



**Registered Office:**

Nath Pulp & Paper Mills Ltd.  
Nath House, Nath Road,  
Aurangabad-431005 (Maharashtra).

**Plant:**

Nath Nagar (North),  
Village: Wahegaon,  
Taluka: Paithan -431106  
Dist.: Aurangabad (Maharashtra).

**Directors:**

Mr. Akash kagliwal  
Mr. Nandkishor Kagliwal  
Mr. Shrirang Agarwal  
Mr. P.S.Rvindrananthan (Nominee Director)

**Statutory Auditors:**

M/s R.B.Sharma & Co.  
Chartered Accountants  
Block No 7 & 8, 2nd Floor,  
Shangrila Complex, Samarth Nagar,  
Aurangabad-431001

**Registrar & Share Transfer Agent**

Big Share Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka,  
Andheri (E), Mumbai-400 072.  
Tel: 022-28470652 ,40430200



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## Notice

To,  
The Members,  
Nath Pulp and Paper Mills Ltd.

Notice is hereby given that the 39<sup>th</sup> Annual General Meeting of Nath Pulp and Paper Mills Ltd., will be held as indicated below:

Day	Tuesday
Date	30 <sup>th</sup> September, 2014
Time	11.00 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 Directors' Report, Auditors' Report, Audited Balance Sheet as at 31 March 2014 and the Statement of Profit and Loss Account for the year ended on that date.
2. To appoint Mr. Nandkishor Kagliwal as a Director of the Company, who retires by rotation and being eligible offer himself for re-appointment.
3. Appointment of Auditors

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

"RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time, M/s. R.B. Sharma & Company, Chartered Accountants, Aurangabad (Firm Registration No. 109971W) be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) Till the conclusion of the forty-second AGM of the company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, as may be mutually agreed between the Board of Directors of the Company and the Auditors"

### **BY Order of the Board**

**Akash Kagliwal**  
Whole time Director  
DIN No: 01691724

Aurangabad  
Dated: 30/05/2014  
Corporate Identification Number (CIN): L2100MH1975PLC018289

### **Notes:**

1. A member entitled to vote at the meeting is entitled to appoint a proxy. The proxy need to be a member of the Company.
2. Members are requested to notify any change in their address to Company's Registrar and Share Transfer Agent, Big Share Services Pvt. Ltd. E 2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai-400 072.
3. Pursuant to section 91 of the Companies Act, 2013 (corresponding to section 154 of the Companies Act, 1956) The Register of the Members and Share Transfer Books of the Company will remain closed during 27.09.2014 to 30.09.2014 both days inclusive.

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to present the 39<sup>th</sup> Annual Report on the affairs of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2014.

**Financial Results**

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

Particulars	₹. In Lacs	
	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013
Sales and other income	9492.94	8728.08
Profit/ (loss) before Depreciation	407.30	458.72
Depreciation	209.84	219.13
Net Profit/ loss for the year	195.63	281.51
Prior Period Items	(1.83)	41.92
Net Profit (loss) before tax	197.46	239.59
Deferred Tax (Income)/Expenses	(5.23)	114.57
Profit after Tax	202.69	125.02

**Performance**

The working of the company has been satisfactory during the year. However, the working results were adversely affected due to sluggish market conditions coupled with a steep hike in the cost of raw materials due to devaluation of the rupee against USD.

Your company has also brought about significant changes in the process and product mix to produce core boards used for manufacture of tubes required by the textile industry. We also developed thermal paper and eco-friendly chromo paper for packaging. Production capacity was also raised from 33300 tons to 40000 tons of kraft paper.

With these improvements your company expects to achieve better results in the years ahead.

Your Company has achieved turnover and other income of ₹. 9492.94 lacs, as compared to the previous year ₹. 8728.08 lacs. Company has achieved a net Profit after adjustment of deferred tax income of ₹. 202.69 lacs.

**Auditors' Report**

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

**Directors**

In terms of the provisions of the Companies Act, 1956 Mr. Nandkishor Kagliwal, Director of the Company, retires by rotation and being eligible, offers himself for re- appointment.

**Auditors**

M/s R. B. Sharma & Co., Chartered Accountants, Aurangabad retire as the 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 earnings and outgo**

Particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 217 (1) (e) of the Companies Act, 1956 read with rule 2 of Companies ( Disclosure of particulars in the Report of Board of Directors ' Rules 1988 ) are given in the annexure attached hereto and form 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 of 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) for the period;
- c) That the directors have taken proper and sufficient care for 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 any fraud or other irregularities;
- d) That the annual accounts were prepared for the year ended 31<sup>st</sup> March 2014 on a going concern basis.

## Management Discussion and Analysis

A comprehensive Management Discussion and Analysis Report, forming part of report on Corporate Governance is a part of this Annual Report.

## Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a Corporate Governance Report is made a part of this Annual Report.

A Certificate from the Auditors of the Company regarding compliance with the conditions of the Corporate Governance as stipulated in clause 49 of the Listing Agreement is attached to this report.

Company is complying with clause 49 of the Listing Agreement with regard to Corporate Governance and report to that effect is being regularly filed with the Stock Exchanges. The Company has obtained declaration from the Directors for compliance with code of conduct and certificate from CEO/ CFO was placed before the Board of Directors at the meeting held on 30/05/2014.

## Industrial Relations

Company's industrial relations were cordial. Your directors acknowledge the support and co-operation from employees at all levels.

## Acknowledgement

The Directors take this opportunity to thank 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 trust and confidence reposed by the shareholders of the Company.

## For and on Behalf of the Board

Akash Kagliwal  
Whole time Director  
DIN No: 01691724

Aurangabad  
Dated: 30/05/2014

**Annexure to Directors' Report**
**Form-A**

Form for disclosure of particulars with respect to conservation of Energy and Foreign Exchange earning and Outgo.

Particulars	For the Year 2013-14	For the Year 2012-13
1. Conservation of Energy		
A) Power & Fuel Consumption		
1) Electricity		
Units Nos (Kwh)	9,085,272	10,335,795
Total Amount ₹ Lacs	657.74	772.87
Rate Per Unit ₹	7.24	7.48
2) Coal		
Quantity (MT)	20989	20,736
Total Cost ₹ Lacs.	869.10	680.63
Rate Per MT ₹	4141	3,283
B) Consumption Per MT of Production		
Electricity (Kwh)	264	291
Coal (MT)	0.609	0.583
2. Foreign Exchange Earning and Outgo.		
A) Foreign Exchange Earned ₹ Lacs.	Nil	Nil
B) Outgo of Foreign exchange ₹ Lacs		
1) Value of Imports (CIF)		
i) Raw Materials ₹ Lacs	1309.06	1,128.21
ii) Travelling and Others Expenses ₹ Lacs	Nil	Nil

**Form B**

Form for Disclosure of Particulars with respect to Technology absorption.

<b>Research and Development ( R &amp; D)</b>
1) Specific areas in which R & D carried out by the Company R & D activities are carried out continuously to produce good quality of Paper & Paper Boards
2) Benefits derived as a result of the above R & D As a results of extensive R & D activities, Company has been able to produce good quality Paper & Paper Boards
3) Future Plans The Company continues its efforts to maximise its productivity as also enhance quality of its products.
4) Expenditure on R & D Expenditure on R & D has been shown under respective heads of expenditure in the statement of Profit & Loss, as no separate account is maintained.



## Management Discussion and Analysis Report

### (Annexure to Directors' Report)

#### **Industry Structure and Development:**

There are 700-800 paper mills (organized & unorganized sector) in the Country consisting of wood based, agro based and waste paper based.

The Indian paper industry is an integral part of the Nation's economy and contributes to its growth and development. Indian paper industry has continued to upgrade its capacities and technologies in spite of huge challenges like shortage of raw material, being highly capital intensive in nature and a threat of cheaper import from Asian Countries.

The Domestic demand for all varieties of paper in India is estimated at around 13.1 million tonnes in 2013-14 which is 3% of global demand even though population of 121 crores as per 2011 census is 17% of world population. Out of total domestic paper consumption packaging grades account for approx 5.9 million tonnes and specialty grade 0.60 million tonnes.

Even though our domestic paper consumption has been growing steadily, it is still only 10/11 kg per capita, which is abysmally low when compared to even highly populated and developing economies. Per capita consumption in China and Indonesia is estimated at 42 kg and 23 kg respectively.

Nath Pulp and Paper Mills Ltd. is paper mill which is strategically located at Paithan with all infrastructure facilities. Nath is the leading producer of high strength core board used by text tube manufacturers and Thermal grade paper.

Over the years, Company has focused on stringent quality measures, which help to meet all our customers' needs. Our focus on quality has helped us building strong relationship with customers and eliminated supplementary costs. With a dedicated and competent human capital at its disposal, Company is confident of expanding its presence in the paper industry.

#### **Opportunities and Threats:**

The low per capita consumption of paper/ paper board in the country is bound to increase with the growth in the GDP rising income of middle class, and a ban on plastic packaging starting with guthka manufacturing units.

The company has adequate infrastructure facilities such as land, water & power. Further, company has the flexibility to manufacture various grades of paper, which gives it a distinct competitive advantage.

The availability of raw material has always been a matter of concern for the industry.

At the same time, it may face competition due to proliferation of capacities in the country.

#### **Review of Performance:**

During the year the Company's Sales and other income aggregated to ₹ 9492.94 Lacs. Net profit stood at ₹ 197.46 lacs.

#### **Strategy**

During the year Company has developed Premium grade Kraft Paper of 600 ply bond and Thermal Paper they have been well accepted in the market. Your Company's endeavor is to enhance its market share in this segment.

#### **Outlook, Risk and Concern Management perceives:**

The paper industry is understood to be cyclical in nature and its performance depends on the global pulp and paper demand supply situation. The industry is presently witnessing slowdown in demand. The Company has well-diversified product base which insulates it from the cyclical impact to some extent. However, given the growth potential, outlook of paper industry is promising; moreover company is ready to face new challenges to retain its position as one of the leading paper mills in the Core board segment.

The Company is deriving its revenue from paper / paper board manufacturing. Not only the availability of Raw material is a matter of concern but also rates of raw material due to competition among the related paper mills.





**Internal Control Systems and their Adequacy**

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the management. The company is following all the applicable Accounting Standards for maintaining the books of accounts and reporting financial statements. It has appointed an independent firm of Chartered Accountants for conducting Internal Audit. The Audit Reports are reviewed by the Management and the Audit Committee constitute by the Board of Director from time to time.

**Human Resource Development / Industrial Relations**

The Company has drawn specific programme to improve the skill of the workers so as to rationalize the manpower. Further it is providing necessary training to the manpower. There is a continuous interaction between the management, union and workers.

**Cautionary Statement**

The Management Discussion and Analysis Report contains forward looking statements based upon the data available with the Company, assumptions with regard to economic conditions, government policies etc. The Company cannot guarantee the accuracy of assumptions and perceived performance in future. Therefore, the actual results may materially differ from those expressed or implied in the report.

**For and on behalf of the Board**

Akash Kagliwal  
Whole time Director  
DIN No: 01691724

Place: Aurangabad  
Date: 30/05/2014



**CORPORATE GOVERNANCE REPORT****Company's Philosophy on Code of Governance**

It is the consistent conviction of the company that sound and strong corporate governance leads to durable substance business and generate long term value all stake holders. In pursuance of this, the company has been pursuing corporate governance practices based on professional excellence, business ethics and transparency. The Company believes good corporate governance goes much beyond to fulfilling the statutory requirements, but is also a projection towards sound formulation of a distinct corporate culture. The Company believes that corporate governance is more about creating organizational excellence leading to increased customer satisfaction.

**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<sup>st</sup> March, 2014 comprises four Directors two of them are independent and executive. The Composition is as under:

Name	Category	No of outside Directorship held	
		Public	Private
Mr. Nandkishor Kagliwal	Non Executive & Promoter	7	6
Mr. Akash Kagliwal	Executive	10	10
Mr. Shrirang Agrawal	Non-Executive & Independent	6	4
Mr. P. S. Ravindranath	Nominee Director - Arcil	2	2

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**

During the year ended 31<sup>st</sup> March 2014, Six meetings of the Board were held on the following dates:

1) 30<sup>th</sup> Apr, 2013 2) 30<sup>th</sup> May, 2013 3) 31<sup>st</sup> Jul, 2013 4) 30<sup>th</sup> Aug, 2013 5) 31<sup>st</sup> Oct 2013 6) 31<sup>st</sup> Jan, 2014

The attendance record of the Directors at the Board Meetings held during the year ended 31<sup>st</sup> March, 2014 and the Annual General Meeting (AGM) of the Company are as under:

Name of the Director	Board Meetings	Last AGM (Y/N)
Mr. Nandkishor Kagliwal	6	Yes
Mr. Akash Kagliwal	6	Yes
Mr. Shrirang Agrawal	5	Yes
Mr. P. S. Ravindranath	1	No

**Audit Committee**

The Audit Committee met five times during the year ended 31<sup>st</sup> March 2014 on

1) 30<sup>th</sup> April, 2013 2) 30<sup>th</sup> May, 2013 3) 31<sup>st</sup> Jul, 2013 4) 31<sup>st</sup> October, 2013 5) 31<sup>st</sup> January, 2014

The Constitution of the committee as at 31.03.2014 and the attendance of each member are given below:

Name of the Director	No. of Meetings attended
Mr. Nandkishor Kagliwal	5
Mr. Akash Kagliwal	5
Mr. Shrirang Agrawal	5



One member of the Committee is non executive and independent. He has adequate knowledge of Accounts, Audit, and Finance. Mr. Shrirang Agrawal Independent Director is the Chairman of the committee.

Audit Committee meetings are also attended by Company's Vice President (Finance) and the Internal Auditors.

The terms of reference of the Audit Committee include:

- To review the company's financial reporting process and 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.

## Remuneration Committee

Remuneration Committee comprises of non executive Directors namely

Mr. Nandkishor Kagiwal  
Mr. Shrirang Agarwal

## Remuneration to Directors

The Non-Executive Independent directors, sitting fees for attending the meetings of the Board of Directors as below.

Name	Status	Sitting Fees
Mr. Nandkishor Kagiwal	Non Executive & Promoter	1000
Mr. P. S. Ravindranath	Nominee Director – Arcil	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 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 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 2013-2014.

Director's Name	Salary
Mr. Akash Kagiwal	₹. 1,200,000

## Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committee comprised one executive and one non executive Director; the committee met four times on

- 30<sup>th</sup> Apr, 2013
- 31<sup>st</sup> July, 2013
- 31<sup>st</sup> Oct, 2013
- 31<sup>st</sup> Jan, 2014

During the year ended 31st March, 2013. The Constitution of the committee as on 31.03.2014 is given below:

Name	Status	Meeting attended
Mr Shrirang Agrawal	Non executive	4
Mr.Akash Kagiwal	Executive	4

The committee deals with matters relating to:

- Transfer/ transmission of shares
- Review of shares dematerialized and all other related matters