



TAPOVAN
PAPER AND BOARD

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29th

ANNUAL REPORT
2003-2004

NATH
GROUP

Nath pulp & paper mills Ltd.

Nath pulp & paper mills Ltd.



Directors

Shri D. K. Dutt
Shri Akash Kagliwal
Shri A. S. Sachdeva

Auditors

Lodha & Company
Chartered Accountants
Karim Chambers
40, Hamam Street
Ambalal Doshi Marg,
Mumbai - 400 023



**NATH
PULP & PAPER
MILLS
LTD.**

Bankers

State Bank of India
State Bank of Hyderabad

Registered Office

Nath House
Nath Road,
Aurangabad - 431 005.

Sales Office

1, Chateau Windsor
86, Veer Nariman Road
Churchgate
Mumbai - 400 020

Factory

Nathnagar - 431 148.
Tal. Paithan
Dist. Aurangabad
Maharashtra


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Nath Pulp & Paper Mills Ltd.**NOTICE**

To,
The Members of
Nath Pulp and Paper Mills Ltd.

Notice is hereby given that the 29th Annual General Meeting of **Nath Pulp and Paper Mills Limited** will be held as indicated below:

Day	:	Friday
Date	:	31 st December, 2004
Time	:	4 PM
Place	:	Registered Office at Nath House, Nath Road, Aurangabad

To transact the following business:

ORDINARY BUSINESS:

1. To Receive, consider, approve and adopt the Profit and Loss Account for the year ended 31st March, 2004, the Balance Sheet as at date and to adopt the Reports of Directors and Auditors thereon.
2. To appoint Shri Akash Kagliwal as a Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Lodha and Company, Chartered Accountants, Mumbai, as the Auditors of the Company, who retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Registered Office:
Nath House, Nath Road,
Aurangabad-431 005.

By order of the Board

Dated : 3rd December, 2004

D. K. Dutt
Director

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and the proxy need not be a member of the Company.
2. In case the Members wish to seek any information on accounts and operations of the Company, they are requested to send their queries in writing at least ten days in advance before the date of the meeting so that information can be made available at the time of the meeting.
3. Members are requested to notify immediately any change in their address to the Company at the Registered office.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 27th December, 2004 to 31st December 2004 both days inclusive.



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2004

Dear Shareholders

Your Directors' have pleasure in presenting the 29th Annual Report and the Audited Financial Statements for the year ended 31st March 2004.

Financial Results

Results for the Year ended 31st March 2004 are as under:

Rs. in Lacs

Particulars	Year ended 31st March, 2004	Year ended 31st March, 2003
Sales and other Income	5248.08	4407.71
Profit/(Loss) before depreciation	227.00	(2823.69)
Depreciation	677.00	680.79
Net Profit/(Loss) for the year	(450.00)	(3504.48)
Exceptional Items	73.03	176.68
Net Profit/(Loss)	(376.96)	(3327.80)

Your Company

During the year under review, the production achieved was 30581 Mt representing an overall capacity utilization of 80.48%. Sales was 30073 tonnes as against 22629 tonnes in the previous year registering a growth of 32.89%.

Market Trends

The Indian paper industry, which was reeling under pressure of low cost imports declining prices and rising input costs over the past few years, is witnessing a resurgence. With firming-up of international pulp and paper prices, the domestic paper market has registered an upward trend in 2003-2004, resulting in improvement of operating margins.

Outlook

India accounts for 16% of the World Population, but only 1% of the world paper production. The per capita consumption of 5 kg is well below the world average of 46 kg and the Asian average of 25.3 kg. The disparity in per capita consumption clearly signifies potential for growth in the Paper Industry. The projected Growth rate in paper industry is estimated to be in the range of 6 to 8 % per annum as against the global average of 2%. This growing demand would be a unique opportunity for the existing mills to formulate new strategies to be competitive and profitable. In order to be able to capitalize on this opportunity, your Company has embarked on the following strategic initiatives;

a) Value Added Products

Your Company was over the years manufacturing only kraft paper. It has since diversified into manufacturing of value added products namely tube grade kraft paper, test liners, surface size maplitho, copier and coated paper.

b) Strategic alliances

Your Company has entered into long term arrangement with leading paper manufacturers for conversion of their paper into coated paper. This would result into continuous and sustained operation of the Coating Plant at full capacity

c) Energy efficiency

Your Company has optimized energy cost by undertaking rigorous energy audits, re-evaluation of existing process and installation of energy saving devices resulting into substantial savings in fuel and power cost.

d) Financial Restructuring

The Company has successfully arrived at Financial Restructuring of its dues with the existing lenders. The resultant impact will be accounted for during financial year 2004-05. The promoters, as always, continue to be committed to make the company viable, have brought in funds to make investment in selective upgrades and for augmentation of Working Capital.

Nat'l pulp & paper mills Ltd.**Auditors' Report**

The notes referred to by the Auditors, in their report, are self explanatory, and do not call for further explanation.

Directors

Mr. Akash Kagliwal Director of the Company retires by rotation and being eligible offers himself for re-appointment.

Auditors

Messrs Lodha and Company, Chartered Accountants, Mumbai, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Conservation of energy technology absorption, foreign exchange earning and outgo

In terms of rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors' Rules 1988) the relevant particulars are given in the Annexure to this report.

Particulars of employees

None of the employees of the Company is covered under the provisions of Section 217 (2A) of the Companies Act 1956 read with the Companies (Particulars of employees) Rules 1975.

Directors' responsibility statement

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

- a) That the applicable accounting standards had been followed along with proper explanation relating to material departure, if any;
- b) That the selected accounting policies were applied consistently and judgements and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the financial year and of the loss of the Company for the period;
- c) That the Directors have taken proper and sufficient care 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;
- d) That the annual accounts were prepared for the financial year ended 31st March 2004, on a going concern basis.

Corporate Governance

Pursuant to clause 49 of Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report and a Corporate Governance Report are made a part of this report.

A Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated by clause 49 of Listing Agreement is attached to this report.

Industrial Relations

Industrial relations during the year have been cordial. The Directors place on record their appreciation of the valuable contribution made by the employees of your Company towards the performance and growth of your Company.

Acknowledgement

The Directors' take this opportunity to thank all the Financial Institutions, Banks, and Govt. officials for their continued support.

For and on behalf of the Board

Place : Aurangabad
Dated : 30th November, 2004

D. K. DUTT
Director

ANNEXURE TO DIRECTORS' REPORT

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY AND FOREIGN EXCHANGE EARNING AND OUTGO

	2003-2004	2002-2003
1 CONSERVATION OF ENERGY		
A. Power and Fuel consumption		
I. Electricity		
i) Units (KWH)	10278103	9584401
ii) Total Amount (Rs.in lacs)	382.68	371.20
iii) Rate Per Unit (Rs. in lacs)	3.72	3.87
II. Coal		
i) Quantity (M.T)	30435	26461
ii) Total Cost (Rs.in lacs)	567.76	496.96
iii) Rate per M.T. (Rs.)	1865	1878
B. Consumption per M.T. of Production		
i) Electricity (KWH)	336	496
ii) Coal (M.T)	1.00	1.37
2 FOREIGN EXCHANGE EARNING AND OUTGO		
A. Foreign Exchange Earned (Rs.in lacs)	Nil	Nil
B. Outgo of Foreign Exchange (Rs.in lacs)	Nil	Nil
1. Value of Imports (CIF)		
i) Raw Materials (Rs. in lacs)	373.81	217.98
ii) Spare Parts and Consumable	Nil	Nil
iii) Capital Goods	Nil	Nil
2 Travelling Expenses and others (Rs. in lacs)	Nil	Nil

FORM B

FORM FOR DISCLOSURE OF PARTICULARS
WITH RESPECT TO TECHNOLOGY ABSORPTION

1. Specific areas in which R&D carried out by the Company.	i. Development of High strength Kraft Paper, Tube Grade Kraft paper Fluting Media ii. Rationalisation of quality parameters iii. Energy Conservation
2. Benefits derived as a result of the above R & D	i. High realization ii. Reduction in energy cost
3. Future Plans	Production of Value added Paper
4. Expenditure on R & D	
a) Capital	
b) Recurring	Rs. 11.74 Laacs
c) Total	Rs.11.74 Laacs
d) Total R & D Expenditure as % of total turnover	0.20%

CORPORATE GOVERNANCE:

Company's Philosophy on Corporate Governance endeavours to achieve highest levels of transparency and equity in all its operations and its dealings with all its stakeholders including the Shareholders, the Government and lenders.

1. Board of Directors:

The Company has on its Board eminent personalities from diverse fields. The composition of the board is a mix of Non-executive and Independent Directors.

Director	Category	No. of Outside Directorship held		No. of Outside Committee Position held		Remarks
		Public	Private	Member	Chairperson	
Shri. D. K. Dutt	Non-Executive and Independent	None	None	None	None	
Shri. Akash Kagliwal	Non-Executive and Independent	None	None	None	None	
Shri. A. S. Sachdeva	Non-Executive and Independent	None	None	None	None	

2. Share Transfer Approval Committee and Shareholders' Investors Grievance Committee:

The Company has reconstituted the Shareholders / Investors' Grievance Committee comprising Mr. D.K.Dutt, and Mr. Akash Kagliwal Directors of the Company. The committee deals with matters relating to: -

- Transfer / transmission of shares
- Review of shares dematerialised and all other related matters
- Monitoring of expeditious redressal of investors' grievances
- Other matters relating to shares

Company's shares are compulsorily traded in the dematerialized form and have to be delivered in the dematerialised form in all Stock Exchanges. To expedite transfers in the physical segment, authority has been delegated to the Investor Relations Committee of the Board.

There were no share transfers/complaints pending disposal as on 31st March 2004.

Compliance officer:

Mr. Sunil Dixit is the compliance officer of the Company.

No of meeting held : 1 dated. 20.01.2004

3. Disclosure on remuneration paid to Directors:

Details of the remuneration paid to the Board of Directors are given in para 4 of this section.

4. Board Meetings:

The Board of Directors met 4 times during the year, as detailed below. Agenda papers were circulated in advance of each meeting to all Directors and all relevant information as required under Clause-49 of the Listing Agreement were placed before the Board from time to time.

Date of Board Meeting	City	No. of Directors Present
30 th April 2003	Aurangabad	2
31 st July 2003	Aurangabad	2
31 st October 2003	Aurangabad	3
29 th January 2004	Aurangabad	3

Disclosures on the attendance record and remuneration paid to Directors is as under :

Directors	Sitting fees paid during the year	No. of Board Meetings		Attended Last AGM held on 30 / 09 / 2003
		Held	Attended	
Shri. D. K. Dutt	4000	4	4	Yes
Shri. Akash Kagliwal	2000	4	2	No
Shri. A. Sachdeva	4000	4	4	Yes

5. Company related information:

The Company is furnishing quarterly results to the Stock Exchange Mumbai to enable it to put the information on its web-site.

6. Audit Committee:

The Company has constituted an Audit Committee comprising three Directors, majority of whom are Independent and Non-Executive Directors. The Committee comprises the following:

Shri Akash Kagliwal (Chairman)
Shri D.K. Dutt
Shri A.S. Sachdeva

The terms of reference stipulated by the Board to the Audit Committee are in terms of Clause 41 of the Listing Agreement detailed as under:

- A. Formulation of Company's financial reporting process and the disclosure of its financial information;
- B. Recommending appointment of the Statutory Auditors' of the Company and fixing their remuneration;
- C. Reviewing with the Management the annual financial statements before submission to the Board, with an emphasis on:
 - a. any change in the accounting policies and practices;
 - b. Major accounting entries based on exercise of judgment of the Management;
 - c. qualification in draft audit report ;
 - d. the going concern assumption;
 - e. significant adjustments arising out of audit;
 - f. compliance with the accounting standards;
 - g. compliance with Stock Exchanges and legal requirements concerning financial statements;
 - h. review of the related party transactions and their being not prejudicial to the interests of the Company at large;

- D. Reviewing with the management and the Auditors the adequacy of internal controls;
- E. Reviewing the internal audit functions;
- F. Discussions with the internal auditors on any significant findings and follow up thereon;
- G. Reviewing the findings of the internal investigations of the internal auditors into matters where there is a suspected irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- H. Discussion with the external auditors on the completion of the audit to ascertain any area of concern;
- I. Reviewing the company's financial and risk management policies;
- J. To ensure timely discharge of statutory obligations and other obligations as well.

Details of no. of Meetings held are as under:

Date of Meeting	Members Present
31.07.2003	2
20.08.2003	2
29.01.2004	3

7. Remuneration Committee:

The Remuneration Committee comprises the following Directors:

Mr.D.K.Dutt
Mr.Akash Kagliwal

No. of Meetings held : Nil

8. Disclosure of Material Transactions to the Board:

No Transaction of material nature has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relative etc., that may have a prejudicial conflict with interest of the Company.