



Tamil Nadu Newsprint and Papers Limited



Poised for spiralling growth

30<sup>th</sup>  
Annual Report  
2009-2010

## Contents

---

■ Notice	17
■ Directors' Report	21
■ Management Discussion and Analysis	30
■ Report on Corporate Governance	39
■ Report of the Statutory Auditors	59
■ Comments of the Comptroller and Auditor General of India	62
■ Balance Sheet	64
■ Profit and Loss Account	65
■ Balance Sheet Schedules	66
■ Profit & Loss Account Schedules	73
■ Significant Accounting Policies	76
■ Notes on Accounts	81
■ Cash Flow Statement	91
■ Balance Sheet Abstract	92

### Cover:

---

*The spiral symbol has been in existence since the Celtic age, representing balance, progress, direction, initiation, awareness, expansion and development. In spirituality the spiral can represent the path leading from outer consciousness (materialism, external awareness, ego, outward perception) to the inner soul (enlightenment, cosmic awareness), thus marking the **evolution of humankind** over the generations. The green background is associated with nature. TNPL's growth has been spiral: progressing from core competency to newer and newer realms, within a framework of environmental excellence.*

---

## Company Information

TNPL -  
Makers of eco-friendly bagasse-based paper

### Board of Directors

Thiru Rajeev Ranjan IAS  
Thiru T K Ramachandran IAS  
Thiru A Velliangiri  
Thiru R Thiagarajan IAS  
Thiru Vikram Kapur IAS  
Thiru V R Mehta  
Thiru V Narayanan  
Thiru R R Bhandari  
Thiru N Kumaravelu  
Thiru D Krishnan

Chairman  
Managing Director  
Deputy Managing Director  
Director  
Director  
Director  
Director  
Director  
Director

### Registered Office

67, Mount Road  
Guindy  
Chennai - 600 032

### Factory

Kagithapuram - 639 136  
Karur District, Tamil Nadu

### Auditors

P.B. Vijayaraghavan & Co.  
Chartered Accountants  
No. 14 (Old No. 27), Cathedral Garden Road  
Nungambakkam  
Chennai - 600 034.

### Bankers

Canara Bank  
DBS Bank Ltd.  
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 Hongkong and Shanghai Banking Corporation Ltd.  
The Karur Vysya Bank Ltd.  
UCO Bank



## Green Business Leadership Award



Hon'ble Minister for New and Renewable Energy, Dr. Farooq Abdullah (right) presents "Green Business Leadership Award" to Mr T.K.Ramachandran, I.A.S., Managing Director, TNPL (centre) on 5.6.2010. The Guest of Honour, Dr R.K. Pachauri, Chairman, TERI is on the left.

## Corporate Social Responsibility Award



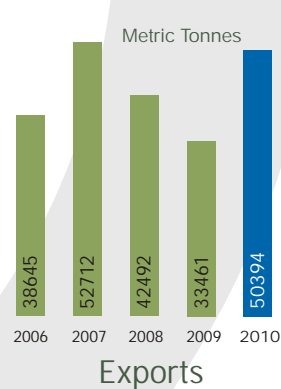
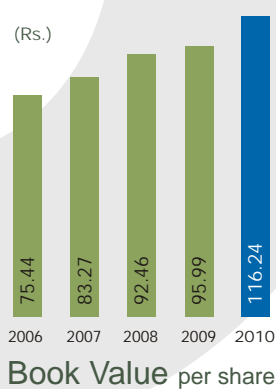
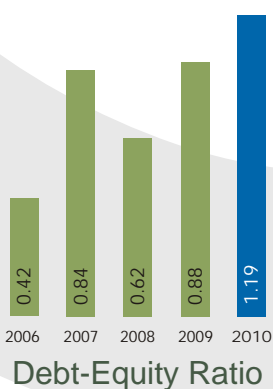
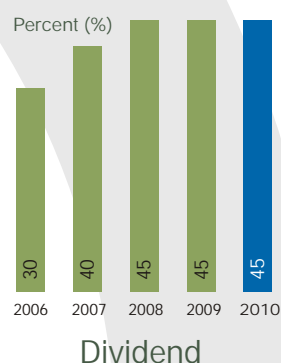
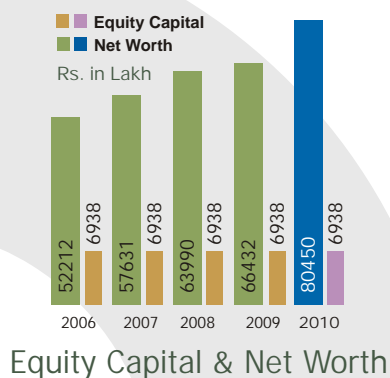
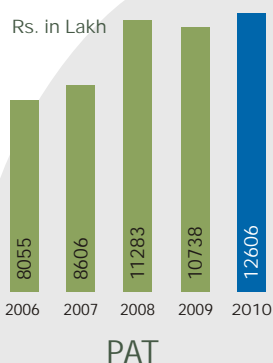
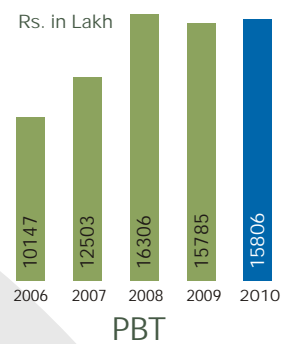
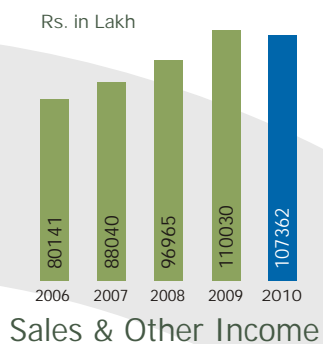
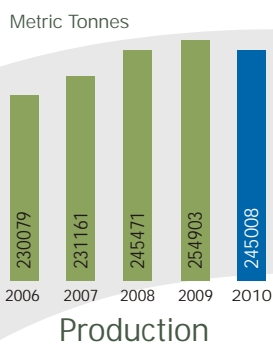
Hon'ble Deputy Chief Minister of Govt. of Tamil Nadu presents the "Corporate Social Responsibility Award" for the year 2007-08 to Mr. Md Nasimuddin, I.A.S., Managing Director, TNPL, on 19.10.2009. The award carries a certificate and Rs. 5 lakh cash.

## Achievements during 2009-2010

- Sales crossed Rs. 1000 Crore for the second consecutive year in the Company's history with overall capacity utilization of 100%.
- The Profit after tax has increased by 17.39% from Rs. 107.38 Crore to Rs. 126.06 Crore despite the adverse economic environment.
- Substantial progress has been made in the execution of the Mill Expansion Plan (MEP) to increase capacity from 2,45,000 tpa to 4,00,000 tpa. The project is likely to be completed by October 2010.
- Copier production during the year was higher than previous year, at 57,395 MT.
- 50,394 MT of Printing & Writing Paper were exported during the year to 44 countries – an increase of 50.6% over 2008-09.
- Hardwood Pulp production was 95,514 MT: higher by 10,660 MT over the previous year.
- Cumulatively 51,220 acres of land have been brought under Company's Farm Forestry and Captive Plantation Schemes, benefiting 10,008 farmers.
- The Bio-methanation Plant generated 57.98 lakh cubic metres of methane gas enabling the Company to reduce consumption of 3,459 KL of furnace oil.
- Life Cycle Extension Project of Paper Machine I was completed.
- Received the Corporate Social Responsibility Award instituted by the Govt. of Tamil Nadu as one of the five corporates in the State for the year 2007-08.
- Received the Green Business Leadership Award for the year 2009-2010 after being adjudged as the best performer in the Pulp and Paper Sector.
- Received Forest Stewardship Council (FSC) Chain-of-Custody and Controlled Wood Certificate from M/s Smart Wood Program of Rainforest Alliance to manufacture FSC certified products.

# Financial Highlights - 10 years at a glance

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>REVENUE</b> (Rs. in Lakh)										
Sales & Other Income	58179	55906	52885	58290	66823	80141	88040	96965	110030	107362
PBIDT	17027	15349	14919	14829	11727	18768	21455	26266	30792	31980
Interest	3886	3224	2863	1625	1622	1864	2052	2391	4927	4618
Profit Before Tax	8355	7026	6657	6858	3917	10147	12503	16306	15785	15806
Tax	712	3495	1453	1578	122	2092	3897	5023	5047	3200
Profit After Tax	7643	3531	5204	5280	3795	8055	8606	11283	10738	12606
<b>BALANCE SHEET</b> (Rs. in Lakh)										
Net Fixed Asset	68963	68644	78875	76034	72836	81726	117782	128351	148396	209659
Investments	114	114	114	815	114	114	114	1715	114	1140
Captive Plantation	23	23	23	33	147	198	289	304	504	962
Net Current Asset	13279	17360	10601	10988	15238	16464	10670	7699	20048	25993
Total Capital Employed	82379	86141	89613	87870	88335	98502	128855	138069	169062	237754
Shareholders' Fund	48829	38040	41138	44868	46474	52212	57631	63990	66432	80450
Borrowings	33550	32511	31925	25399	25004	30814	55940	55244	80645	136291
Deferred Tax Liability		15590	16550	17603	16857	15476	15284	18835	21985	21013
TOTAL	82379	86141	89613	87870	88335	98502	128855	138069	169062	237754
Return on Net Worth (%)	15.65	9.28	12.66	11.77	8.17	15.43	14.93	17.60	16.16	15.67
Book Value Per Share (Rs.)	70.12	54.63	59.07	64.43	66.74	75.44	83.27	92.46	95.99	116.24
EPS (Rs.)	11.06	5.15	7.57	7.66	5.47	11.66	12.43	16.30	15.52	18.21
Dividend(%)	25	25	27.50	27.50	27.50	30	40	45	45	45
Debt to equity	0.57	0.69	0.61	0.41	0.32	0.42	0.84	0.62	0.88	1.19







Chemical Recovery Boiler



Automatic Storage & Retrieval System



350 TPH Black Liquor Evaporation Plant



Automatic cut-pack system



Chlorine-di-oxide plant



## Technology and beyond

The Mill Expansion Plan will enable TNPL to emerge as a world class mill with a capacity of 4,00,000 tonnes per annum in a single location.

**E**nhancing productivity through technological upgradation is one of the key drivers of high economic growth.

TNPL is an acknowledged leader in the technology of manufacture of paper from bagasse. Started with an initial capacity of 90,000 MT per annum, TNPL has reached a capacity of 2,45,000 MT per annum through modern add-on installations and technological upgrades. TNPL's paper comes from two high-speed paper machines of Beloit Walmsley and Voith Paper. Together they produce 700 tonnes of paper every day, amply supported by online process and quality control systems to ensure uniform and consistent quality without compromising on efficiency.

**Mill Development Plan:** The project implemented aimed at improving environmental compliance through changeover from conventional chlorine bleaching to environment benign Elemental Chlorine Free Bleaching and enhanced the Hard Wood pulping capacity from 120 tpd to 300 tpd. The project has enabled the Company to become more efficient and cost-effective, reducing the water consumption substantially besides enhancing the paper production by 15,000 MT to 2,45,000 tpa.

**Mill Expansion Plan:** The project being implemented comprises installation of a new state-of-the-art Paper Machine with a production capacity of 1,55,000 tpa, backward integration of bagasse ECF bleach plant for increasing the pulping capacity and installation of a high pressure multi-fuel boiler of a capacity of 125 tph. The project is likely to be completed by October 2010.

The Mill Expansion Plan will enable TNPL to emerge as a world class mill with a capacity of 4,00,000 tpa in a single location.

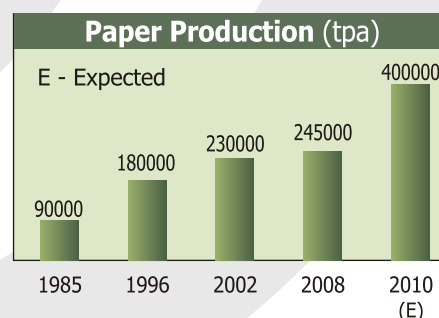
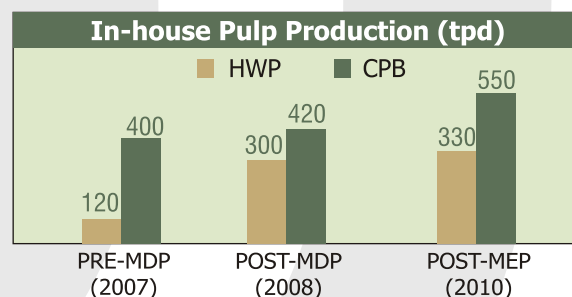
**De-inking Plant:** To meet the additional requirement of pulp post implementation of Mill Expansion Plan, TNPL has preferred the option of going in for environmentally benign de-inking pulp produced from waste paper. TNPL has planned to install a state-of-the-art de-inking plant of a capacity of 300 tpd. The project will be taken up for implementation during October 2010 and completed by December 2011.

**Lime sludge and fly ash management:** The mill-generated solid wastes, namely lime sludge and fly ash will be converted into high grade cement through installation of a 600 tpd cement plant within the factory premises. This would be a step in the direction of converting wastes into wealth besides addressing the concerns being faced in the disposal of solid wastes. The project will be taken up for execution during August 2010 and completed by December 2011.

**Revamping of steam and power system:** To improve the energy efficiency, three low pressure boilers of a total capacity of 180 tph will be replaced with a new 120 tph high pressure boiler. In addition, two old TG sets of a total capacity of 18 MW will be replaced with a new high efficiency TG of 40 MW to meet the additional requirement of power. The project is expected to be completed by December 2011.

**PCC Plant:** TNPL is in the process of setting up a PCC Unit through OMYA, Switzerland on BOO basis within the mill premises. This would enable the Company to source the PCC on an online basis with substantial savings in the cost besides using the flue gas presently vented out from the boilers.

*"There is no finishing line in the race of excellence."*





Treated effluent water irrigating TEWLIS lands



Coconut and Sorghum cultivation under TEWLIS



Hardwood ECF Bleach Plant



Sunflower plantation on TEWLIS irrigated land



TNPL's modern Bio-methanation plant



Harnessing 'green' power