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**31st  
ANNUAL REPORT  
2005-2006**

**NATH  
GROUP**

**Nath pulp & paper mills Ltd.**

**Directors**

Shri D. K. Dutt  
Shri Akash Kagliwal  
Shri Mahesh Mehta

**Auditors**

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

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**NATH  
PULP & PAPER  
MILLS  
LTD.**

**Bankers**

State Bank of India  
State Bank of Hyderabad

**Registrar & Share Transfer Agent**

Big Share Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai-400 072.

**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 31<sup>st</sup> Annual General Meeting of Nath Pulp and Paper Mills Ltd will be held as indicated below:

Day : Saturday  
Date : 30.09.06  
Time : 11 AM  
Place : Registered Office at Nath House, Paithan Road, Aurangabad

To transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2006
2. To appoint a Director in place of Mr. D. K. Dutt who retires by rotation and being eligible, offers himself for reappointment.
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 a remuneration to be decided by the Board of Directors.

#### **SPECIAL BUSINESS:**

4. To consider and if thought fit, pass, with or without modification, the following Resolution as a Special Resolution

**RESOLVED THAT** pursuant to the provisions of section 269 and other applicable provisions of the Companies Act, 1956 and subject to the approval of Shareholders' in the General meeting and such other approvals, consents, Mr. Akash Kagliwal be and is hereby appointed as the Whole time Director of the Company for a period of five years effective the date on which his appointment will stand approved by the Share holders of the Company upon such remuneration and perquisites and terms and conditions detailed as under:

#### **Remuneration:**

Salary: Rs 75000 per month in the grade of (75000- 7500-105000)

#### **Commission:**

The Whole time Director shall be paid commission @ 2 per cent of the net profits of the Company computed in the manner specified in Section 309(5) of the Companies Act, 1956.

**Nat'l pulp & paper mills Ltd.****Perquisites:****Housing:**

1. The expenditure by the company on hiring furnished accommodation shall be subject to a limit of 50 per cent of Mr. Akash Kagliwal's monthly salary.
2. If accommodation in a Company owned house is provided, a deduction of 10 per cent shall be made from the monthly salary thereof.
3. Expenditure incurred on gas, electricity and furniture etc. shall be valued as per Income Tax Rules 1962.

**Medical expenses;**

Expenses incurred on self and family members shall be reimbursed on actual subject, however, to a maximum of one month's salary in a year.

**Leave Travel Concession:**

Leave travel concession for self and family once in a year to and fro from any place in India subject to the condition that, only actual Air/ Rail fare shall be reimbursed.

**Club Membership;**

Fees towards membership of clubs shall be borne by the Company subject, however, to membership of two clubs. No admission and life membership fees will be paid.

**Gratuity:**

Gratuity shall be payable for half a month's salary for each completed year of service.

**Provident Fund:**

Company's contribution to Provident Fund shall be as per the Provisions of Employees' Provident Fund and Miscellaneous provisions Act, 1952

**Privilege leave:**

The whole time Director shall be entitled to one month's privilege leave.

**Personal Accident Insurance:**

The Whole time Director shall be covered for personal accident insurance aggregate sum insured of which shall not exceed 36 months salary.

**Official Car:**

The Company shall provide a car to Mr. Akash Kagliwal for use for official purpose. Use of Car for personal purpose shall be billed by the Company.

**Telephone:**

Company shall provide a telephone at the residence of Whole time Director. Personal Calls shall be debited by the Company to the Whole time Director.

**Termination of Office:**

The office of the Whole time Director may be terminated by the Company by giving the other 3 (three) months' prior notice in writing.

**Terms and conditions of Appointment:**

Following shall be the terms and conditions on which Mr.Akash Kagliwal shall function as the whole time Director;

1. That subject to the supervision and control of the Board of Directors, the day today management of the Company shall be in the hands of the whole time Director;
2. That the whole time Director shall also perform such other duties and services and exercise such powers as shall from time to time be entrusted to him by the Board of Directors including the powers of the Board, as provided for in the Articles of Association of the company;
3. That whole time Director undertakes that he shall discharge his duties to the best of his ability in the interest of the Company;
4. That he shall conform to and comply with the regulations and directions of the Company and all such orders as may from time to time be given by the Board of Directors;
5. That subject to compliance of various laws for the time being in force, the whole time Director shall have and exercise the following powers:
  - to manage the affairs of the Company and to perform and exercise all such powers, rights and discretion assigned to or vested with him by the Articles of Association of the Company and which may from time to time be assigned or vested with him by the Board and / or by the Shareholders in the general meeting;
  - to enter in to and become party to and to sign and execute all deeds, conveyance, instruments, contracts, receipts and all other documents and writings on behalf of the company whether or not such documents are to be executed under the common seal of the Company;
  - to make, sign, draw, accept, endorse, negotiate, sell and transfer on behalf of the company, cheques, bills of exchange, promissory notes, dock warrants, delivery orders, railway receipts, bills of lading and such other mercantile documents and other negotiable instruments, securities and debentures;
  - to be a party to and to be present for registration and admit execution of and do all such acts deeds and matters as may be found necessary and expedient to facilitate registration of all deeds, conveyance, and writings whatsoever;
  - to institute, defend, refer to arbitration, abandon and compromise legal or other proceedings, settle claims by or against the Company ;

- to convene meetings of the Board of Directors, committee, sub committee of Directors and to convene the annual and extra ordinary general meeting of the shareholders;
- to purchase, pay for, acquire, sell, repurchase, import, export, machinery, raw materials, finished goods and all such articles and things in the course of conducting the business of the company;
- to take on lease, hire purchase or on rent immovable and movable properties for the purpose of the business of the Company on such terms and conditions and as such charges as the whole time Director may think fit;
- to acquire tenements, buildings and such other immovable properties of every description and kind subject, however, at such price as may be approved by the Board from time to time;
- to approve of erection, extension of factory buildings, ware houses, and buildings and works of every description and kind as the Board of Directors may decide from time to time;
- to sell, transfer and dispose off immovable or movable properties of the Company of every description and kind;
- to raise or borrow monies from time to time on behalf of and in the name of the Company but not exceeding the amount, if any, which may be specified by the Board of Directors from time to time, as the whole time Director may think expedient;
- to insure and keep insured the Company's assets namely buildings, machinery, materials, and all such properties movable or immovable and all such other risks as the whole time Director may deem fit and proper in the interest of the Company ;
- Within the limits prescribed by the Board, to invest and deal with monies of the Company not immediately required, in such investments including government securities;
- to operate bank accounts, i.e. current, cash credit, over drafts, fixed or otherwise with any bank or bankers, merchants or corporates and to pay monies into and to draw monies from any such account or accounts from time to time as the Whole time Director may think fit,
- to attend and vote at all meetings in bankruptcy, insolvency, liquidation or other proceedings in which Company may be interested or concerned;
- to appoint, employ, promote, remove, discharge, suspend, re-appoint, re-employ, or replace for the governance of the Company, officers, managers, secretaries, assistants, workmen, and other employees, medical officers, accountants, architects, advocates, consultants, technicians, with such powers and responsibilities and on such terms and conditions as to the duration of employment / retainerhip, remuneration and such other things, benefits as the Whole time Director may think fit;
- to delegate to any person / persons all or any of the powers conferred on him by the Board and to revoke or withdraw any or all of the powers so delegated by him as also from time to time provide for the appointment of any Attorney or Attorneys or other persons for the management of the affairs of the Company and confer on such person such powers as the

whole time Director may think fit and to remove from time to time and appoint other person/ persons to exercise the powers so delegated;

- To make all such arrangements and to do all such acts, deeds, matters and things on behalf of the Company as may be necessary desirable and expedient in the management of the affairs of the company subject, however, to the provisions of the Companies Act, 1956 and other laws for the time being in force and / or to the Memorandum and Articles of Association of the company which inter-alia expressly forbid certain acts by the Whole time Director or which are required to be done only in the general meeting or by the Board of Directors .

The Whole time Director shall not have the powers to:

- a) To make calls on shareholders in respect of monies unpaid on the shares of the Company;
- b) Issue debentures
- c) Except for the powers delegated under section 292 of the Companies Act, 1956, invest the funds of the Company or grant loans or borrow monies.

Registered Office :  
Nath House, Nath Road  
Aurangabad- 431005

By Order of the Board

**Akash Kagliwal**  
Director

Date: 04.09.2006



**EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956****Item No. 4**

The Board of Directors of the Company in their meeting held on 31<sup>st</sup> January 2006 have approved of Mr. Akash Kagliwal's appointment as the whole time Director of the Company for a period of five years, subject to the approval of the members in the Annual General Meeting.

The terms of salary and perquisites set out in the Special Resolution are now being placed before the members in the General Meeting for approval.

Mr. Akash Kagliwal has graduated in Business Management from London, U.K. He has been associated with the Company over the last four years as a Non Executive Director and the Company has benefited immensely from his knowledge and experience. Your Directors recommend the passing of the resolution.

Except for Mr. Akash Kagliwal, none of the Directors is interested in the resolution.

Registered Office :  
Nath House, Nath Road  
Aurangabad- 431005

By Order of the Board

**Akash Kagliwal**  
Director

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**Notes:**

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy need not be a member of the Company.
- 2) Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the Special Business for item no.4 is annexed hereto.
- 3) Members are requested to notify immediately any change in their address to Company's registrars Bigshare Services Pvt. Ltd.- E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E) Mumbai-400072.
- 4) In case the Members wish to seek any information on accounts and operations of the Company, they are requested to send in their queries in writing at least ten days in advance before the date of the meeting so as to enable the Company to furnish the requisite details at the time of the meeting.
- 5) The Register of Members and Share Transfer Books of the Company will remain closed during 29.09.2006 to 30.09.2006 (both days inclusive).

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2006

Dear Shareholders

Your Directors have pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2006.

### Financial Results:

Your Company's performance during the year is summarized below;

Particulars	Rs. in Lacs	
	Year ended 31st March, 2006	Year ended 31st March, 2005
Sales and other Income	5319.48	6573.15
Profit/(Loss) before depreciation	262.71	206.34
Depreciation	406.84	446.28
Net profit/(loss) for the year	(147.34)	(239.94)
Exceptional Items	(584.89)	(3959.63)
Net Profit/(Loss)	(732.23)	(4199.57)

### Your Company:

Production for the year aggregated to 21486 tons as against 31195 tons achieved last year. The shortfall in production, sales and revenue was essentially because one of our machines remained shut for a period 8 months for modernization to enhance its capabilities to manufacture high quality surface size maplitho and copier papers.

### Market Scenario:

Indian economy is going through a phase of new resurgence. Paper Industry is also witnessing a growth rate ranging between 6 to 8 %. While Kraft Paper segment is plagued with over production, there is a significant room for capacity expansion for value added products in cultural grades.

### Strategic Initiatives:

In order to seize the opportunity, your company has decided to reduce its dependence on Kraft Paper and increase capacities for cultural grades of paper. Accordingly a new waste paper treatment line is being installed and Company's paper machine –I is being further modified suitably. As a result of these strategic initiatives and also financial restructuring, your company is confident of achieving a positive turn around in the year 2006-07.

### Financials

During the year, the Company has issued / allotted 50,00,000 optionally convertible warrants of Rs. 10 each on a preferential basis carrying an entitlement to the Warrant holders to subscribe to equivalent no. of equity