



34th

ANNUAL REPORT
2008-2009

NATH
GROUP

Nath pulp & paper mills Ltd.

Nath Pulp & Paper Mills Ltd.



Directors

Mr. Akash Kagliwal

Mr. Mahesh Mehta

Mr. S. K. Chopra

Auditors

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



**NATH
PULP & PAPER
MILLS LTD.**

Registrar & Share Transfer Agent

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

Nath pulp & paper mills Ltd.**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
Nath Pulp and Paper Mills Ltd.

Notice is hereby given that the 34th Annual General Meeting of Nath Pulp and Paper Mills Ltd. will be held as indicated below:

Day	Monday
Date	30 th November 2009
Time	11 A.M
Place	Registered Office at Nath House, Nath Road, Aurangabad- 431 005

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 , 2009
2. To appoint a Director in place of Mr. Mahesh Mehta 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:

1. Appointment of Mr. N.L.Kagliwal as a Director of the company

To consider and if thought fit to pass with or without modification, the following resolution as an ordinary Resolution:

RESOLVED THAT, pursuant to provisions of section 257 of the Companies Act, 1956, Mr. N. L. Kagliwal be and is hereby appointed a Director of the Company.

By Order of the Board

Registered Office

Nath House, Nath Road,
Paithan Road, Aurangabad -431 005.
Dated: 25.10.2009

Akash Kagliwal
Whole time Director

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 27.11.2009 to 30.11.2009 (both days inclusive)

Nath pulp & paper mills Ltd.**EXPLANATORY STATEMENT TO SPECIAL BUSINESS:**

(Pursuant to Section 173 (2) of the Companies Act, 1956)

The Company has received a notice under section 257 of the Companies Act, 1956 with a deposit of Rs. 500/- proposing the candidature of Mr. N. L. Kagliwal for the Directorship of the Company under section 257 of the Companies Act, 1956.

Mr. N.L.Kagliwal is a highly qualified and dynamic entrepreneur and brings him a rich experience spanning over forty years. He has successfully promoted and managed nos. of Companies of diverse disciplines. The Company will be immensely benefited with his expertise and experience.

Keeping in view his expertise and knowledge, it is proposed that, Mr. N.L. Kagliwal be appointed as a Director, liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

By order of the Board of Directors

For Nath Pulp and Paper Mills Ltd.

Akash Kagliwal
Whole time Director

Place : Aurangabad
Date : 25.10.2009

Nat pulp & paper mills Ltd.



REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2009

Dear Shareholders,

Your Directors' have pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2009.

Financial Results

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

Rs. in lacs

Particulars	Year ended 31 st March, 2009	Year ended 31 st March, 2008
Sales and other income	3914.59	6762.06
Profit /(Loss) before depreciation	75.74	437.65
Depreciation	434.63	371.50
Net/profit /(loss) for the year	(358.88)	66.15
Exceptional Items	13441.45	7.33
Fringe Benefit Tax	(2.25)	(3.98)
Net Profit / (Loss)	13080.32	69.50

Your Company

During the year, Company's Production of Paper aggregated to 17952 tons as compared to 26704 tons in the previous year. The capacity utilization was low because of protracted strike by the workers and as also constraints of working capital fund.

Strategic Initiatives :

Your company has successfully developed maplitho and copier grades of paper. In the Kraft segment, Company has developed and marketed a new variety of as Text Tube Premium. As of now, only few manufacturers are producing this premium variety. Company's foray into this segment will improve the profitability significantly.

Financials

Your Company has worked out a restructuring package for its dues to financial institutions and banks. The scheme of rehabilitation filed by the Company with the Hon'ble Board for Industrial and Financial Reconstruction is receiving active consideration.

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, Director of the company retires by rotation and being eligible, offers himself for reappointment.

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.

Nat pulp & paper mills Ltd.



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 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/(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 2009, on a going concern basis.

Corporate Governance

All mandatory provisions of 'Corporate Governance' as provided in the Listing Agreement of the Stock Exchanges on 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 except for two months during which workers had resorted to a strike.

Acknowledgement

The Directors take this opportunity to thank the company's customers, vendors, business associates, bankers, financial institutions and govt. authorities for their continued support and co-operation to the company.

The directors also sincerely acknowledge the continued trust and confidence reposed by the shareholders of the company.

For and on behalf of the Board

Place: Aurangabad
Dated: 29.09.2009

Akash Kagliwal
Whole time Director



Nati 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	2008-09	2007-08
1)	CONSERVATION OF ENERGY		
	A) Power and Fuel Consumption		
	I) Electricity		
	i) Units (KWH)	7,241,289	13,658,956
	ii) Total Amount (Rs.in lacs)	340.30	491.44
	iii) Rate per Unit (Rs.)	4.70	3.60
	II) Coal		
	i) Quantity (MT)	3,921	11,889
	ii) Total Cost (Rs.in lacs)	88.98	303.64
	iii) Rate per MT (Rs.)	2269	2554
	III) Fuel Bio-mass		
	i) Quantity (MT)	11,924	Nil
	ii) Total Cost (Rs. In Lacs)	130.27	Nil
	iii) Rate per MT (Rs.)	1092	Nil
2)	B) Consumption per MT of production		
	i) Electricity (KWH)	403	511
	ii) Coal (MT)	0.218	0.445
	iii) Bio-mass	0.664	Nil
	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)	528.91	582.38
	ii) Spare Parts and Consumable	5.56	Nil
	iii) Capital Goods	Nil	10.80
	2. Travelling Expenses and others (Rs.in lacs)	0.70	0.88

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
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 2008-09
(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 31.03.2009 comprises four Directors three 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. S.K. Chopra	Executive and independent	None	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 :

5 meetings of the Board were held on the following dates during the year ended 31st March, 2009.

1) 30th April, 2008; 2) 31st July, 2008; 3) 30th August, 2008 4) 31st October, 2008 5) 24th January, 2009

The attendance record of the Directors at the Board Meetings held during the year ended 31st March, 2009 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	5	Yes
Mr. Akash Kagliwal	5	Yes
Mr. Mahesh Mehta	3	Yes

3. AUDIT COMMITTEE:

The Audit Committee met four times during the year ended 31st March 2009 on (1) April 30th, 2008 (2) August 30th, 2008 (3) October 31st, 2008 (4) January 24th, 2009. The Constitution of the committee as at 31.03.2009 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	3

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 Chief General Manager (Finance) and Internal Auditors.

The terms of reference of the Audit Committee include:

- To review the company's financial reporting process and its financial statements.
- To review the accounting and financial policies and practices.
- To review the efficacy of the internal control mechanism and monitor the management policies adopted by the company and ensure compliance with regulatory guidelines.
- To review reports furnished by the internal and statutory auditors and ensure that suitable action is taken.
- To examine accountancy, taxation and disclosure aspects of all significant transactions.

4. REMUNER ATION 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.

REMUNERATION TO DIRECTORS :

The Non Executive Independent Directors are paid sitting fees for attending the meetings of the Board of Directors.

The table below shows the details of remuneration paid to Non Executive/Independent Directors of the Company during the Financial Year 2008-09.

Name of the Director	Sitting Fees for attending the meeting of the Board of Directors / Committee of Directors (Rs.)
Mr. D. K. Dutt	5000
Mr. Mahesh Mehta	3000

Remuneration to whole time Director

The Whole time Director's remuneration is subject to compliance of Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956. The Board on the recommendation of the Remuneration Committee of the Board of Directors, considers the remuneration of Whole time Director. The Board recommends the remuneration of the whole time Director for approval of the Shareholders, at the Annual General Body Meeting or any such other authority as may be required.

The table below shows the details of remuneration paid to whole time Director of the Company during the financial year 2008-09.

Director's Name	Salary (Rs.)	Perquisites (Rs.)
Mr. Akash Kagliwal	600,000	185,692