

## DIRECTORS' REPORT

### Dear Shareholders,

Your Directors are pleased to present the 44<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, 2019.

### FINANCIAL RESULT:

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

| Particulars                            | Rs in Lacs                                 |  |
|--|--|--|
|  | Year ended<br>31 <sup>st</sup> March, 2019 | Year ended 31 <sup>st</sup><br>March, 2018 |
| Sales and other income                 | 14545.53                                   | 11401.19                                   |
| Profit/ (loss) before Depreciation     | 701.27                                     | 156.13                                     |
| Depreciation                           | 85.77                                      | 67.77                                      |
| Net Profit/ loss for the year          | 88.35                                      | 88.35                                      |
| Net Profit/(loss) before tax           | 615.50                                     | 88.35                                      |
| Other Comprehensive Income/ (Expenses) | (34.76)                                    | -  |
| Deferred Tax Income/( Expenses)        | (17.99)                                    | 70.82                                      |
| Profit after Tax                       | 562.75                                     | 17.53                                      |

### PERFORMANCE:-

The performance of the company has been satisfactory despite various economic and industry challenges. Despite challenges like erratic demand and competitive market scenario your company has been able to put forth a satisfactory performance. During the year, various measures were undertaken by your company to enhance product efficiency. Your Directors believe that these initiatives will be beneficial for the company in long run.

Your company had developed higher GSM core boards and Thermal paper during previous year. Demand for both these grades is growing constantly. Domestic market for manmade fiber has been growing rapidly and many expansions are in the pipe line, It will give good prospect for our sublimation grade of paper used for printing on High end textile cloths and our TTP500 and TTP 600 grade used inPOY/FDY paper tubes.

The Company has exported core board of 8160 MT during the year. Company has exported mainly to China, Thailand, Malaysia, Indonesia and Sri Lanka. Company also has stable business with its existing customer base.

With the significant contribution of above products and their acceptance in the domestic and overseas markets, Company's sales prospect are likely to increase and it will also add up to the export business of the company in the coming years.

Your Company is in the processes of installation of Bobbbin Slitter with shrink packaging, QCS and dryers. This will add up GSM & Ply bond and additional production capacity.

Your Company has achieved turnover and other income of Rs14545.53 lakh as compared to the previous year Rs11401.91 lakh. Company has posted a Net Profit after tax of Rs. 562.75 lakh (Previous year Rs (17.53) lakh).

### AMALGAMATION

The Board of Directors of the Company have approved the Scheme of Arrangement and Amalgamation between Nath Pulp and Paper Mills Limited and Nath Industrial Chemicals Limited and Rama Pulp and Papers Limited and their respective Shareholders as per the provisions of Section 230 to 232 and other relevant provisions of the Companies Act, 2013 ("Scheme") on 30.10.2017.

Further, the Hon'ble National Company Law Tribunal, Mumbai Bench ('Hon'ble Tribunal' or 'NCLT') has passed order on 23.08.2018 and directed a meeting to be held of equity Shareholders of the said Companies on 09.10.2018 for the purpose of considering, and, if thought fit, approving, with or without modification, the proposed Scheme. The Scheme was passed with requisite majority by Equity Shareholders of the Company in the said meeting.

Further, NCLT vide its order dated 22/08/2019 has sanctioned the Scheme of Arrangement and Amalgamation between Nath Pulp and Paper Mills Limited and Nath Industrial Chemicals Limited and Rama Pulp and Papers Limited and their respective Shareholders as per the provisions of Section 230 to 232 and other relevant provisions of the Companies Act, 2013 and the compliances thereof are in process.

**DIVIDEND:**

The Board of Directors of your company does not recommend any dividend for the year ended 31<sup>st</sup> March 2019.

**SUBSIDIARY COMPANY:**

The Company does not have any subsidiary Company.

**PUBLIC DEPOSIT:**

The Company has not accepted deposit from the public during the financial year under the review within the meaning of Section 73 of the Companies Act, 2013, read with companies (Acceptance of Deposits) Rules, 2014.

**EXTRACT OF ANNUAL RETURN**

The extract of the Annual Return in Form No MGT-9 shall form part of the Boards Report in **Annexure-I**.

**CORPORATE GOVERNANCE**

A separate statement on Corporate Governance together with a certificate from the Auditors of Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 forms part of this report are given in **Annexure -II**

**NUMBER OF MEETING HELD DURING THE YEAR**

The details of all the meetings of Board of Directors and the Committees, which has taken place during the year and their details along with their attendance, is given in **Annexure-II**.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis of the financial condition and results of consolidated operations of the Company under review, is annexed and forms an integral part of the Directors' Report, is given in **Annexure-III**.

**ENERGY CONSERVATION MEASURES, TECHNOLOGY ABSORPTION AND R & D EFFORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information in accordance with the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are set out below:

**a. Conservation of Energy and Foreign Exchange Earnings and Outgo**

Your Company is continuously taking initiatives to ensure the optimum utilization of energy available in day to day operations at its plant and factory premises. Your Company uses energy efficient lighting devices, light fittings to save energy, capacitor bank / devices to maintain power factor and plant & equipment which are environment friendly and power efficient.

**b. Technology Absorption**

Company has carried out R & D work of high strength core board and thermal paper and Energy Conservation. Company is benefited in High Realization, Reduction in Energy Cost and Increase in the efficiency of the machines as a result of above R & D.

Expenditure on R & D has been shown under the respective heads of expenditure in the statement of profit and loss, as no separate account is maintained.

c. **Foreign Exchange Earnings and Outgo**

During the financial year 2018-2019, the company has expenditure related to foreign currency. The rupee equivalent of that amount is given hereunder:-

| Particulars       | Rs. In Lakh's |
|-------------------|---------------|
| Total Expenditure | 4468.84       |
| Total Earnings    | 2619.31       |

**DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Company has received declarations from all the Independent Directors of the Company in terms of Section 149(7) of the Act, confirming that they meet criteria of independence as prescribed under section 149(6) of the Act and Regulation 25 of SEBI Listing Regulations, 2015.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act, 2013.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement Under Section 134 (3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

In the preparation of the annual accounts for the year ended March 31, 2019, the applicable Accounting Standards have been followed and there are no material departures from the same;

The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the State of affairs of the Company as at March 31<sup>ST</sup>, 2019 and of the Profit of the Company for that period;

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

The Directors had prepared the annual accounts of the Company on a 'going concern' basis;

The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The Disclosures pertaining to remuneration as required Under Section 197(2) of the Companies Act, 2013 and with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part Directors Report, is given in **Annexure-IV**.

**EVALUATION OF BOARD**

Pursuant to the provisions of the Companies Act, 2013 the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees,. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**INTERNAL CONTROL SYSTEM**

Your Company has laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business ,including adherence to Company's policies, the safeguarding of its assets ,the prevention and detection of frauds and errors and timely preparation of financial statements. The audit committee evaluates the internal financial control system periodically.

#### **WHISTLE BLOWER POLICY / VIGIL MECHANISM**

During the year, your Directors have constituted a Whistle Blower Policy / Vigil Mechanism Policy for the Company to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct of the Company as per the provisions of Section 177 (9) and (10) of Companies Act, 2013. The Vigil Mechanism Policy report has been uploaded on the Website of the Company at [www.nathpaper.com](http://www.nathpaper.com)

#### **OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the year the company has adopted a policy for prevention of Sexual Harassment of Women a workplace and has not received any complaint of harassment. The detailed policy forms has been uploaded on the Website of the Company at [www.nathpaper.com](http://www.nathpaper.com)

#### **RISK MANAGEMENT POLICY**

During the year, your Directors have constituted a Risk Management policy for the Company including identification therein of element of risk, if any, which in the opinion of the Board may threaten the existence of the Company as per the Provisions of Section 134930 (n) of the Companies Act ,2013.The detailed policy forms part of the Annual Report ,is given in Annexure -V

#### **STATUTORY INFORMATION**

The Company being basically into the Paper business. Apart from paper business, the Company is not engaged in any other business/activities. Company is the member of BSE platforms where its shares are listed.

#### **STATUTORY AUDITORS**

The Company has received letter from M/s. Gautam N. Associates, Chartered Accountants, to the effect that their ratification of appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of Section 141 of the Companies Act, 2013.

#### **SECRETARIAL AUDITOR**

The board has appointed MsNeha P. Agarwal ,Practicing Company Secretary to conduct Secretarial Audit for the Financial Year 2018-19. The Secretarial Audit Report in annexed herewith in Annexure-V.

#### **AUDITORS REPORT**

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

#### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

Your Board endeavors that all contracts/ arrangements/ transactions entered by the Company during the financial year with related parties are in the ordinary course of business and on an arm's length basis only. During the year under review the Company has not entered into any contact/ arrangement/ transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

#### **PARTICULARS OF LOANS GUARANTEES AND INVESTMENTS:**

The Company has not given any loans or guarantees or investments during the year, under Section 186 (4) of Companies Act, 2013.

#### **INSURANCE:**

All the properties and the insurable interest of the Company including building, plants and machinery and stocks wherever necessary and to the extent required have been adequately insured.

#### **INDUSTRIAL RELATIONS**

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

#### **RESEARCH & DEVELOPMENT**

The Company believes that technological obsolescence is a reality. Only progressive research and development will help us to measure up to future challenges and opportunities. We invest in and encourage continuous innovation. During the

year under review, expenditure on research and development is not significant in relation to the nature and size of operations of your Company.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company.

#### **APPRECIATION**

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment and express their sincere thanks and appreciation to all the employees for their continued contribution, support and co-operation to the operations and performance of the Company.

#### **ACKNOWLEDGEMENT**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from Shareholders, bankers, regulatory bodies and other business constituents during the year under review.

**For and on behalf of the Board,**

**Place: Aurangabad**  
**Date : 31<sup>st</sup> August, 2019**

**Ashu Jain**  
**Director**  
**(DIN: 00243310)**