



**Tamil Nadu Newsprint and Papers Limited**

**29th Annual Report  
2008-2009**

Report  Junction.com



along the Green Highway...

## Contents

Notice	17
Directors' Report	20
Management Discussion and Analysis	28
Report on Corporate Governance	35
Report of the Statutory Auditors	54
Comments of the Comptroller and Auditor General of India	57
Balance Sheet	58
Profit and Loss Account	59
Balance Sheet Schedules	60
Profit & Loss Account Schedules	67
Significant Accounting Policies	70
Notes on Accounts	75
Cash Flow Statement	85
Balance Sheet Abstract	86

**“We are built to conquer environment, solve problems, achieve goals,  
and we find no real satisfaction or happiness in life  
without obstacles to conquer and goals to achieve.”**

*- Maxwell Maltz*



## Company Information

### Board of Directors

Thiru M F Farooqui, I.A.S.

Chairman

Thiru Md Nasimuddin, I.A.S.

Managing Director

Thiru A Velliangiri

Deputy Managing Director

Thiru R Thiagarajan, I.A.S.

Director

Thiru Dayanand Kataria, I.A.S.

Director

Thiru V R Mehta

Director

Thiru V Narayanan

Director

Thiru R R Bhandari

Director

Thiru N Kumaravelu

Director

Thiru D Krishnan

Director

### Registered Office

67, Mount Road  
Guindy  
Chennai - 600 032.

### Factory

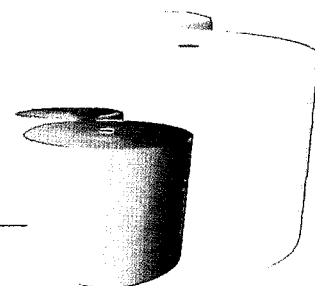
Kagithapuram - 639 136  
Karur District, Tamil Nadu.

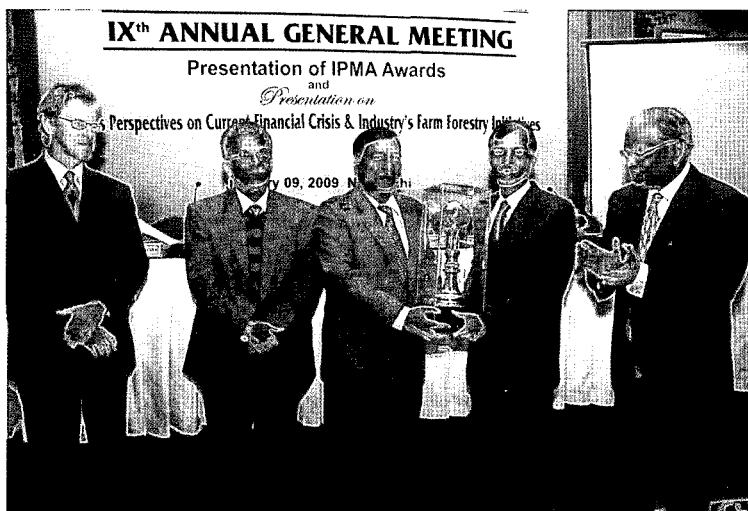
### Auditors

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  
HDFC Bank Ltd.  
Indian Bank  
Indian Overseas Bank  
Oriental Bank of Commerce  
State Bank of India  
State Bank of Patiala  
State Bank of Travancore  
Syndicate Bank  
The Karur Vysya Bank Ltd.  
UCO Bank





Thiru Md. Nasimuddin I.A.S., Managing Director, TNPL, receives the IPMA Paper Mill of the Year Award 2007-08 from Shri Ajay Shankar, I.A.S., Secretary to the Government of India, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Govt. of India, on January 09, 2009.



Thiru A. Velliangiri, Deputy Managing Director, TNPL, receives the ICWAI National Award for Excellence in Cost Management - 2008 from Shri Anurag Goel, I.A.S., Secretary to the Govt. of India, Ministry of Corporate Affairs on March 13, 2009.



## Achievements during 2008-09

Highest production and sale of 254903 MT of paper. Both were higher by 9432 MT over the previous year.

Achieved a highest ever turnover of Rs. 1066 Crore.

Copier production reached 55504 MT registering a growth of 11% over the previous year.

"Zero Stock" of finished goods (NP & PWP) at the end of the financial year for the 18th time.

Exported 33461 MT of printing and writing paper during the year.

Implemented Farm Forestry Scheme in 9362 acres and Captive Plantation Scheme in 1209 acres. Covered 40291 acres of land under the schemes upto 31.3.2009. Produced 70.35 lakhs clonal plants in the Clonal Propagation and Research Centre (CRPC) during the year.

Implemented the Mill Development plan in all respects and changed over to ECF bleaching.

Two phases of wind farm with a total capacity of 6.75 MW were registered with UNFCCC. The project has generated 55905 CERs upto 30.6.08.

Achieved the highest Hardwood Pulp production of 84854 MT against 42357 MT in the previous year.

Received the prestigious "IPMA Paper Mill of the year Award 2007-08" for the second time.

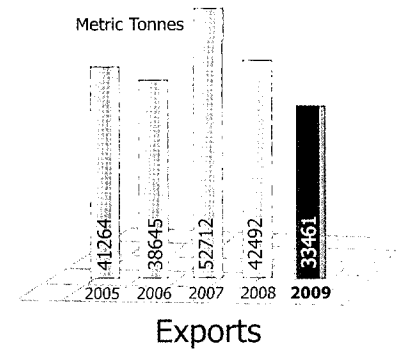
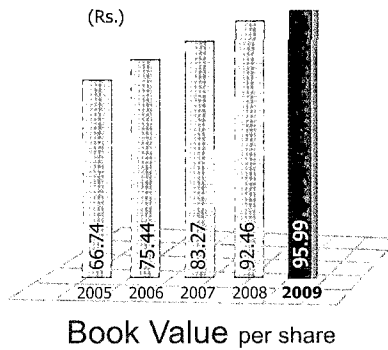
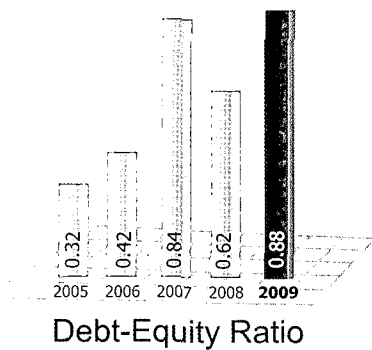
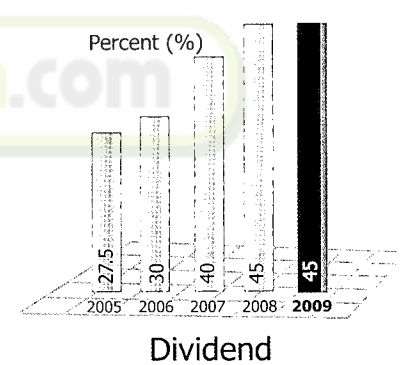
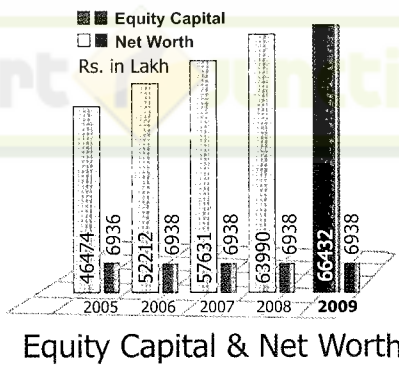
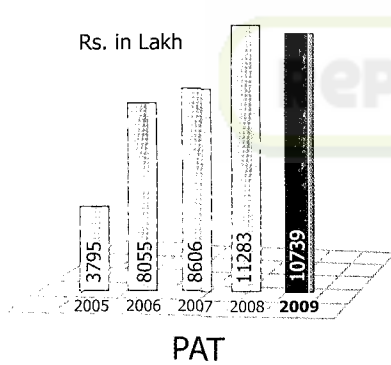
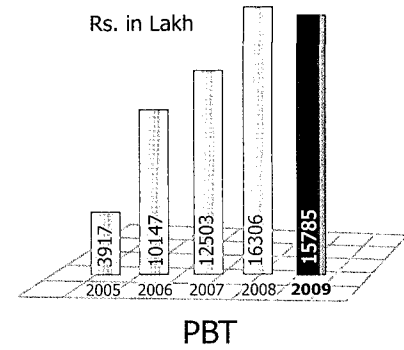
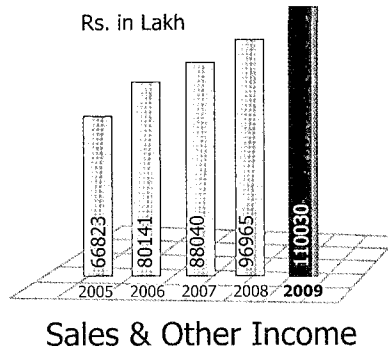
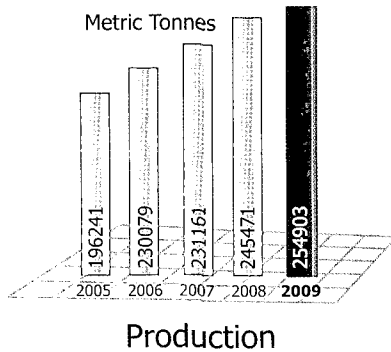
Bagged "ICWAI National Award for Excellence in Cost Management - 2008" from the Institute of Cost and Works Accountants of India, Kolkata.

Received the "Supply Chain Performance Excellence Award" from Indian Institute of Materials Management (IIMM), Chennai in recognition of the Company's performance in the area of Inventory Optimisation.

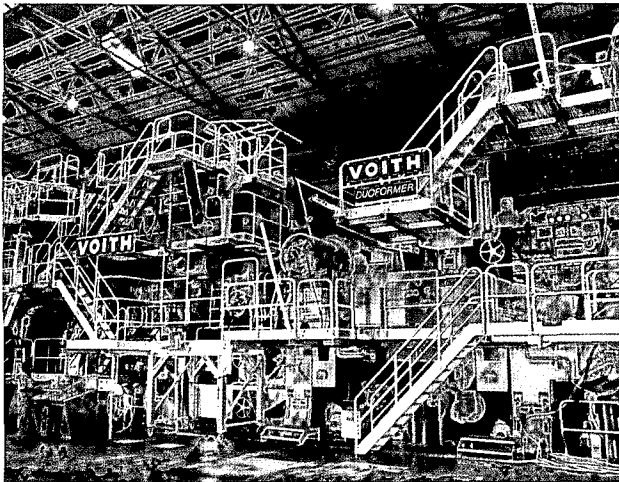


## Financial Highlights - 10 years at a glance

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>REVENUE</b> (Rs. in Lakh)										
Sales & Other Income	50925	58179	55906	52885	58290	66823	80141	88040	96965	110030
PBIDT	11623	17027	15349	14919	14829	11727	18933	21455	26300	30336
Interest	5050	3886	3224	2863	1625	1622	2029	2052	2425	6325
Profit Before Tax	1841	8355	7026	6657	6858	3917	10147	12503	16306	15785
Tax	216	712	3495	1453	1578	122	2092	3897	5023	5046
Profit After Tax	1625	7643	3531	5204	5280	3795	8055	8606	11283	10739
<b>BALANCE SHEET</b> (Rs. in Lakh)										
Net Fixed Asset	69345	68963	68644	78875	76034	72836	81726	117782	128351	148396
Investments	114	114	114	114	815	114	114	114	1715	114
Net Current Asset	17920	13302	17383	10624	11021	15385	16662	10959	8003	20552
Total Capital Employed	87379	82379	86141	89613	87870	88335	98502	128855	138069	169062
Share Holders Fund	43068	48829	38040	41138	44868	46474	52212	57631	63990	66432
Borrowings	44311	33550	32511	31925	25399	25004	30814	55940	55244	80645
Deferred Tax Liability			15590	16550	17603	16857	15476	15284	18835	21985
TOTAL	87379	82379	86141	89613	87870	88335	98502	128855	138069	169062
Return on Net Worth (%)	3.77	15.65	9.28	12.66	11.77	8.17	15.43	14.93	17.60	16.17
Book Value Per Share (Rs.)	61.85	70.12	54.63	59.07	64.43	66.74	75.44	83.27	92.46	95.99
EPS (Rs.)	2.36	11.06	5.15	7.57	7.66	5.47	11.66	12.43	16.30	15.52
Dividend(%)	12	25	25	27.50	27.50	27.50	30	40	45	45
Debt to equity	0.88	0.57	0.69	0.61	0.41	0.32	0.42	0.84	0.62	0.88



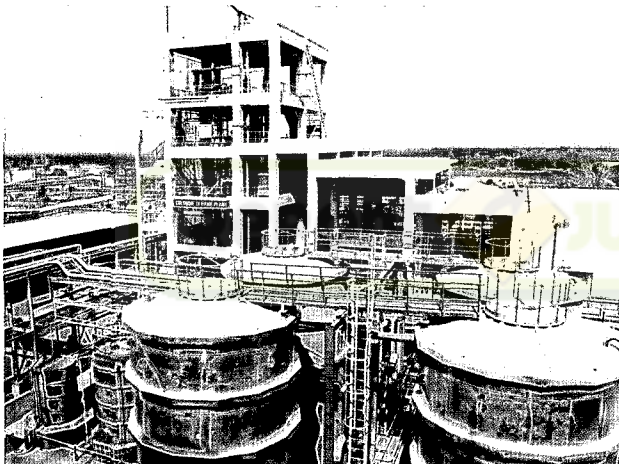




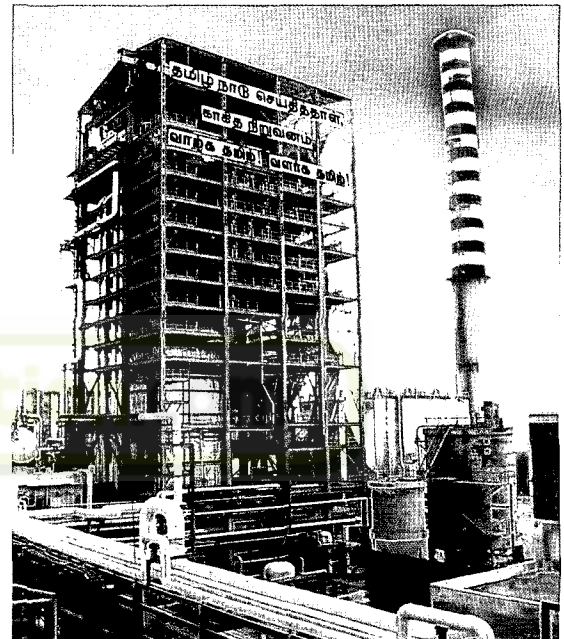
Paper machine from Voith



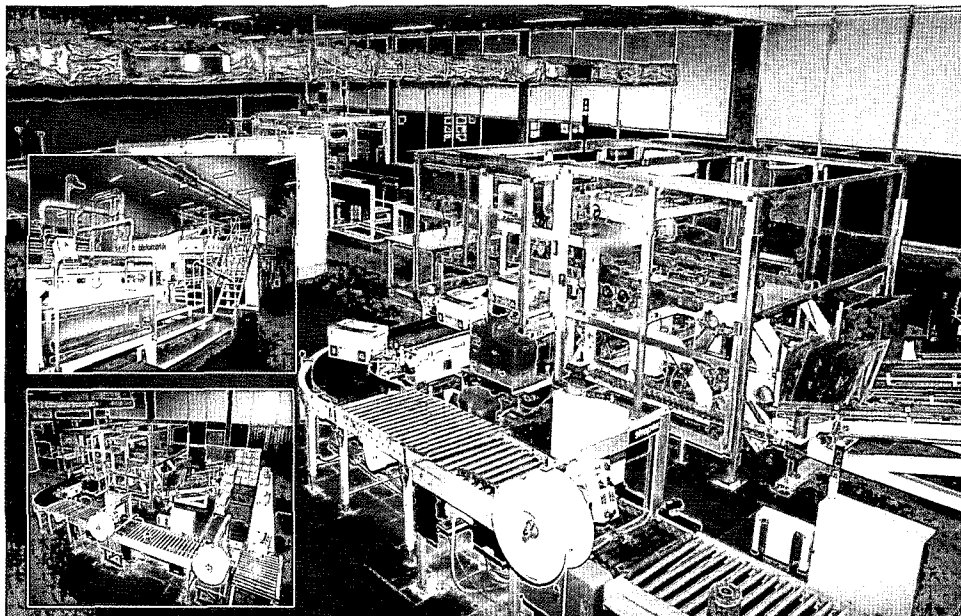
Multiple effect evaporator



Chlorine-di-oxide plant



Recovery Boiler



Bielomatik automatic cut-pack system



## Technology and beyond...

TNPL has grown from an initial capacity of 90,000 MT per annum in the year 1985 to the current level of 245,000 MT per annum through capacity expansion and machine upgrades. TNPL has continuously worked towards betterment of its bagasse based paper technology and maintenance of its status as a globally competitive low cost producer.

**Life Cycle Extension:** The Company has implemented the Life Cycle Extension of Paper Machine-I during April 2009. The old head box has been replaced with a new state-of-the-art head box. Improvements have been carried out in press frames, size press, pope reel and winder.

**Mill Development Plan:** The Company has implemented the Mill Development Plan in May 2008. Under the Mill Development Plan, a new 300 tpd state-of-the-art hard wood pulp line with ECF bleaching and a 500 tpd ECF bleach plant for chemical bagasse pulp line have been installed. A new recovery boiler of 1300 tpa, a falling film evaporator of 350 tpd water evaporation capacity, a new 20 MW turbo generator and a fully integrated 15 tpd Chlorine-di-Oxide Plant have also been added as part of the Mill Development Plan.

With the implementation of the Mill Development Plan, the Company has moved over from conventional bleaching to Elemental Chlorine Free (ECF) bleaching. This has made the plant more environmental compliant, operationally efficient and cost effective. This has also facilitated achieving substantial reduction in water consumption besides enhancing the paper production capacity from 230,000 tpa to 245,000 tpa.

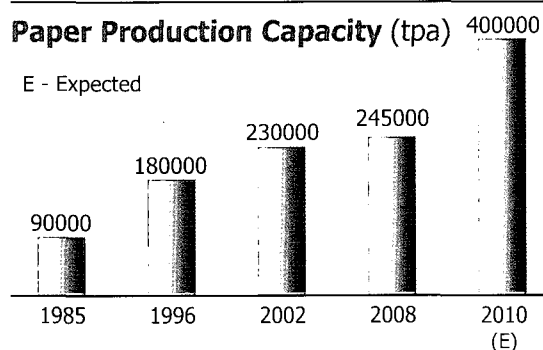
**Mill Expansion Plan:** The Company has embarked upon the Mill Expansion Plan involving a capital outlay of Rs.1000 Crore. The project aims at increasing the paper production capacity from 245,000 tpa to 400,000 tpa. The Mill Expansion Plan involves installation of a state-of-the-art Paper Machine with a production capacity of 155,000 tpa of fine paper, backward integration of chemical bagasse pulp line by installing

high efficient washers for the brown stock pulp with oxygen delignification, closing the brown loop to enhance the environmental performance and installing a multi-fuel boiler with steam generation capacity of 125 tph. The project is expected to be completed by 30.6.2010.

**De-Inking Plant:** Taking into account the additional requirement of pulp post-implementation of Mill Expansion Plan, the Company has planned to install a state-of-the-art De-Inking Plant of a capacity of 300 tpd. The project will be taken up for implementation during the year and completed by September 2011.

**Revamping of Steam and Power System:** To improve the energy efficiency, the Company has proposed to replace three old low pressure boilers of a total capacity of 180 tph with a new 120 tph high pressure boiler. In addition, the Company has proposed to replace two old TG sets of a total capacity of 18 MW with a new high efficient TG of 40 MW capacity to augment the in-house power generation to meet the additional requirement of power. The project will be taken up for implementation during the year and completed by September 2011.

**Lime Sludge Management:** The lime sludge generation from the recovery cycle and the fly ash generated from the power boilers are issues of concern in solid waste management. An innovative solution of combining these two and converting them into high grade cement has been drawn through installation of a mini cement plant within the factory. The procurement action for the machinery has been initiated and the Company is in the process of obtaining the environmental clearance.





TEWLIS irrigated land - coconut trees



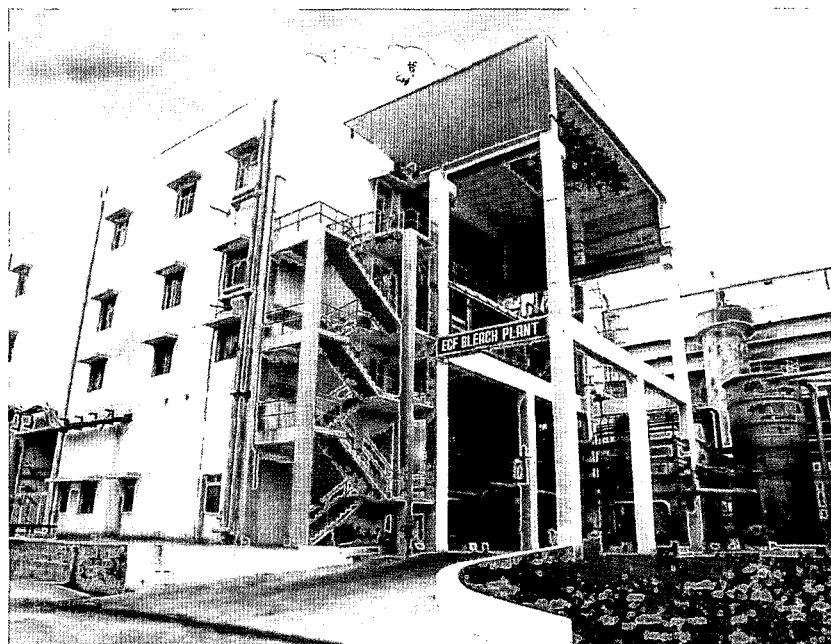
TEWLIS irrigated land in Moolimangalam village



Tree Plantation Programme - 50000 saplings planted on a single day on 31.10.2008



Wild sugarcane cultivation



Chemical bagasse pulp ECF Bleach plant