda Rs. 4,50,000 (Previous year NIL) and Mahindra & Mahindra Financial Services Ltd. Rs. 1,67,331 (Previous year NIL) which are secured by hypothecation of the vehicles financed by them.

8. Auditor's Remuneration

	Current Year (Rs.)	Previous Year (Rs.)
As Audit Fees	1,50,000	1,10,000
Fees for Certification	6,000	-
Fees for Taxation Matters	14,000	-
	<u>1,70,000</u>	<u>1,10,000</u>

9. Land, Building and Plant & Machinery were revalued by Rs.10,02,83,565/- by an approved valuer on 31.03.1996. The resultant surplus amounting Rs. 10,02,83,565/- was credited to capital reserve from which depreciation on revalued portion is being written off every year. Depreciation charged for the year include Rs.23,51,132/- (Previous Year Rs. 27,60,739/-) which is amount of depreciation for the year on the revalued portion and has been transferred from revaluation reserve and credited to Profit & Loss Account of the year.
10. Method of charging depreciation on boiler house and ETP plant has been changed from Written Down Method (WDV) to Straight Line Method (SLM), at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Accordingly, depreciation has been recalculated on these assets in accordance with the changed method, from the date of the asset coming into use, and the difference arising from the retrospective re-computation has been adjusted in the accounts of the year by crediting the differential amount of Rs. 2,01,29,995/- in the Profit & Loss Account and increasing the net block of fixed assets by equivalent amount. As a result of this change, the charge of depreciation for the current year is lower by Rs.32,83,604/-.

Had there been no change in the method of depreciation, the charge for the year would have been higher by Rs. 32,83,604/- and the net block of assets would have been lower by Rs. 2,34,13,599/-.

On amounts added due to revaluation, made in the year 1996 on basis of an independent valuers report, depreciation is charged as aforesaid over the residual life of the assets as certified by the valuer and is written off against capital reserve.

11. Based on the information available with the Company, there are no dues outstanding/ payable to Small Scale Industrial Units where the balance in respect of each party as at the year end exceeds Rs. 100000/-, outstanding for more than 30 days.

There are no micro, small and medium enterprise to whom the company owes dues which are outstanding for more than 45 days as on the Balance Sheet date. This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company.

12. There are no impairment of assets in terms of AS-28 issued by the Institute of Chartered Accountants of India.
13. Related Parties Disclosures:
 Holding Company : NIL
 Subsidiary Company : NIL

Key Managerial Personnel: **Mr. Sandeep Jain**

Related Party:

Anju Jain

Mohit Jain

Bijnor Steel & Alloys Private Limited

Mohit Petrochemicals Private Limited

Centurion Paper and Board

Centurion Castings Private Limited



Transactions with related parties for the period 01.04.2009 to 31.03.2010

(Amount in Rs.)

Particulars	Corporate Associates	KMP & Relations	Unincorporated Entities	O/S as on 31-03-2010
Loans received	-	44,30,789	-	8,51,445
Loan repaid	-	2,16,62,872	-	-
Remuneration to key personnel	-	12,00,000	-	22,475
Rent Received	24,000	-	36,000	-

14. Segment Information as per Accounting Standard 17 on Segment Reporting for the year ended 31.03.2010.

(Amount in Rs. Lacs)

Particulars	Paper	Soda Ash	2010 Total	Paper	Soda Ash	2009 Total
Revenue						
External Sales	4942.93	339.35	5282.28	5603.86	299.03	5902.89
Internal Segment Sales	-	-	-	-	-	-
Total	4942.93	339.35	5282.28	5603.86	299.03	5902.89
Segment Result	(22.33)	141.44	119.11	185.18	101.13	286.31
Unallocated Corporate (Expenses)/ Income	-	-	19.47	-	-	14.25
Operating Profit	-	-	138.58	-	-	300.56
Interest Expenses	127.60	15.42	143.02	116.27	23.75	140.02
Interest/Dividend Income & Surplus on Disposal of Investments	-	-	12.52	-	-	6.55
Income Tax	-	-	41.96	-	-	207.88
Profit after tax	-	-	(33.62)	-	-	(40.79)
Other Information						
Segment Assets	4219.64	396.30	4615.94	4126.91	440.02	4566.93
Unallocated Corporate Assets	-	-	132	-	-	132
Total	4219.64	396.30	4747.94	4126.91	440.02	4698.93
Segment Liabilities	981.75	1.13	982.88	957.85	0.72	958.57
Unallocated Corporate Liabilities	-	-	-	-	-	-
Total	981.75	1.13	982.88	957.85	0.72	958.57
Capital Expenditure	-	-	-	-	-	-
Depreciation/ Amortisation	15.84	64.27	80.11	207.70	74.18	281.88
Other Non Cash Expenses Other than Depreciation / Amortisation	-	-	-	-	-	-

Notes:

In addition to the significant accounting policies applicable to the business segment as set out in Part A of Schedule 21, Notes to Accounts, accounting policies in relation to segment accounting are as under:

- i. The Company has disclosed business segment as the primary segment have been identified taking into account the nature of the products, the differing risks and returns, the organization structure and internal reporting system. The Company's operations predominantly relate to manufacturing of paper and other business segment comprises of soda ash.
- ii. Segment revenue, segment results, segment assets and segment liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. the expenses, which are not directly relatable to the business segment are shown as unallocated corporate expenses.
- iii. Assets and liabilities that cannot be allocated between the segments are shown as un-allocable corporate assets and liabilities respectively.
- iv. There are no secondary reportable segments as all operations and customers are located in India. The Company operates in a single geographical segment.

15. INTANGIBLE ASSETS

On account of prudence and as originally recommended by Accounting Standard 26 on "Intangible Assets", issued by the Institute of Chartered Accountants of India, expenditure on miscellaneous expenditure had been charged to the Profit & Loss Account. There are no intangible assets as on date of balance sheet.

16. EARNING PER SHARE (EPS):

	Current Year (Rs.)	Previous Year (Rs.)
Profit after taxation*	(3362321)	(4079203)
Weighted Number of Equity Shares Outstanding	9666667	9000000
Basic Earning Per Share (Face Value Rs 10/- per Share)	(0.35)	(0.45)
Weighted Number of Shares(including Convertible Warrants)	11000000	-
Diluted Earning Per Share (Face Value Rs. 10/- per share)	(0.30)	(0.45)

*Profit after tax is Negative due to deferred tax liability provision of Rs. 40,20,877 during the year (Previous year Rs 1,8,79,2618

17. DEFERRED TAX LIABILITY (NET):

	Current year (Charge)/ Credit	(Amount in Rs.) Deferred Tax Assets/ Liab. as at 31.03.10
Deferred Tax Assets/Liab. as at 01.04.09	(4,25,61,397)	(4,65,82,274)
Deferred tax liability due to timing difference	(40,20,877)	(4,65,82,274)

18. Additional information as required by Part - II of Schedule VI of The Companies Act, 1956.
(i) Particulars in respect of capacity and production

Description	Unit	Annual Licenced Capacity		Annual Installed Capacity		Actual Production	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Writing & Printing Paper & Newsprint	M.T.	N/A	N/A	14850	14850	14838.136	15624.785
Soda Ash	M.T.	N/A	N/A	NIL	NIL	3461.500	3070.750

Description	Unit	Opening Stock		Closing Stock		Sales	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Paper-Writing & Printing & Newsprint	M.T.	280.876	157.274	211.961	280.876	14907.051	15501.183
	VALUE	8514009	3851261	6753310	8514009	494292290	560385991
Soda Ash	M.T.	30.00	55.06	65.750	30.00	3425.750	3095.810
	VALUE	182746	1348289	404162	182746	33935933	29903160
Unfinished Goods	M.T.	124.226	134.312	139.590	124.226	-	-
	VALUE	3659797	3288979	4301557	3659797	-	-

(ii) Particulars of Stock and Turnover of Finished Goods :-

Particulars	Current Year		Previous Year	
	Amount in Rs.	Weight in MT	Amount in Rs.	Weight in MT
Opening Stock				
:Finished	8696755	310.876	5199550	212.334
:Unfinished	3659797	124.226	3288979	134.312
Turnover	528228223	18332.801	590289151	18596.993
Cl.Stock (Fin.)	7157472	277.711	8696755	310.876
Cl.Stock(unfin.)	4301557	139.590	3659797	124.226

**(iii) Particulars of Raw Material Consumed (Excluding consumption in W.I.P.):-**

Particulars	Current Year		Previous Year	
	Amount in Rs.	Weight in MT	Amount in Rs.	Weight in MT
Bagasse	4,91,84,703	27,363,995	6,03,80,998	38987.00
Waste Paper				
Indigenous	39,81,945	477.35	88,35,647	1181.955
Imported	12,48,14,919	6,860.165	10,93,53,755	5765.807
Pulp :				
Imported	27,87,971	107.958	-	-
Agro Materials	33,16,687	1,576.51	15,86,340	793.170
TOTAL	18,40,86,225	36,385.978	18,01,56,738	46727.932
Less : Transfer to Boiler	-	-	1,24,30,243	8026.00
	18,40,86,225	36,385.978	16,77,26,497	38701.932

	Current Year	Previous Year
(iv) CIF Value of imports		
-Raw Material	10,79,91,200	8,45,79,267
-Capital Goods, Spares	12,76,578	22,76,609
(v) Expenditure in Foreign Exchange	NIL	NIL
(vi) Earning in Foreign Exchange	NIL	NIL

Subject to our separate report of even date.

For AJAY SHREYA & COMPANY
CHARTERED ACCOUNTANTS
Registration No. : 021423N

AJAY JAIN
(Proprietor)
Membership No.:85354

ANANT VATS
(Company Secretary)

SANDEEP JAIN
(Managing Director)

ANJU JAIN
(Director)

PLACE : NEW DELHI
DATED : 31.07.2010



PART-IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Details:

Registration No.	116600
State code	55
Balance sheet Date	31.03.2010

ii. Capital raised during the year (Amount in Rs. Thousand)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private placement	NIL

iii. Position of Mobilisation and Deployments of Funds: (Amount in Rs. Thousand)

Total Liabilities	376506
Total Assets	376506

Sources of Funds-

Paid-up Capital	96667
Share Warrant	13333
Reserves and Surplus	78706
Secured Loans.	88598
Unsecured	52620
Deferred Tax Liabilities	46582

Application of Funds-

Net Fixed Assets	233048
Net Current Assets	130258
Investment	13200

iv. Performance of Company (Amount in Rs. Thousand)

Turnover	516975
Total Expenditure	516168
Profit before Tax	807
Profit after Current Tax & Deferred tax, Fringe Benefit Tax	(3362)
Earning per share in Rs. (Basic)	(0.35)
Diluted	(.30)
Dividend Rate %	NIL

v. Generic Names of Principal

Products / Services of Company -	
i) Item Code No. (ITC Code)	48026990
Product Description	Writing & Printing Paper
ii.) Item Code No. (ITC Code)	48010090
Product Description	Newsprint Paper
iii) Item Code No. (ITC Code)	28362020
Product Description	Soda Ash

For AJAY SHREYA & COMPANY
CHARTERED ACCOUNTANTS
Registration No. : 021423N

AJAY JAIN
(Proprietor)
Membership No. 85354
Place : New Delhi

ANANT VATS
(Company Secretary)

SANDEEP JAIN
(Managing Director)

ANJU JAIN
(Director)



MOHIT PAPER MILLS LIMITED

REGD. OFFICE: 15A/13, UPPER GROUND FLOOR, EAST PATEL NAGAR, NEW DELHI-110008.

FORM OF PROXY

Folio/Client ID No. _____

DP ID No. _____

I/We _____ of _____

_____ in the district of _____

Company hereby appoint _____ being a shareholder/s of the above _____ of _____

_____ in the district of _____ or failing him _____ of _____

_____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held on , 30th Day of September, 2010 and at any adjournments thereof.

Signed this _____ day of _____ 2010

Affix Revenue stamp

(Shareholder)

Note: Proxy must be deposited at the Registered Office of the Corporation not less than 48 hours before the time for holding the Meeting.



IN CASE SHAREHOLDER IS A BODY CORPORATE / INSTITUTION

Name of the Body Corporate
(Shareholder)

Name of the Representative

Folio/Client ID No. _____ Designation _____

I hereby record my presence at the 18th Annual General Meeting of the Company on, 30th day of September, 2010 at Junction 36, 16/36, Junction of Joshi Road & Rohtak Road, Karol Bagh, New Delhi-110005.

In case the Shareholder is a Body Corporate, certified copy of a resolution of the Board of Directors or a governing body of the Institution regarding appointment of the Representative to attend Meeting be enclosed or be sent in advance. The representative should sign the above Attendance Slip on behalf of the Body Corporate/Institution represented by him.

(Shareholder/Representative of Body Corporate/Proxy attending the Meeting must bring the above Admission Card/Attendance Slip to the Meeting and handover at the entrance, after duly signing.)



MOHIT PAPER MILLS LIMITED

REGD. OFFICE: 15A/13, UPPER GROUND FLOOR, EAST PATEL NAGAR, NEW DELHI-110008.

ADMISSION CARD/ATTENDANCE SLIP

ANNUAL GENERAL MEETING to be held on Thursday 30th Day of September, 2010 at 10:00 A.M. at Junction 36, 16/36, Junction of Joshi Road & Rohtak Road, Karol Bagh, New Delhi-110005.

NAME OF THE SHAREHOLDER : _____
FOLIO/CLIENT ID NO. : _____
NO. OF SHARES HELD : _____
NAME OF THE PROXY : _____

I/We hereby record my/our presence at the 18th Annual General Meeting of the Company at Junction 36, 16/36, Junction of Joshi Road & Rohtak Road, Karol Bagh, New Delhi-110005

Signature of the Shareholder/Proxy
Name:

(Shareholder/Representative of Body Corporate/Proxy attending the Meeting must bring the above Admission Card/Attendance Slip to the Meeting and handover at the entrance, after duly signing)

BOOK POST

To, _____



If undelivered please return to :

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15A/13, Upper Ground Floor,
East Patel Nagar, New Delhi-110 008