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2003 - 04

24th
Annual Report

MOVING FROM STRENGTH TO STRENGTH FOR A HIGHER PERFORMANCE



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TAMIL NADU NEWSPRINT AND PAPERS LTD

Board of Directors

Thiru RAMESHRAM MISHRA, I.A.S. (Holding additional charge as Chairman & Managing Director from 19-06-2004)	Director
Thiru K SKANDAN, I.A.S. (Chairman & Managing Director from 17-10-2003 to 04-06-2004)	
Thiru N NARAYANAN, I.A.S.	Director
Thiru R S KANNAN, I.A.S.	Director
Thiru V K CHANANA	Director
Thiru R S AGARWAL	Director
Thiru V R MEHTA	Director
Thiru V NARAYANAN	Director
Dr S JANAKARAJAN	Director
Thiru R R BHANDARI	Director
Thiru A VELLIANGIRI	Director (Finance)

Registered Office

No. 67, Mount Road,
Guindy,
Chennai - 600 032.

Factory

Kagithapuram - 639 136,
Karur District, Tamil Nadu.

Auditors

V. KRISHNAN & Co.
Chartered Accountants
'Prabhu Apartments' Flat - B,
Ground Floor, No.18, Sadullah 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.



Obtained the Prestigious ISO 9001-2000 certification from RWTUV Germany - Recognition for the technology, production process and supply management

"Special Export Award" from CAPEXIL for the fifth successive year in appreciation of the outstanding export performance during 2002-2003

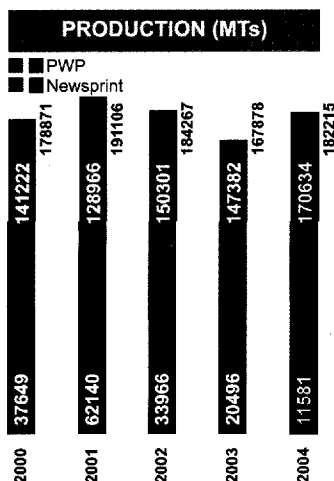
Placed among the TOP 25 "Great Places to work in India" at the outcome of an 'Employee involvement and motivation survey' jointly conducted by The Business World, a leading Business Weekly, Grow Talent Company Ltd., New Delhi and the Great Places to Work Institute, USA. TNPL is the only Company from Tamil Nadu to get this coveted rating

Secured an overall score of 76% in the "Asia Pacific Human Capital Index Survey 2002" conducted by Watson Wyatt India Pvt Ltd., a global management consulting company. TNPL's HR practices have been marked 'near excellence'

Bagged, the Certificate of Excellence in Productivity, Quality, Innovation and Management from the 'Institute of Economic Studies', New Delhi



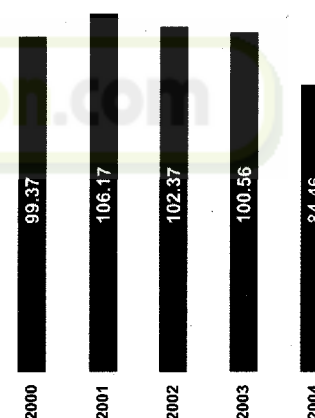
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PRODUCTION

An all time high production of Printing and Writing Paper 170634 MTs and minimum production of Newsprint 11581 MTs. The change in production mix of NP & PWP from 12:88 in 2002-2003 to 6:94 in 2003-2004 was market oriented. The manufacturing flexibility has been made use of for improving the profitability.

CAPACITY UTILISATION (%)

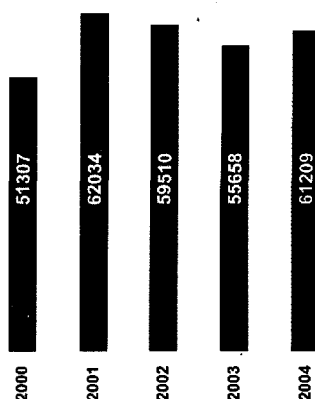


CAPACITY UTILISATION

Despite the teething problems encountered in the paper machines post rebuild and stoppage of Paper Machines for 37 machine days due to water shortage, the company has achieved an overall capacity utilisation of 84.46% calculated on the post rebuild capacity since June 2003.

SALES AND OTHER INCOME

Rs. in Lakhs

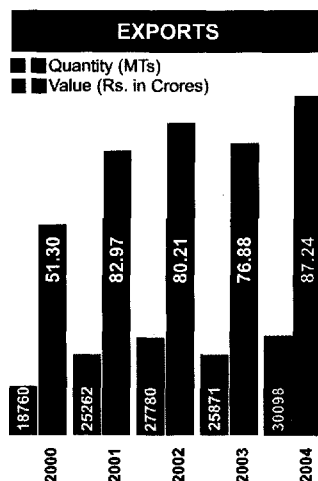


SALES AND OTHER INCOME

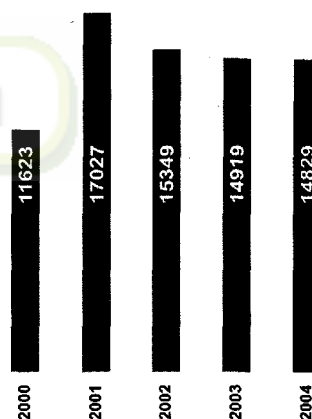
The sales including other income during the year was Rs. 612.09 Crores. The sales includes the export of power to the State grid from wind farm and the captive power plant valuing Rs. 31.98 Crores.



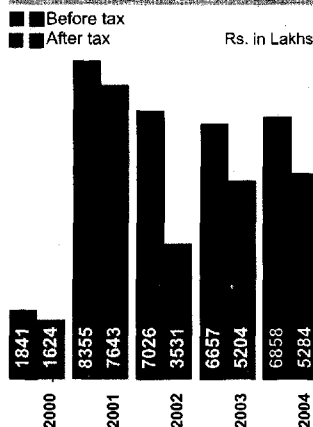
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**EXPORTS**

Exports of Printing and Writing Paper is on the rise. A higher target of 36,000 MTs has been set for the current year.

GROSS PROFIT (Rs. in Lakhs)**GROSS PROFIT**

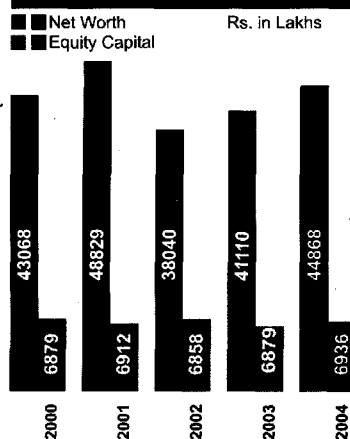
Earnings before Interest, Depreciation and Taxes was Rs. 148.29 Crores against Rs. 149.19 Crores in the previous year. Rs. 16.25 Crores has been provided for interest & finance charges and Rs. 60.15 Crores for depreciation.

NET PROFIT / (LOSS) BEFORE TAX & AFTER TAX**NET PROFIT / LOSS - BEFORE TAX & AFTER TAX**

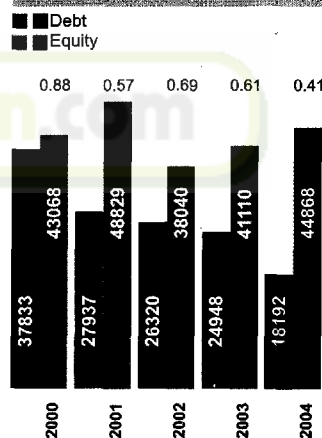
The profit before tax was Rs. 68.58 Crores against Rs. 66.57 Crores in the previous year. The profit after tax was Rs. 52.84 Crores against Rs. 52.04 Crores in the previous year.



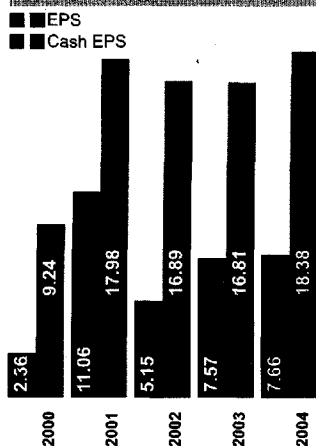
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EQUITY CAPITAL & NET WORTH**EQUITY CAPITAL AND NETWORK**

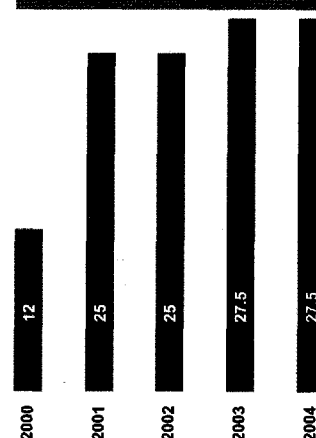
The network is on the rise at Rs. 448.68 Crores. The book value per share works out to Rs. 64.43

DEBT - EQUITY (Rs. in Lakhs)**DEBT - EQUITY RATIO**

With the fast repayment of loans and the sustained profits, the debt equity ratio is reduced to 0.41:1

CASH EPS & EPS**CASH EPS & EPS**

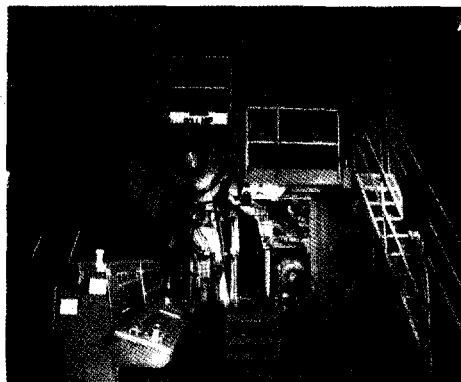
The cash EPS during the year was Rs.18.38 against Rs. 16.81 in the previous year.

DIVIDEND %**DIVIDEND**

The dividend is maintained at 27.5%.



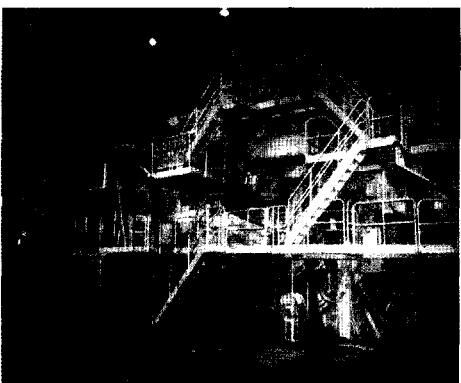
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PAPER MACHINE I - VIEW OF SHOE PRESS



PAPER MACHINE I - VIEW OF SIZE PRESS



VIEW OF PAPER MACHINE II (VOITH)



Started with an initial capacity of 90,000 tonnes per annum in 1985, the capacity was doubled to 1,80,000 tonnes per annum in 1996. To enhance the productivity and utilise the resources optimally, TNPL has upgraded the Paper Machines in 2003 and enhanced the capacity to 2,30,000 tonnes per annum.

Today TNPL is the largest and most modern plant in India in a single location.

The mill is specially designed for bagasse-based paper manufacture. It comprises the world's finest equipment, advanced and sophisticated on-line processes and a quality control system. It is supported by an ongoing, cutting-edge research and development initiative in line with emerging global trends. The successful manufacture of quality paper from bagasse is an index of the company's technological competence.

The company has two of the fastest, new generation paper machines in the Indian industry. The paper machine (PM-I) supplied by Beloit Walmsley has an installed capacity of 1,00,000 tpa and the paper machine (PM-II) supplied by Voith has an installed capacity of 1,30,000 tpa. Together they can produce 750 tonnes of paper and newsprint a day. These machines can deliver a substance ranging from 40 to 90 grammage.

The PM-I is equipped with a metered size press, which facilitates the production of value-added products. Both the Paper Machines are equipped with shoe press, latest state-of-art supplied by Voith, Germany.

TNPL has a full-fledged finishing house for the mechanized conversion of reels into sheets to deliver a high quality of finished product.

The installation of two of the world's best-known automated, on-line sheeting and packing machinery namely Bielomatik with a cut-pack capacity of 50 tpd, ECH Will with a cut-pack capacity of 100 tpd has elevated TNPL's paper conversion facility to international standards.



TNPL is totally committed to care for the Environment, uphold Human Safety and Health. With this view, the Corporate Management of TNPL has declared policies of Environment, Safety, Quality and Energy. The main excerpts of the above policies are:

- ▶ Compliance with all relevant legislative requirements
- ▶ Reducing Pollution Load in terms of Liquid Discharge, Air Emission and Land conservation
- ▶ Saving Energy & Preserving natural resources like Water, Raw material, Fuels, etc
- ▶ Generating Human Awareness in Environment, Safety and Health
- ▶ Minimizing the Unsafe Acts & Unsafe Working Conditions
- ▶ Promoting comprehensive programs to propagate Health and Environmental Safety

BIO - METHANATION PLANT

A Bio-methanation plant has been installed to treat the bagasse wash water anaerobic reactors to generate methane gas. The Bio-Gas generated from the plant is utilised in the limekiln to partially replace the expensive Furnace Oil. During the year, 41,44,669 m³ of methane gas was generated and used in the limekiln replacing the usage of 2165.56 KL of furnace oil. The cost equivalent of replaced furnace oil is Rs. 248.12 lakhs.

SOLID WASTE MANAGEMENT

The solid waste generated from the bagasse known as Pith

and Bio-sludge generated from effluent treatment plant are judiciously used as fuel in power boilers. Around 1,08,107 Mts of solid waste comprising of 39,974 Mts of Pith and 68,133 Mts of Bio-Sludge generated during 2003-04 were used as fuel in Power Boilers.

RAIN WATER HARVESTING

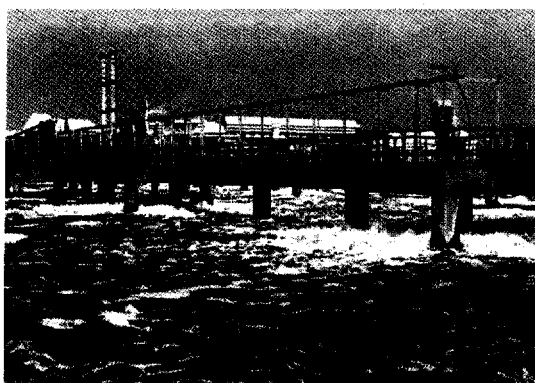
TNPL has installed Rainwater Harvesting System with a catchment area of 1500 Sq.M in its administrative building at Kagithapuram during 2002-03 and an additional 5000 Sq.M in and around the plant premises during 2003-04.

WATER CONSERVATION AND RECYCLING

Through continuous R&D efforts, the specific water consumption has been reduced to 83 KL per MT of finished production without exceeding the pollution control norms of discharge.

BAGASSE AS RAW MATERIAL

TNPL uses bagasse as the primary raw material. By using around 9,00,000 Mts of bagasse per annum for production of newsprint and printing and writing paper, TNPL avoids deforestation of about 30,000 acres of land every year. The wood used for manufacture of paper is sourced from social forestry schemes. The chemical consumption is less in bagasse pulping compared to wood. TNPL's treated effluent water completely complies with the norms of the Pollution Control Board. The treated effluent water is used to irrigate 1,500 acres of land abutting the factory.



VIEW OF EFFLUENT WATER TREATMENT PLANT



VIEW OF BIO-METHANATION PLANT



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Millions of trees are cut everyday to meet the growing demand for paper, affecting the global eco-system . Bagasse represents a suitable alternative. It is environment-friendly on a number of counts: it is a renewable resource; it consumes a relatively low amount of chemicals in the pulping and bleaching process; its effluents are less harmful. Bagasse-made paper is known to be superior in quality compared to the conventional wood-based paper in terms of optical and surface properties. As a result, bagasse has emerged as a viable and sustainable raw material for a clean future.

- ▶ TNPL opted for bagasse as a raw material as it reconciled industry's needs with that of a clean environment
- ▶ TNPL's process mastery and intelligent product research translated into a consistent ability to make a wide portfolio of bagasse-based papers of superior quality
- ▶ TNPL's long term win-win barter arrangements involve procurement of bagasse from sugar mills in exchange of steam generated through the multifuel boilers installed in the sugar mill premises, a unique example for 'Inter-Industry' co-operation

R&D has been working on alternative raw materials sources for paper making. Wild sugarcane development under CESS funding has been one such approach to make TNPL self sufficient in its raw materials requirement. Wild sugarcane contains less sucrose and high fibre, requires less water, suitable for large scale plantation. A success in this mission could make TNPL source large quantity of sugarcane fibre directly from the farmers. Wild sugarcane has been planted in 3.5 acres of TNPL model farm and 3 acres of farmers land on an experimental basis.

