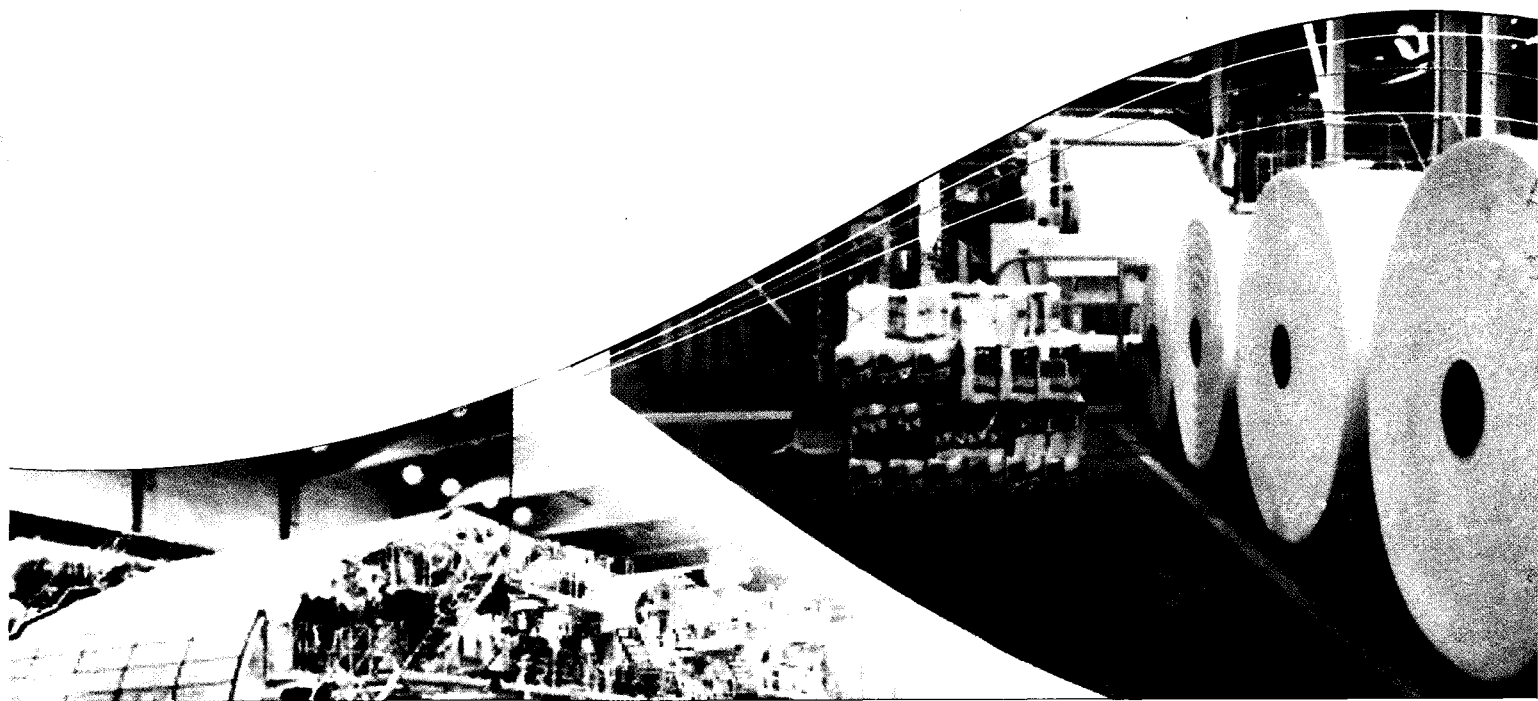


35th Annual Report
2009-2010

NATH
GROUP

Nath pulp & paper mills Ltd.



Directors

Mr. Akash Kagliwal

Mr. Nandkishor Kagliwal

Mr. S. S. Agarwal

Auditors

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



Nath Pulp and Paper Mills Ltd.
Nath House, Nath Road,
Aurangabad - 431 005 (Maharashtra)

Registrar & Share Transfer Agent

Bigshare 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

Wahegaon,
Nathnagar - 431 148
Tal. Paithan,
Dist. Aurangabad. (Maharashtra)

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NOTICE

To,
The Members
Nath Pulp and Paper Mills Ltd.

Notice is hereby given that the 35th Annual General Meeting of Nath Pulp and Paper Mills Ltd. will be held as indicated below:

Day	Thursday
Date	30 th September 2010
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 , 2010
2. To appoint Mr. Nandkishor Kagliwal as a Director of the Company, 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. S. S. Agrawal as 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, Mr. S.S. Agrawal who was appointed as an Additional Director of the Company and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956 and in proposing his candidature for the office of the Director of the Company, by and is hereby appointed as a Director of the Company.

By Order of the Board

Registered Office

Nath House, Nath Road,
Paithan Road, Aurangabad -431 005.
Dated: 01.09.2010

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 27.09.2010 to 30.09.2010 (both days inclusive)

EXPLANATORY STATEMENT TO SPECIAL BUSINESS:

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

The Company has received a notice in writing from a member along with the deposit of Rs. 500/- proposing the candidature of Mr. S. S. Agrawal for the Directorship of the Company under section 257 of the Companies Act, 1956.

Mr. S. S. Agrawal has rich experience of forty years in the corporate world in advise disciplines. Mr. S. S. Agrawal's association as a member of the Board shall be to the benefit of the Company.

Keeping in view Mr. S. S. Agrawal's expertise and knowledge, it is proposed that, Mr. S. S. Agrawal 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

Akash Kagliwal
Whole time Director

Place : Aurangabad
Date : 01.09.2010

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2010

Dear Shareholders,

Your Directors' have pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2010.

Financial Results

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

Rs. in lacs

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Sales and other income	5517.03	3914.59
Profit /(Loss) before depreciation	185.79	75.74
Depreciation	365.72	434.63
Net/profit /(loss) for the year	(179.93)	(358.88)
Exceptional Items	(103.62)	13441.45
Fringe Benefit Tax	-	(2.25)
Net Profit / (Loss)	(283.55)	13080.32

Your Company

During the year, Production of Paper aggregated to 25549 tons representing an overall capacity utilization of sixty seven percent. Company's performance in the year ahead shall be significantly better because of economies of scale and near self sufficiency achieved in respect of major inputs.

Strategic Initiatives :

The premium grade Kraft Paper developed last year has been well received in the market and orders are flowing in on a continuous and sustained basis. It shall be Company's endeavor to retain its market share in this segments in this years ahead. Company has successfully explored a potential demand for its products in United Arab Emirates (UAE). Company shall endeavor to future enhance its market share.

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

Mr. S.S. Agrawal, is proposed to be appointed as a Director of the Company subject to retirement by rotation.

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;
- 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 2010, 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 were cordial.

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: 01.09.2010

Akash Kagliwal
Whole time Director

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	2009-10	2008-09
1)	CONSERVATION OF ENERGY		
	A) Power and Fuel Consumption		
	I) Electricity		
	i) Units (KWH)	9,880,140	7,241,289
	ii) Total Amount (Rs.in lacs)	522.57	340.30
	iii) Rate per Unit (Rs.)	5.28	4.70
	II) Coal		
	i) Quantity (MT)	12,988	3,921
	ii) Total Cost (Rs.in lacs)	375.85	88.98
	iii) Rate per MT (Rs.)	2894	2269
	III) Fuel Bio-mass		
	i) Quantity (MT)	-	11,924
	ii) Total Cost (Rs. In Lacs)	-	130.27
	iii) Rate per MT (Rs.)	-	1092
2)	B) Consumption per MT of production		
	i) Electricity (KWH)	387	403
	ii) Coal (MT)	0.506	0.218
	iii) Bio-mass	-	0.664
	FOREIGN EXCHANGE EARNING AND OUTGO.		
	A) Foreign Exchange Earned (Rs.in lacs)	10.06	Nil
	B) Outgo of Foreign Exchange (Rs.in lacs)		
	1. Value of Imports (CIF)		
	i) Raw Materials (Rs.in lacs)	1,016.29	528.91
	ii) Spare Parts and Consumable	Nil	5.56
	iii) Capital Goods	Nil	Nil
	2. Travelling Expenses and others (Rs.in lacs)	Nil	0.70

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 premium grade Kraft Paper ii. Energy conservation
2)	Benefits derived as a result of the above R & D	i. Customer satisfaction and Higher realization ii. 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 2009-010

The Company's Corporate Governance

The Company believes in the highest standards of Corporate Governance and has put in place the systems to company with all the rules, regulations and requirements mentioned in clause 49 of the Listing Agreement.

Corporate Ethics

The Company adheres to highest standards of business ethics, compliance with statutory and legal requirements commitment to transparency in its business dealings.

Board of Directors

Company's Board of Directors as at 31.03.2010 comprises three Directors one of them are independent and non executive. The Composition is as under:

Name	Category	No of outside Directorship held	
		Public	Private
Mr. Nandkishor Kagliwal	Non Executive and Promoter	3	2
Mr. Akash Kagliwal	Executive	3	4
Mr. S. S. Agrawal	Non Executive and independent	3	None

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, 2010.

1) 27th April, 2009 2) 30th July, 2009 3) 29th September, 2009 4) 31st October, 2009 5) 29th January, 2010

The attendance record of the Directors at the Board Meetings held during the year ended 31st March, 2010 and the last Annual General Meeting (AGM) of the Company are as under :

Name of the Director	Board Meeting	Last AGM (Y/N)
Mr. Nandkishor Kagliwal	1	No
Mr. Akash Kagliwal	5	Yes
Mr. Mahesh Mehta	4	Yes
Mr. S. K. Chopra	1	Yes

AUDIT COMMITTEE

The Audit Committee met four times during the year ended 31st March 2010 on (1) April 27th, 2009 (2) July 30th 2009 (3) October 31st, 2009 (4) January 29th, 2010. The Constitution of the committee as at 31.03.2010 and the attendance of each member is given below

S.No.	Name of the Director	No. of Meetings attended
1	Mr. Nandkishor Kagliwal	4
2	Mr. Akash Kagliwal	4
3	Mr. S. S. Agrawal	1

One members of the committee is non executive and independent. He has 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.

REMUNER ATION COMMITTEE

Remuneration Committee comprises of non executive Directors namely

- Mr. Nandkishor Kagliwal
- Mr. S. S. Agrawal

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 2009-10.

Name of the Director	Sitting Fees for attending the meeting of the Board of Directors / Committee of Directors (Rs.)
Mr. S. K. Chopra	1000
Mr. Mahesh Mehta	4000
Mr. Nandkishor Kagliwal	1000

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 2009-10.

Director's Name	Salary (Rs.)	Perquisites (Rs.)
Mr. Akash Kagliwal	600,000	182,493