



33rd
ANNUAL REPORT
2007-2008

NATH
GROUP

Nath pulp & paper mills Ltd.

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.

Report  junction.com

Bankers

State Bank of India
State Bank of Hyderabad



**NATH
PULP & PAPER
MILLS LTD.**

Reistrar & 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

CONTENTS

	Page No (s)
• Notice of Annual General Meeting	1
• Directors' Report	2 to 5
• Report on Corporate Governance	6 to 17
• Auditors' Report	18 to 23
• Balance Sheet	24
• Profit and Loss Account	25
• Cash Flow Statement	26
• Schedules No. 1 to 20 attached to and forming Part of Balance Sheet and Profit and Loss Account	27 to 49
• Part IV of schedule VI	50

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

To,
The Members
Nath Pulp and Paper Mills Ltd.

Notice is hereby given that the 33rd Annual General Meeting of Nath Pulp and Paper Mills Ltd. will be held as indicated below:

Day : Tuesday
Date : 30. 09.2008
Time : 11 A.M.

Place : Registered Office at Nath House, Nath Road, Aurangabad -431005

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 31st March , 2008
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.

By Order of the Board

Akash Kagliwal
Whole time Director

Registered Office

Nath House, Nath Road,
Aurangabad -431005

Dated : 30th August, 2008

Notes:

- 1) A Member entitled to vote at the meeting is entitled to appoint a proxy. The proxy need not be a member of the Company.
- 2) Members are requested to notify any change in their address to Company's registrars, Bigshare Services Pvt. Ltd. – E 2/3 Ansa Industrial Estate, Sakivihar Road, Andheri (East), Mumbai - 400072
- 3) The Register of Members and Share Transfer Books of the Company will remain closed during 27.09.2008 to 30.09.2008 (both days inclusive)

Nat pulp & paper mills Ltd.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2008

Dear Shareholders

Your Directors' have pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March, 2008.

Financial Results :

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

(Rs. in lacs)

Particulars	Year ended 31 st March, 2008	Year ended 31 st March, 2007
Sales and other income	6794.64	7252.40
Profit /(Loss) before depreciation	437.65	332.53
Depreciation	371.50	422.37
Net/profit /(loss) for the year	62.17	(93.74)
Exceptional Items	7.33	(66.84)
Net Profit / (Loss)	69.50	(160.59)

Your Company :

During the year, the Company's Production of paper and paperboard aggregated to 26704 tons as compared to 29539 tons in the previous year. Capacity utilization was at 70%. Production was disrupted due to limited available resources and revamping of machine No. I.

Strategic Initiatives :

With a view to reap the maximum benefit of the resurgence in the paper industry, Your Company had taken certain effective measures to modify of paper machine -1 in order to enhance its capabilities to produce quality grade SS Maplitho & Copier Grade Paper. The results of the said modification have been satisfactory. Your company is confident of reaching best quality of Maplitho & Copier Grade Paper to its customers.

Outlook:

In the year to come , domestic paper market & profitability of the company is expected to improve because of following factors:

- Pulp and paper prices in international market have gone up.
- Thrust on education coupled with economic growth and increase in population leading to increase in demand.

Nat pulp & paper mills Ltd.



- Revamping of Machine No.1 will lead to improvement in quality, brightness, scope for manufacture of new varieties like Maplitho & Copier Grade of paper. This will increase net sales realization.
- Moreover, increased production will lead to reduction in overall cost.

Financials :

Your Company has negotiated settlement of its dues with financial institutions and banks. The scheme of rehabilitation has been filed by the Company in the Hon'ble Board for Industrial and Financial Reconstruction. The same is likely to be approved shortly.

Auditors' Report :

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

Directors :

Mr. D.K.Dutt, 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.

Particulars of Conservation of energy technology absorption, foreign exchange earning and outgo :

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required u/s 217(1) (e) of the Companies Act 1956 read with the rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors' Rules 1988) are given in the Annexure attached hereto and forms part of 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;

Nati pulp & paper mills Ltd.

- b) That the selected accounting policies were applied consistently and judgments 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 profit 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 2008, on a going concern basis.

Corporate Governance :

All mandatory provisions of 'Corporate Governance' as provided in the Listing Agreement of the Stock Exchanges with which the Company's shares are listed, are complied with.

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 committed 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: 30th August, 2008

Akash Kagliwal
Whole time Director

Nat 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.

S.No.	Particulars	2007-08	2006-07
1)	CONSERVATION OF ENERGY		
	A) Power and Fuel Consumption		
	I) Electricity		
	i) Units (KWH)	13658956	14916231
	ii) Total Amount (Rs.in lacs)	491.44	571.34
	iii) Rate per Unit (Rs.)	3.60	3.83
	II) Coal		
	i) Quantity (MT)	11889	16874
	ii) Total Cost (Rs.in lacs)	303.64	444.78
	iii) Rate per MT (Rs.)	2554	2635.88
	B) Consumption per MT of production		
	i) Electricity (KWH)	511	504
	ii) Coal (MT)	0.445	0.570
2)	FOREIGN EXCHANGE EARNING AND OUTGO.		
	A) Foreign Exchange Earned (Rs.in lacs)	Nil	Nil
	B) Outgo of Foreign Exchange (Rs.in lacs)		
	1. Value of Imports (CIF)		
	i) Raw Materials (Rs.in lacs)	582.38	764.32
	ii) Spare Parts and Consumable	Nil	Nil
	iii) Capital Goods	10.80	Nil
	2. Travelling Expenses and others (Rs.in lacs)	0.88	2.75

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 quality surface Sized Maplitho and copier paper ii) Energy conservation iii) Development of high Plybond Paper
2)	Benefits derived as a result of the above R & D	i) Customer satisfaction and Higher realization ii) Cost reduction iii) Reduction in energy cost
3)	Future Plans	i) New Products development ii) Product quality enhancement
4)	Expenditure on R & D a) Capital b) Recurring c) Total d) Total R & D expenditure as % of total turnover	Expenditure on R&D has been shown under respective heads of expenditure in the Profit & Loss account as no separate account is maintained.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2007-08

(Pursuant to clause 49 of the Listing Agreement entered into with Stock Exchanges)

1. THE COMPANY'S CORPORATE GOVERNANCE:

For the Company, Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability, independence and commitment to values. Towards this end, the Company has put in place the systems to comply with all the rules regulations and requirements outlined in clause 49 of the Listing Agreement.

Corporate Ethics :

The Company has endeavored to adhere to the highest standards of business ethics that is reflected in its compliance with statutory and legal obligations and a deep rooted commitment to transparency in its business dealings.

2. BOARD OF DIRECTORS :

Company's Board of Directors as at 31.03.2008 comprises three Directors two of them are independent and non executive. The Composition is as under:

Name	Category	No of outside Directorship held	
		Public	Private
Mr. D. K. Dutt	Non Executive and Independent	One	None
Mr. Mahesh Mehta	Non Executive and Independent	Two	None
Mr. Akash Kagliwal	Executive	Three	Four

None of the above mentioned Directors has held any Membership or Chairmanship in any other Company's committee.

Meeting and attendance record of each Director :

7 meetings of the Board were held on the following dates during the year ended 31st March, 2008.

- | | | |
|------------------------|----------------------|------------------------|
| 1) 29 th April, 2007 | 2) 31st July 2007 | 3) 24 th October, 2007 |
| 4) 31st October, 2007 | 5) 6th December 2007 | 6) 31st January 2008 |
| 7) 29th February, 2008 | | |

The attendance record of the Directors at the Board Meetings held during the year ended 31st March, 2008 and the last Annual General Meeting (AGM) of the Company are as under :

Name of the Director	Board Meeting	Last AGM (Y/N)
Mr. D. K. Dutt	7	Yes
Mr.Akash Kagliwal	7	Yes
Mr. Mahesh Mehta	4	Yes

Nat pulp & paper mills Ltd.**3. AUDIT COMMITTEE :**

The Audit Committee met four times during the year ended 31st March 2008 (1) July 31, 2007, (2) October 24, 2007, (3) January 31, 2008 (4) February 29, 2008. The Constitution of the committee as at 31.03.2008 and the attendance of each member is given below

S. No.	Name of the Director	No. of meetings attended
1	Mr. D.K. Dutt	4
2	Mr. Akash Kagliwal	4
3	Mr. Mahesh Mehta	2

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

Audit Committee meetings are also attended by Company's General Manager (Finance), Dy G.M. (Accounts) and Internal Auditors.

The audit committee is vested with the following powers:

- To investigate into any matter referred to it by the Board and for that purpose to have full access to the information contained in the records of the Company and external professional advice;
- To investigate any activity within its terms of reference;
- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend the appointment and removal of external auditors; fixation of audit fee and also approval for any other services;
- Reviewing with management, external and internal auditors, the adequacy of internal control systems;
- Reviewing with management the annual financial statements before submission to the board;
- Reviewing the Company's financial and risk management policies;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders and creditors.

4. REMUNERATION COMMITTEE :

Remuneration Committee comprises of two independent and non executive Directors namely.

Mr. D. K. Dutt

Mr. Mahesh Mehta

During the year, the non executive independent directors have been paid only the sitting fees.

The committee recommends the remuneration package of the Whole time Director of the Board. In framing the policy, the committee takes into account the remuneration practice of the Companies of similar size and stature and the industry standards.