



Tamil Nadu Newsprint and Papers Limited

22nd ANNUAL REPORT

2001-2002

WHERE TECHNOLOGY IS IN PERFECT HARMONY WITH NATURE

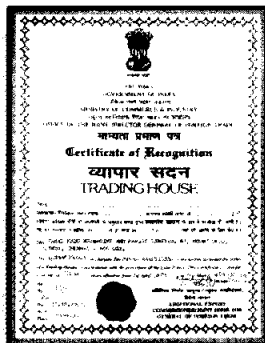
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A year that speaks volumes

2001-2002

A year marked by achievements and innovations

- 100% self-sufficiency in power and export to State Grid
- National Energy Conservation Award from Govt. of India
- 'Trading House' status from Govt. of India
- CAPEXIL award for the third consecutive year
- ISO 14001 certification
- Innovations in waste management and reusability
- New studies for alternate renewable raw materials.



An honour from Govt. of India

TNPL has been accorded 'Trading House' status by the Govt. of India for its export performance.

TNPL exports printing and writing paper to over 20 countries around the globe.

ISO 14001 - a reward for eco-consciousness

TNPL has received ISO 14001 Environmental Management System (EMS) certification from RWTUV, Germany. The ISO 14001 covers the application of environmental management system in all activities relating to design, development and manufacture.



Mr. M.K. Tara, Director-Operations receiving the National Energy Award from Mr. Suresh Prabhu, Hon ble Minister for Power, Govt. of India.

Energy Award - yet another jewel in the crown

TNPL has bagged the National Energy Conservation Award for the year 2001 from Govt of India - a recognition of its outstanding achievement in energy management. TNPL constantly seeks new ways to optimize energy consumption.

This Annual Report has been printed on 80 gsm TNPL UltraWhite Maplitbo.

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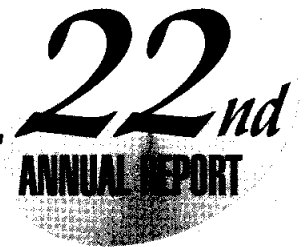
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Greener technologies and newer dimensions to papermaking

Tamil Nadu Newsprint and Papers Ltd



Board of Directors

Thiru ARUN RAMANATHAN, I.A.S.	Director
Holding additional charge as Chairman & Managing Director from 20.6.2002.	
Thiru N NARAYANAN, I.A.S.	Director
Chairman & Managing Director upto 20.6.2002.	
Thiru SANWAT RAM, I.A.S.	Director
Thiru V K CHANANA	Director
Thiru E S JAYARAMAN	Director
Thiru V R MEHTA	Director
Thiru V NARAYANAN	Director
Dr S JANAKARAJAN	Director
Thiru R R BHANDARI	Director
Thiru A VELLIANGIRI	Director (Finance)
Thiru MANJIT KUMAR TARA	Director (Operations)

Tamil Nadu Newsprint and Papers Limited continues to be the leader in producing printing and writing paper primarily from bagasse.

Guided by principles of environmental responsibility, TNPL strives to manufacture papers using materials and processes that help minimize waste, conserve resources and protect our earth's bio-diversity to a great extent for the generations to come.

Registered Office

67, Mount Road
Guindy
Chennai - 600 032

Factory

Kagithapuram - 639 136
Karur District, Tamil Nadu

Auditors

V. Krishnan & Co
Chartered Accountants
Mallika Towers, II Floor
3, Shivaji Street
T. Nagar
Chennai - 600 017

Bankers

Canara Bank
Indian Bank
Indian Overseas Bank
Oriental Bank of Commerce
State Bank of India
State Bank of Patiala
Syndicate Bank
The Karur Vysya Bank Ltd.

In the path of sustainable development



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Towards effective Energy Management

"Efficient energy management is the key to enhancing profitability."

In the face of an increasingly competitive global market and growing environmental awareness, TNPL has been constantly seeking new ways to optimize energy usage.

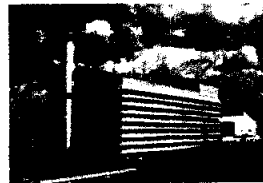
- Green power from 18 MW Wind farm
- In-house co-generation capacity enhanced to 61.12 MW.
- Replacement of fossil fuels with agro and biofuels
- Surplus power exported to State grid
- National Energy Conservation Award from Govt. of India.

Self-sufficiency in Energy

TNPL's self-sufficiency in the energy front has helped to improve its competitive edge by reducing the operational cost.

This has been possible by commissioning a 24.62 MW co-generation plant this year, taking the total installed capacity to 61.12 MW.

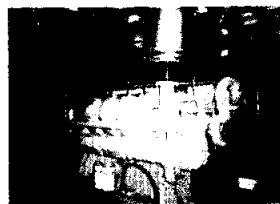
TNPL exported surplus power of 266 Lakh units from co-generation and 260 Lakh units of green power from wind farm to the state grid.



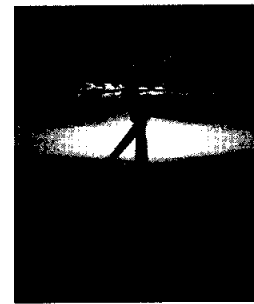
TNPL achieves total self-sufficiency in power through captive cogeneration.

Energy from Waste

- Usage of bagasse pith, coir pith and other agro fuels in replacement of fossil fuels
- Biomethanation plant being set up would generate methane gas out of mill effluents for firing in lime kiln (in place of furnace oil) - will have a positive impact on the environment.



A modern bio-methanation plant.



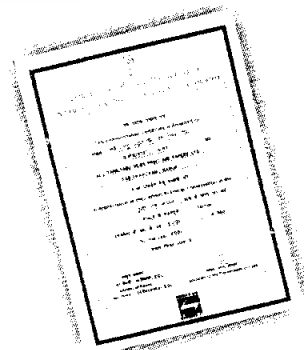
TNPL has one of the largest Wind farms in India, capable of generating 18 MW of green power.

Green power from Wind farms

TNPL's 18 MW wind farm demonstrates the Company's commitment towards non-conventional sources of energy.

Energy Award - a fitting reward

In recognition of its efforts in energy conservation and using greener techniques for power generation, TNPL has been awarded the prestigious National Energy Conservation Award for the year 2001, by Govt of India.



Self-reliance in power - towards non-conventional energy sources

The Environment - TNPL's passion

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Care for the environment is an integral part of TNPL's activity, supplemented by a genuine commitment towards sustainable development.

Renewable Raw material

By virtue of using bagasse, a renewable resource, TNPL prevents the denudation of 30,000 acres of forest land every year!



Wealth from waste

- Organic solid waste from the effluent is composted to produce bio-fertilisers that will provide soil fertility and reduce the usage of inorganic fertilizers
- Fly ash is effectively collected and used in nearby cement mills.

Eco-friendly energy

TNPL will soon produce energy from biogas generated from its biomethanation plant.

The biogas will be used in lime kiln in replacement of furnace oil. This will have a positive impact on the environment.

A thumbs-up from **PLANET ARK**

Australia's environmental organisation, Planet Ark has welcomed TNPL's ecofriendly branded products to the Australian markets.

Green Power from wind

TNPL also generates green power from its 18 MW wind farm.

Efficient use of water - a scarce resource

TNPL is the most water-efficient plant with consumption below 106 Kl per ton of paper as against industry average of over 200 Kl.

This is achieved by effective recycling of water. The treated water from the state-of-art effluent treatment plant irrigates over 1500 acres of land.



TNPL's state-of-art Effluent Treatment plant that employs the finest of technologies.

ISO 14001 - a recognition of TNPL's eco-consciousness

TNPL has obtained the ISO 14001 certification for its effective environmental management system.



An association to cherish

The World Wide Fund for Nature - India (WWF) which has been endorsing TNPL's branded products has extended its association with TNPL for a further period of two years.

"May the trees continue to thrive and flourish on this earth, filling our hearts with joy and inspiration."

TNPL has paid utmost importance to environmental issues in line with 'minimum impact - best process' concept.

- Renewable raw material
- Minimum impact concept
- Most modern effluent treatment technology
- Effective solid-waste management
- Recovery of energy fuels from effluent and reducing pollution
- Treated water from effluent used for irrigation

The Environment - TNPL believes it is as important as its paper



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Technology upgradation - meeting demands on quality and volume

"Enhancing technology is a prerequisite for any company that wishes to grow"

As the paper industry is rapidly growing, TNPL in tandem enhances its capacity using state-of-the-art technology.

- Upgradation of both paper machines by December 2002
- Installation of second state-of-art online cutting and packaging system by year end
- Cost effective route for capacity additions.

TNPL has undertaken major expansion/modernisation to rebuild both paper machines to increase the production from 1,80,000 tpa to 2,30,000 tpa.

- The installation of speed-flow metered size-press on PM1 would enable production of value added products ranging from superior grade surface sized maplithos to light weight coated papers. Fitted with carbon fibre rolls, this size press is only the third such installation of M/s Voith in the world.
- The NipcoFlex shoe press being installed on both the machines would help to achieve higher wet web dryness facilitating increased machine speeds and improved quality of paper.

Second online cutting and packing machine



Automatic online cutting and packing machine

Keeping in view the changing consumer preference and the growing demand for cut-size papers, TNPL has placed orders for a fully automatic online cutting and packing line of 100 MT of cut size paper per day.

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Upgradation of PMs would enable additional production of 50,000 tpa.



Meeting the future with a new zeal and confidence

Towards self-reliance in renewable raw material

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As part of its ongoing research towards developing renewable fibre resources, TNPL is focussing its attention on 'wild sugarcane' farming. An alternate to conventional bagasse from sugar mills. This is because

- Sugar industry is increasingly using bagasse for captive power generation
- To increase sugar recovery most of the sugar mills are switching over to varieties having lesser fibre content
- Modern milling techniques have reduced useful fibre content in bagasse.



Wild sugarcane farming - a step towards self reliance in the raw material front.

Towards self-sufficiency in wood



TNPL in collaboration with the Tamil Nadu Forest Plantation Corporation (TAFCON) plans to develop eucalyptus hybrid wood with lower lignin content and better pulping qualities, through clonal cultivation. This would help in enhancing the in-house hardwood pulp capacity.

Meeting the challenge with grace

TNPL is exploring the possibilities to develop on its own, a variety of perennial species of wild sugarcane, more tolerant to drought, pest and disease and suitable for cultivation in wastelands.

Preliminary studies have already been carried out in collaboration with the Sugarcane Breeding Institute, Coimbatore.

The proposal has been recognized by the Ministry of Industries and Commerce for technical and commercial viability studies.

"Perseverance and foresight are the basic 'raw materials' for success"

TNPL has plans to develop on its own, wild varieties of sugarcane that have high fibre content. This would also ensure consistency in pulp quality.

- Feasibility studies in association with the Sugarcane Breeding Institute, Coimbatore
- Eucalyptus plantations - hybrid varieties for better quality wood to reduce dependence on imported pulp.

Towards renewable, process friendly raw materials



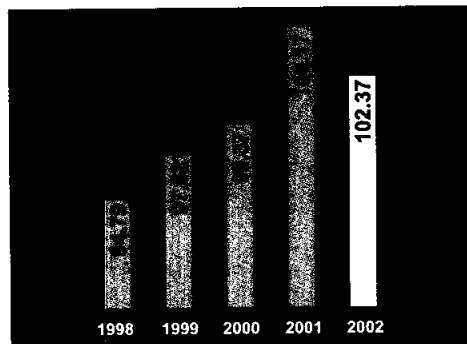
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Performance at a glance

100% Capacity Utilisation

A repeat performance of more than 100% Capacity Utilisation in a depressed market.

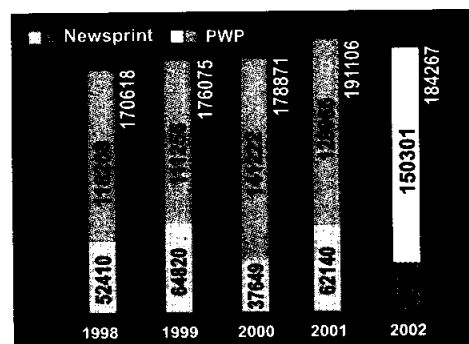
CAPACITY UTILISATION (%)



Flexible Product Mix

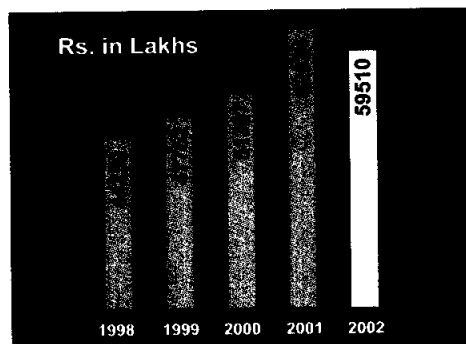
An all-time high production of Printing & writing paper when Newsprint market was at its lowest ebb.

PRODUCTION (MTs)



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SALES AND OTHER INCOME



Zero Stock

Zero Stock as on 31st March 2002 for the eleventh year. A rare feat in a sluggish market.

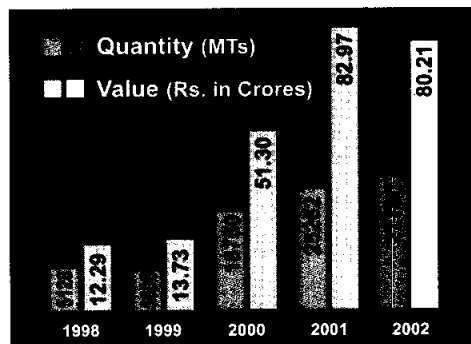


A year of performance, against all odds

Performance at a glance

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EXPORTS

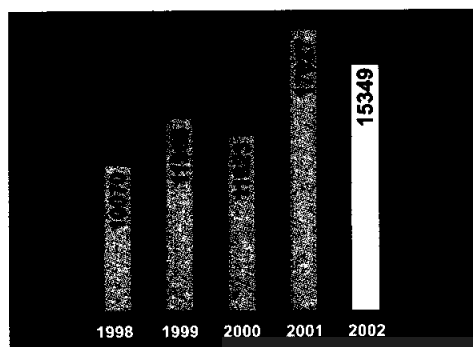


Peaking Exports

Exports have reached an all time high quantity of 27,780 MTs. TNPL has also entered the European and Korean markets to supply printing and writing paper.

Has bagged the CAPEXIL award for the third consecutive year.

GROSS PROFIT (Rs. in Lakhs)

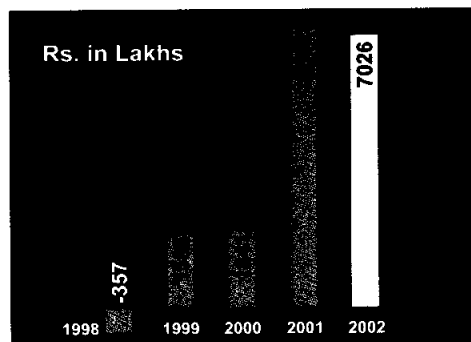


Maintaining profit levels

Gross profit for the year is close to the previous year, a remarkable performance in the paper industry backdrop.

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NET PROFIT / (LOSS) - Before Tax



Sustained Profitability

Despite adverse market conditions the profit (before tax) for the year 2001-02 has touched Rs. 70.26 crores. This is primarily due to change in product mix and various cost-saving measures undertaken in the mill operations.

A year of profits in a competition laden market



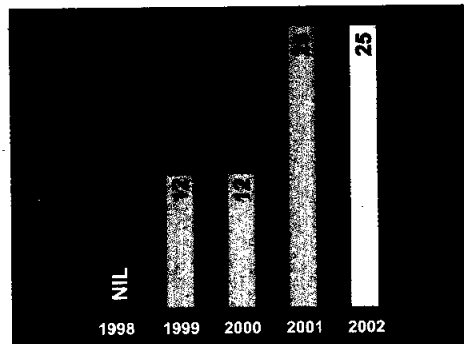
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Performance at a glance

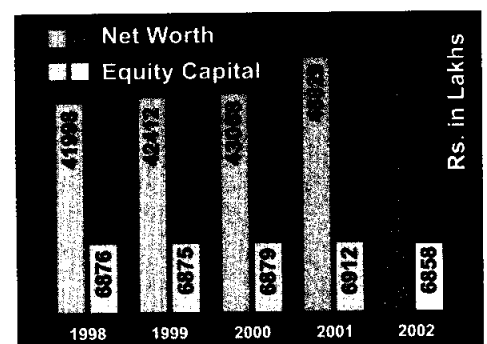
Reward to Shareholders

Despite recessionary trends witnessed during 2001-02, TNPL has maintained the dividend level at 25%.

DIVIDEND (%)



EQUITY CAPITAL & NET WORTH*



*(Including deferred tax)

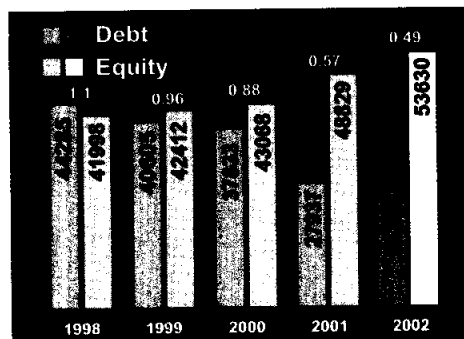
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Reduced debt levels

TNPL's financial discipline has helped to reduce debt burden from 378.33 crores in 2000 to 263.20 crores in 2002.

This will enable TNPL to leverage further growth and handle market declines.

DEBT-EQUITY (Rs. in Lakhs)



A year of promise for the trusted shareholders