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**30th
ANNUAL REPORT
2004-2005**

**NATH
GROUP**

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 30th Annual General Meeting of Nath Pulp and Paper Mills Limited will be held as indicated below:

Day : Friday
Date : 30.12.05
Time : 3. 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 2005, the Balance Sheet as at date and to adopt the Reports of Directors and Auditors thereon.
2. To appoint Shri Mahesh Mehta as a Director of the Company, in place of Mr. A.S. Sachdeva.
3. To appoint M/s Lodha and Company, Chartered Accountants, Mumbai, the retiring Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration to be decided by the Board of Directors.

Registered Office :
Nath House, Nath Road
Aurangabad- 431005

By Order of the Board

Date: 01-12-2005

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.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2005

Dear Shareholders

Your Directors' have pleasure in presenting the 30th Annual Report and the Audited Financial Statements for the year ended 31st March 2005.

Financial Results

Your Company's performance during the year 2004-05 is summarized below:

Particulars	Rs. in Lacs	
	Year ended 31st March, 2005	Year ended 31st March, 2004
Sales and other Income	6573.15	5248.08
Profit/(Loss) before depreciation	206.34	227.00
Depreciation	446.28	677.00
Net profit/(loss) for the year	(239.94)	(450.00)
Exceptional Items	(3959.63)	73.03
Net Profit/(Loss)	(4199.57)	(376.96)

Your Company

The production for the year was at 31195 MT representing a capacity utilization of 82% as against previous year production of 30581 MT. Sales achieved was 31372 MT as compared to 30073 MT during the previous year.

Your Company recorded a turnover of Rs. 6573.15 lacs during the year 2004-05, as against Rs. 5248.08 lacs in the previous year

Market Scenario :

In the years ahead, the Indian paper industry is poised to grow at the rate of 6 to 8%. Your Company has taken strategic measures for growth and improved profitability.

Strategy

Your Company's product range hitherto was limited to Kraft and Coated varieties of paper. In order to reap the benefits of a growing demand, your Company has taken effective steps for production and distribution of high quality surface sized maplitho paper. During the year, your Company has undertaken complete revamping of one of the machines in order to make it capable of producing 13200 tons of surface and Maplitho Paper.

Your Company has entered into a long-term arrangement with JK Paper for sourcing of pulp and base paper as also for supply of S.S. Maplitho and Coated papers to them.

Energy efficiency

Your Company has optimized energy cost through rigorous energy audits, re-engineering of existing processes and installation of energy saving devices resulting into substantial savings in fuel and power cost.

Financial Restructuring

Your Company has raised Rs.573.12 lacs by issuing 5731712 equity shares of Rs. 10/ each at par to promoters /select group of persons / body corporates. The proceeds of the issue were utilized to make investment in selective upgrades and for augmentation of working capital.

Your Company has successfully negotiated restructuring of its dues with the Financial Institutions / Banks. The scheme of arrangement duly approved by the Financial Institutions and Banks has been filed by the Company in the Hon'ble Bombay High Court for approval. The resultant impact of the same will be accounted for during the financial year 2005-06.

Auditors' Report

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

Directors

Mr. Mahesh Mehta is proposed to be appointed as a Director of the Company in place of Mr. A.S. Sachdeva who retires at the conclusion of the ensuing Annual General Meeting.

Mr. Mahesh Mehta is a Cost Accountant and a Company Secretary by profession. He has a varied and rich experience in the fields of Finance and Corporate Management spanning over more than twenty five years. With his induction on the Board, the Company shall be highly benefited with his expertise and knowledge in carving out its future.

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 have 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 end of 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 2005, on a going concern basis.

Corporate Governance

Pursuant to clause 49 of Listing Agreement with the Stock Exchanges, 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 impeccable services rendered by the employees towards the performance and growth of your Company.

Acknowledgement

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

For and on behalf of the Board

Place : Aurangabad

Dated : 25/10/2005

D. K. Dutt

Director

Nath pulp & paper mills Ltd.

ANNEXURE TO DIRECTORS' REPORT

FORM A

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

	2004-2005	2003-2004
1 CONSERVATION OF ENERGY		
A. Power and Fuel consumption		
I) Electricity		
i) Units (KWH)	13457539	10278103
ii) Total Amount (Rs.in lacs)	463.91	382.68
iii) Rate Per Unit (Rs. in lacs)	3.45	3.72
II. Coal		
i) Quantity (M.T)	23613	30435
ii) Total Cost (Rs.in lacs)	505.66	567.76
iii) Rate per M.T. (Rs.)	2141	1865
B. Consumption per M.T. of Production		
i) Electricity (KWH)	431	336
ii) Coal (M.T)	0.75	1.00
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)	573.31	373.81
ii) Spare Parts and Consumable	Nil	Nil
iii) Capital Goods	Nil	Nil
2. Travelling Expenses and others (Rs. in lacs)	13.80	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, S.S. Maplitho, 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 Papers
4. Expenditure on R & D	
a) Capital	-
b) Recurring	Rs. 9.86 lacs
c) Total	Rs. 9.86 lacs
d) Total R & D Expenditure as % of total turnover	0.15

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2004-05
(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. Governance Philosophy

The Company is committed to the adoption of best governance practices and its adherence in the true spirit at all times. This is reflected in the culture of trusteeship that we have established over the years and which is deeply ingrained in our value system and our thought process. At a macro level our governance philosophy rests on five fundamental tenets viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, equitable treatment of all shareholders as well as superior transparency and timely disclosure.

2. Board of Directors:

The Board of Directors as at 31.03.2005 comprises of 3 Directors, all of them are independent and Non Executive. The Composition is as under:

Director	Category	No. of Outside Directorship held	
		Public	Private
Shri. D. K. Dutt	Non-Executive and Independent	One	None
Shri. Akash Kagiwal	Non-Executive and Independent	One	Five
Shri. A. S. Sachdeva	Non-Executive and Independent	None	None

Meeting and attendance record of each Director

8 Meetings of the Board were held on the following dates during the year ended 31st March 2005.

- | | | | |
|-------------------------------|--------------------------------|------------------------------|-------------------------------|
| 1) 7 th April 2004 | 2) 27 th April 2004 | 3) 12 th May 2004 | 4) 29 th July 2004 |
| 5) 29 th Oct 2004 | 6) 30 th Nov 2004 | 7) 2 nd Jan 2005 | 8) 29 th Jan 2005. |

The attendance record of the Directors at the Board Meetings held during the year ended on 31st March 2005 and the last Annual General Meeting (AGM) of the Company are given below:

Name of the Director	Attendance	
	Board Meeting	Last AGM (Y/N)
Mr. D.K. Dutt	8	Yes
Mr. Akash Kagiwal	8	Yes
Mr. A.S. Sachdeva	3	No

3. AUDIT COMMITTEE:

The Audit Committee met 3 times during the year ended on 31st March 2005 on 20.07.2004, 18.11.2004, 27.01.2005. The Constitution of the Committee as at 31.03.2005 and the attendance of each Member is as given below:

Nat'l pulp & paper mills Ltd.

Sr. No.	Name of the Director	No. of Meetings attended
1	Mr. D.K. Dutt	3
2	Mr. Akash Kagliwal	3
3	Mr. A.S. Sachdeva	1

All the members of the committee are independent and Non –Executive Directors. They possess adequate knowledge of Accounts, Audit, Finance etc. Mr. Akash Kagliwal is the Chairman of the committee.

Audit Committee meetings are also attended by General Manager (Finance) and the Internal Auditors.

The Broad terms of reference of the Audit Committee are to review the financial statements before submission to the Board to review reports of the Internal Auditors and to review the weaknesses in internal control reported by the Internal and Statutory Auditors. In addition, the powers and role of the Committee are as laid down under Clause 49 II C and D of the Listing Agreement and Section 292 A of the Companies Act, 1956.

4. **REMUNERATION COMMITTEE :**

Remuneration Committee comprises of two independent and Non–Executive Directors namely;

Mr. D.K. Dutt
Mr. Akash Kagliwal

The Committee recommends the remuneration package of the Executive Director of the Board. In framing the remuneration policy the Committee takes into account the remuneration practices of the Companies of similar size and stature and the Industry Standards.

5. **SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE:**

The Shareholders/ Investors Grievance Committee comprised two Independent and Non-Executive directors, the committee met once on 31.01.2005, during the year ended on 31st March 2005. The Constitution of the Committee as at 31.03.2005 is given as below;

Sr. No.	Name of the Director	Status	Meeting attended
1	Mr. D.K. Dutt	Non-Executive	1
2	Mr. Akash Kagliwal	Non-Executive	1

The committee deals with matters relating to;

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