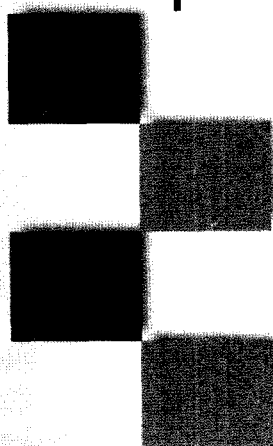


Paper and beyond...

Report
2006-2007

Annual

27th



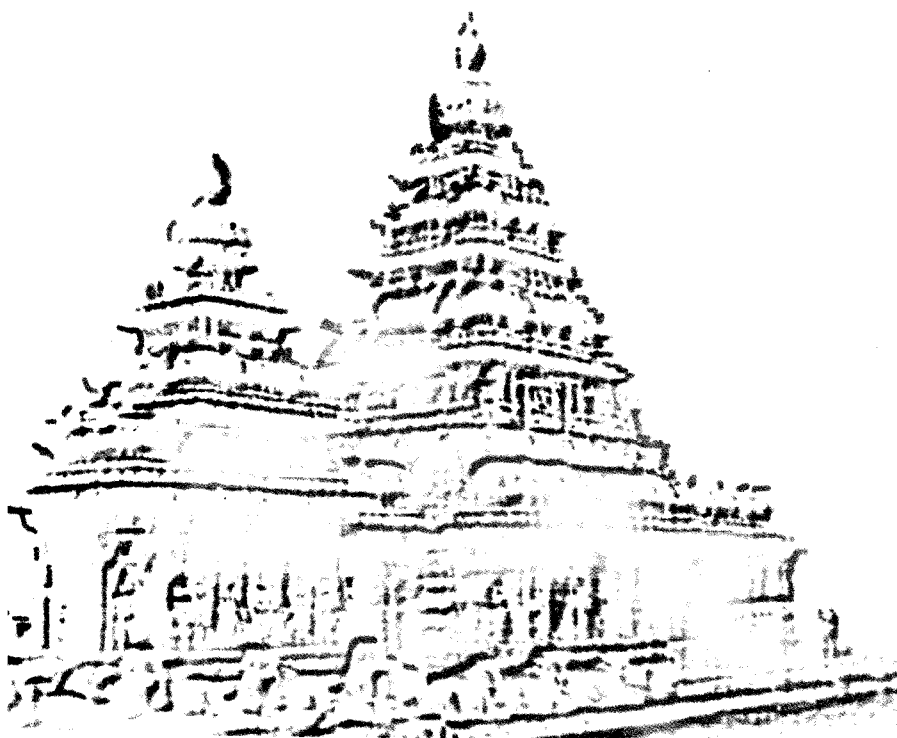
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Tamil Nadu Newsprint and Papers Limited



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Company information

Board of Directors	Thiru Shaktikanta Das, I.A.S.	Chairman
	Thiru V Murthy, I.A.S.	Managing Director
	Thiru K Phanindra Reddy, I.A.S.	Director
	Thiru Sandeep Saxena, I.A.S.	Director
	Thiru V R Mehta	Director
	Thiru V Narayanan	Director
	Thiru R R Bhandari	Director
	Thiru N Kumaravelu	Director
	Thiru R L Narasimhan	Director
	Thiru A Velliangiri	Director (Finance)

Registered Office 67, Mount Road
Guindy
Chennai - 600 032.

Factory Kagithapuram - 639 136
Karur District, Tamil Nadu.

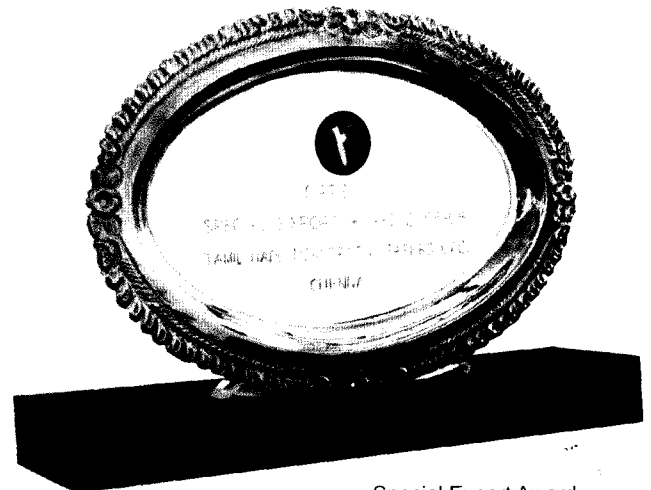
Auditors Maharaj N.R. Suresh & Co.
Chartered Accountants
New No.9, Old No.5, II Lane
II Main Road
Trustpuram, Kodambakkam
Chennai - 600 024.

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.
UCO Bank
HDFC Bank Ltd.
State Bank of Travancore

Achievements during 2006-07

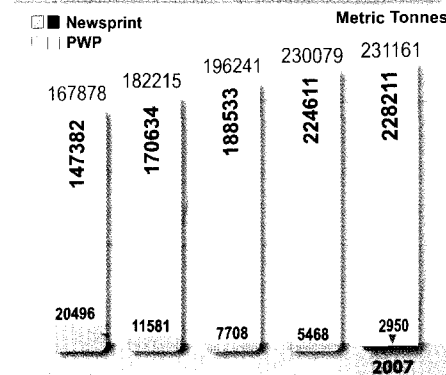
reward for consistent performance

- Highest production and sale of 2,31,161 MT of paper. Production was higher by 1,082 MT over the previous year.
- Copier production peaked at 44,403 MT registering a growth of 18% over the previous year.
- Highest export sale of 52712 MT of wood-free uncoated paper registering an increase of 36% over the previous year.
- Special Export Award from CAPEXIL in recognition of the outstanding export performance for the eighth consecutive year.
- "Zero Stock" of finished goods (NP & PWP) at the end of the financial year for the 16th time.
- Pulpwood plantation in 10,031 acres under Farm Forestry and Captive Plantation schemes against 6,242 acres in the previous year.
- Installed 6 wind electric generators of 1250 kVA each and increased the wind farm capacity from 28 MW to 35.5 MW.
- Received National Energy Conservation award in the "Office Building Sector" for the year 2006 from the Ministry of Power, Government of India, New Delhi.



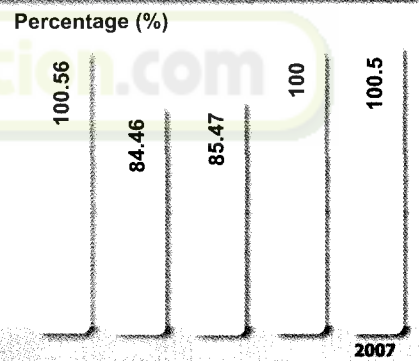
Special Export Award
received from CAPEXIL.

Production



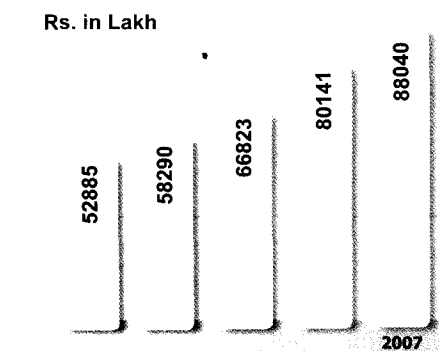
The Printing and Writing paper production was once again at an all time high at 228211 MTs. The Newsprint production was 231161 MTs.

Capacity Utilisation



The Capacity Utilisation was 100.5% against previous year's 100%.

Sales and Other Income



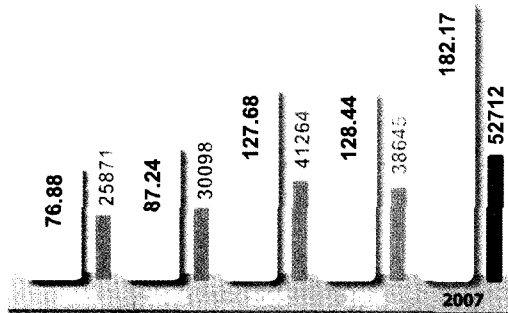
Sales and other income increased to an all-time high of Rs. 880.40 Crore against Rs. 801.41 Crore in the previous year. The sales includes export of power to the state grid valuing Rs. 41.04 Crore.

Achieved 'zero stock' of Newsprint and Printing & Writing paper at the end of the year for the 16th time.



Exports

■ Quantity (MTs)
□ Value (Rs. in Crore)



Export performance peaked at 52,712 MT of woodfree uncoated Printing & Writing paper valuing Rs. 182.17 Crore.

Gross Profit

Rs. in Lakh

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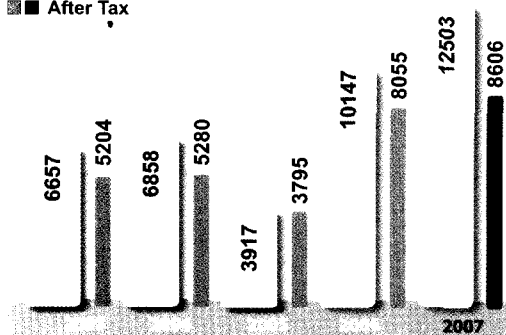
Gross Profit (PBIDT) was Rs. 214.55 Crore against Rs. 189.33 Crore in the previous year.



Net Profit

□ Before Tax
■ After Tax

Rs. in Lakh

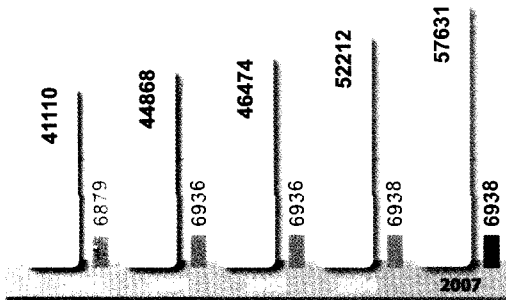


Profit Before Tax was at an all-time high at Rs. 125.03 Crore against Rs. 101.47 Crore in the previous year. Profit After Tax also peaked at Rs. 86.06 Crore against Rs. 80.55 Crore in the previous year.

Equity Capital and Net Worth

■ Equity Capital
 □ Net Worth

Rs. in Lakh



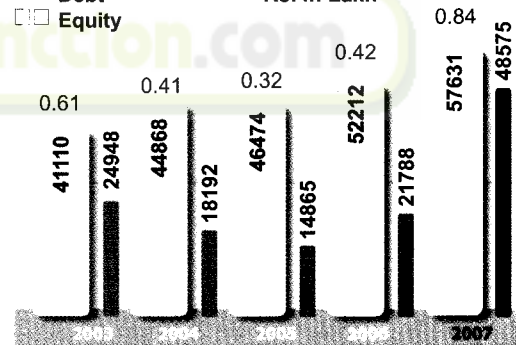
TNPL's sustained growth has enabled it to increase its Net Worth to Rs. 576.31 Crore.

The book value per share is Rs. 83.27.

Debt-Equity Ratio

■ Debt
 □ Equity

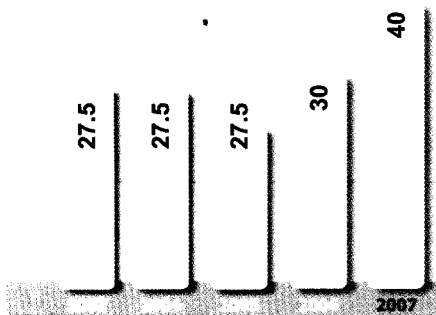
Rs. in Lakh



The Debt-Equity ratio was 0.84:1 against previous year's 0.42:1.

Dividend

Percentage (%)



The Dividend for the year is enhanced to 40%.

New projects on the anvil

for maintaining the competitive edge

TNPL has constantly strived to upgrade its technologies and processes to remain a globally competitive low-cost producer of paper.

Ongoing Project

Mill Development Plan (MDP)

The Mill Development Plan for converting the bleaching sequence to environmentally benign Elemental Chlorine Free bleaching and increasing the pulp production capacity from 520 tpd (chemical bagasse pulp 400 tpd and Hard wood pulp 120 tpd) to 800 tpd (Chemical bagasse pulp 500 tpd and Hard wood pulp 300 tpd) is nearing completion.

New Projects

Mill Expansion Plan

Under the Mill Expansion Plan, a state-of-the-art new Paper Machine with a capacity of 1,55,000 tpa will be installed to increase the production capacity from 2,45,000 tpa to 4,00,000 tpa. The project already taken up for implementation will become operational from October 2009.

Paper Machine I upgrade

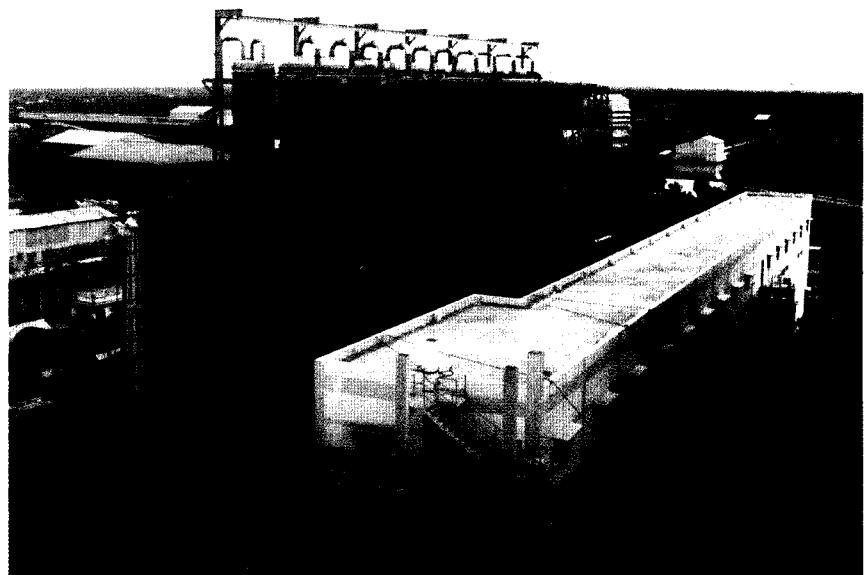
Under Paper Machine I upgrade, the existing Head box will be replaced with a new state-of-the-art dilution control Head box. The press frames will be replaced with stainless steel construction. Improvements in other areas like size press, calendar, Pope Reel and winder will also be carried out. The upgrade will help to improve the quality of the paper and the life extension of Paper Machine I.

Lime Sludge Management

As a part of lime sludge and fly ash management, a new 400 tpd mini cement plant will be set up for converting the lime sludge and fly ash, the waste materials generated in the process of manufacture of paper to high grade cement. TNPL will be the first paper mill in the country to produce high grade cement using mill wastes - lime sludge and fly ash. The project already taken up for implementation will become operational from March 2009.

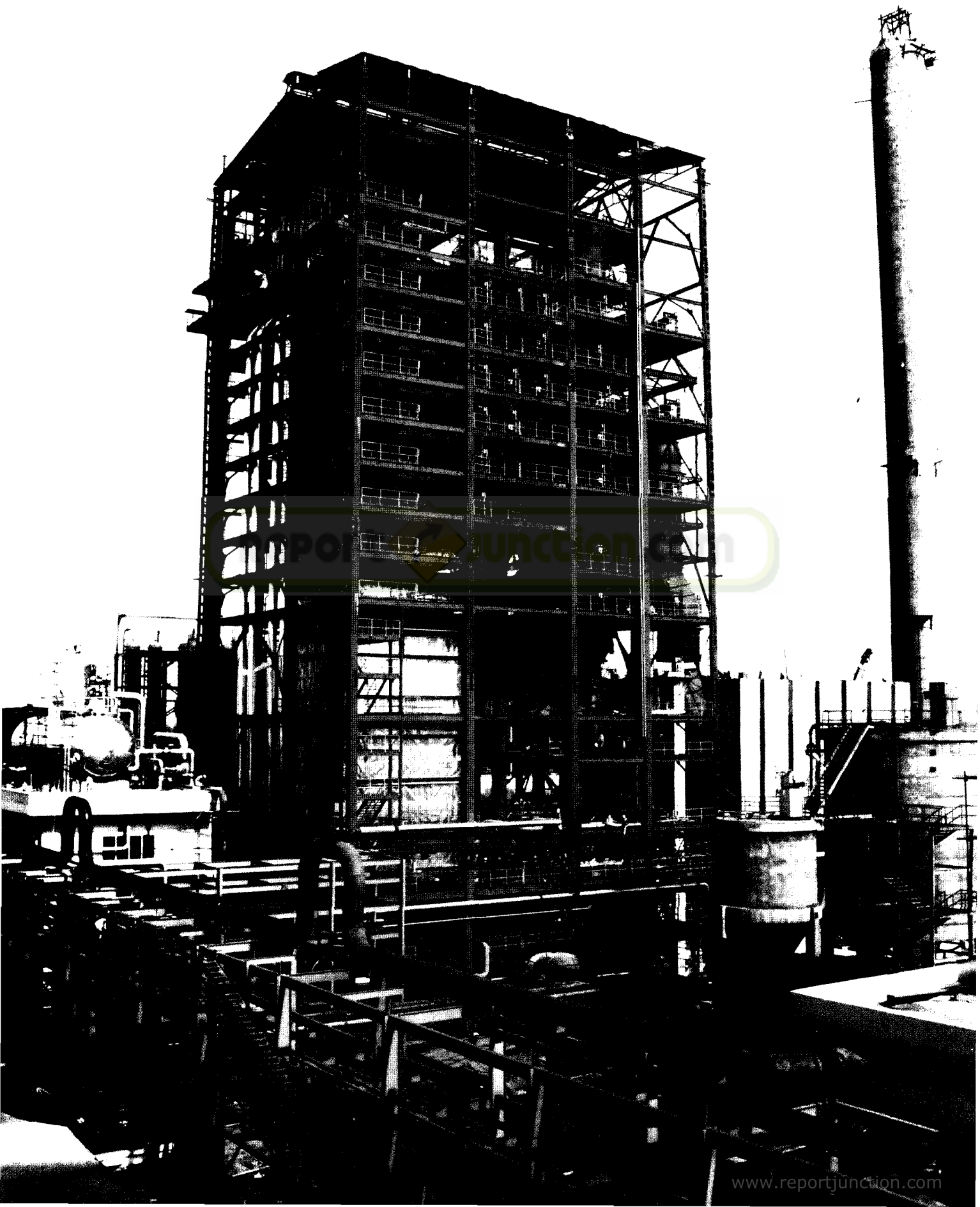
IT park

TNPL is in the process of preparing a detailed Feasibility Report for constructing an IT Park in its 63.5 grounds of vacant land centrally located in the Industrial Estate at Ambattur, Tiruvallur District, Tamil Nadu.



The new Ten Body, Seven Effect Free Flow Falling Film Evaporation Plant, the largest Black Liquor Evaporation Plant in India.

The new Chemical Recovery Boiler - the tallest and the largest in India - capacity 1300 tpd Black Liquor Dry Solids.



Farm Forestry and Captive plantation

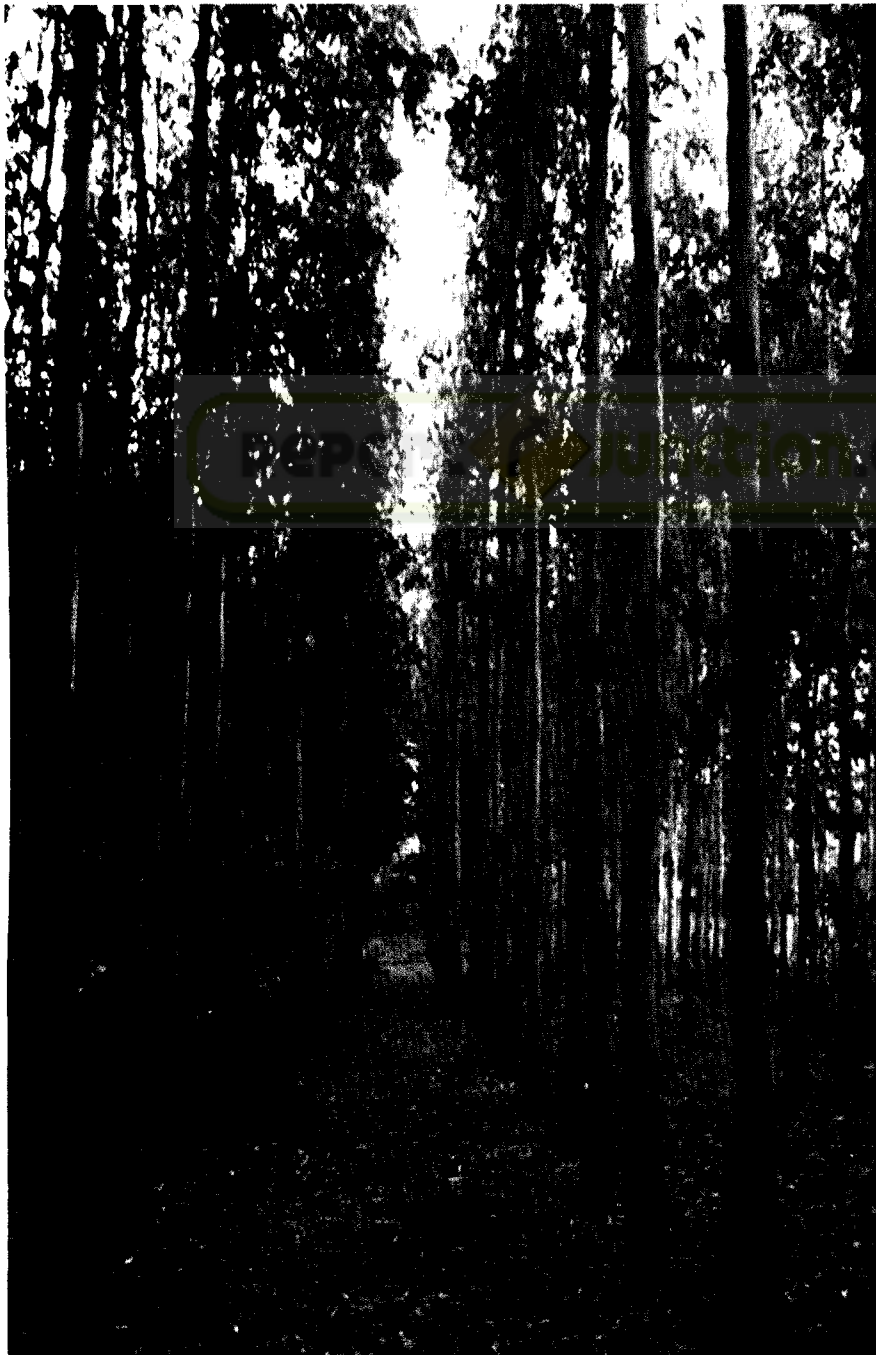
effective harnessing for future requirement

To meet the growing needs of pulpwood requirements, TNPL launched Farm Forestry and Captive Plantation Schemes during 2004-05. In the first two years of operation, TNPL has raised pulpwood plantation in 9318 acres (7945 acres in

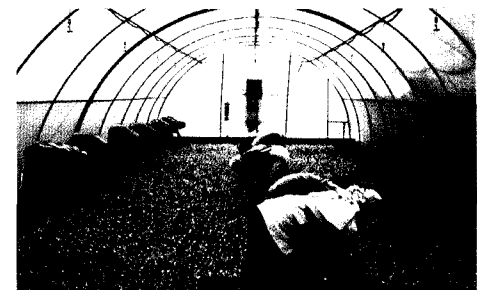
nine districts involving 1955 farmers under Farm Forestry scheme and 1373 acres under Captive Plantation Scheme). TNPL has registered a quantum jump in the third year of operation (2006-07) by raising Pulpwood plantation in

10031 acres (9696 acres in 15 districts involving 2107 farmers under Farm Forestry Scheme and 335 acres under Captive Plantation Scheme). TNPL has planned to raise pulpwood plantation in about 12000 acres under Farm Forestry and Captive Plantation schemes during 2007-08. The plantation activities will be continued in the coming years also, to augment the green cover and the pulpwood supplies in the State.

The Farm Forestry scheme has enabled the dry land farmers to convert their hitherto uncultivated land to cultivable lands and raise their livelihood. Considering that the yield from clonal plantation is higher than seedling plantation, TNPL has taken steps to increase the clonal plantation from the current year onwards. To achieve this, TNPL is developing a nursery within the factory to produce one crore clonal plants per annum from 2007-08.



Eucalyptus trees under farm forestry scheme



Clonal plants at TNPL's nursery