



Tamil Nadu
Newsprint and Papers
Limited

31st

Annual Report 2010-2011

Scaling new peaks in
performance and growth



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COMPANY INFORMATION

Board of Directors

Dr.N Sundaradevan IAS	Chairman
Thiru T K Ramachandran IAS	Managing Director
Thiru Rajeev Ranjan IAS (Chairman till 20.5.2011)	Director
Thiru A Velliangiri	Deputy Managing Director
Thiru V Narayanan	Director
Thiru N Kumaravelu	Director
Thiru D Krishnan	Director

Registered Office:	67, Mount Road, Guindy, Chennai – 600 032.
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Factory:	Kagithapuram – 639 136, Karur District, Tamil Nadu.
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Auditors:	P.B. Vijayaraghavan & Co., Chartered Accountants, No.14 (Old No. 27), Cathedral Garden Road, Nungambakkam, Chennai 600 034.
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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.
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Scaling new peaks in performance and growth - PM 3

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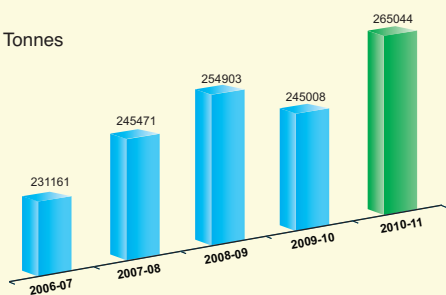
Achievements 2010-11

- Annual Sale crossed Rs.1000 Crore for the third consecutive year. Current year sales of Rs.1184.44 Crore is the highest ever achieved.
 - The Profit after tax increased by 18.20% from Rs.126.06 crore to Rs.149.00 crore despite increase in input costs.
 - The production capacity increased from 2,45,000 tonnes per annum to 4,00,000 tonnes per annum.
 - Export Sales leaped from 50,394 MTs. to 64,776 MTs.
 - Hardwood Pulp production increased to 97,492 MTs. from 95,514 MTs in the previous year.
 - Pulpwood plantation touched a new peak of 15,379 acres in a single year.
 - The Bio-methanation Plant generated 59.34 lakh cubic metres of methane gas enabling the company to save consumption of 3,545 KL of furnace oil.
 - Adjudged the best performer at the National level in Pulp & Paper category in the EVI Green Business Survey.
 - Received FSC Chain of Custody (C-o-C) and Controlled Wood Certificate from M/s Smart Wood Program of Rainforest Alliance, USA for complying with FSC-STD-40-004 and FSC-STD-40-005 standards.
 - Received National Award for “Excellence in Water Management 2010” from Confederation of Indian Industry (CII) for the best performance in Water Management in India among the Industrial Sectors.
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Financial Highlights - 10 years at a glance

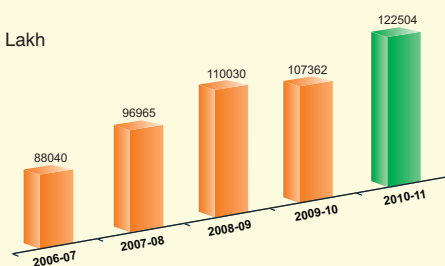
DESCRIPTION	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	REVENUE: (Rs. in lakhs)									
Sales & Other Income	55906	52885	58290	66823	80141	88040	96965	110030	107362	122504
PBIDT	15349	14919	14829	11727	18768	21455	26266	30792	31980	36274
Interest	3224	2863	1625	1622	1864	2052	2391	4927	4618	4424
Profit Before Tax	7026	6657	6858	3917	10147	12503	16306	15785	15806	19514
Tax	3495	1453	1578	122	2092	3897	5023	5047	3200	4615
Profit After Tax	3531	5204	5280	3795	8055	8606	11283	10738	12606	14899
	BALANCE SHEET: (Rs. in lakhs)									
Net Fixed Asset	68644	78875	76034	72836	81726	117782	128351	148396	209659	232442
Investments	114	114	815	114	114	114	1715	114	1140	114
Captive Plantation	23	23	33	147	198	289	304	504	962	1319
Net Current Asset	17360	10601	10988	15238	16464	10670	7699	20048	25993	31475
Total Capital Employed	86141	89613	87870	88335	98502	128855	138069	169062	237754	265350
Share Holders Fund	38040	41138	44868	46474	52212	57631	63990	66432	80450	91579
Borrowings	32511	31925	25399	25004	30814	55940	55244	80645	136291	148810
Deferred Tax Liability	15590	16550	17603	16857	15476	15284	18835	21985	21013	24961
Total	86141	89613	87870	88335	98502	128855	138069	169062	237754	265350
Return on Net Worth (%)	9.28	12.66	11.77	8.17	15.43	14.93	17.60	16.16	15.67	16.27
Book Value Per Share (Rs.)	54.63	59.07	64.43	66.74	75.44	83.27	92.46	95.99	116.24	132.32
EPS (Rs.)	5.15	7.57	7.66	5.47	11.66	12.43	16.30	15.52	18.21	21.53
Dividend (%)	25.00	27.50	27.50	27.50	30.00	40.00	45.00	45.00	45.00	50.00
Debt to equity	0.69	0.61	0.41	0.32	0.42	0.84	0.62	0.88	1.19	1.17

Metric Tonnes



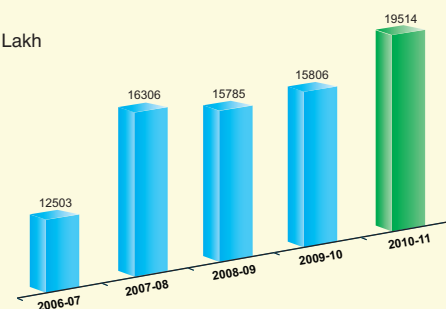
Production

Rs. In Lakh



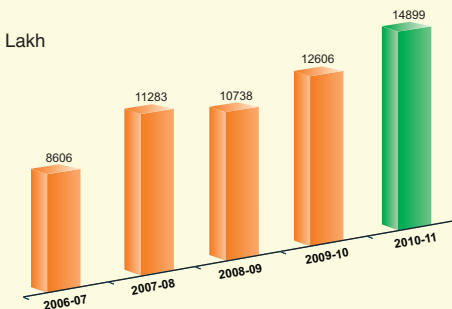
Sales & Other Income

Rs. In Lakh



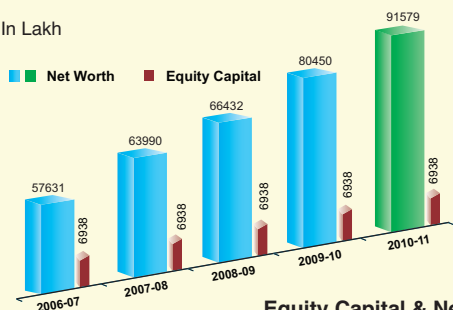
PBT

Rs. In Lakh



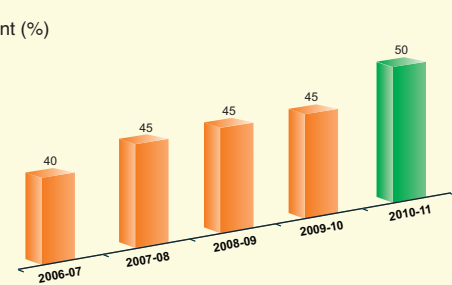
PAT

Rs. In Lakh

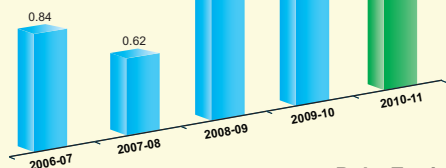


Equity Capital & Net Worth

Percent (%)

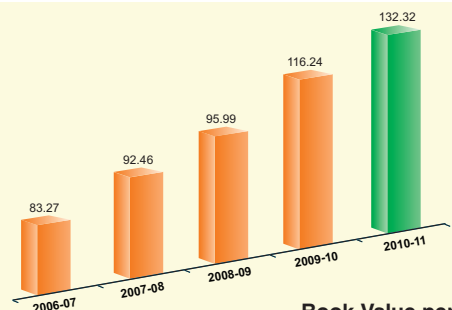


Dividend



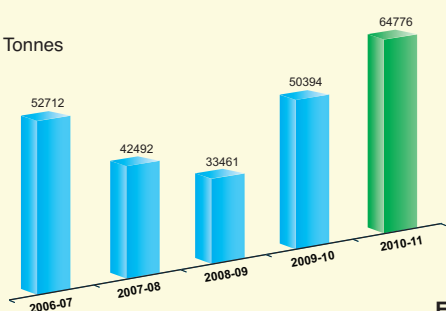
Debt-Equity Ratio

(Rs.)



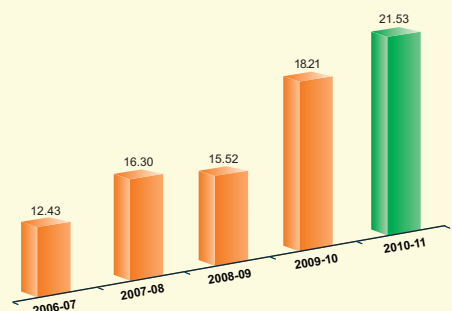
Book Value per share

Metric Tonnes



Exports

(Rs.)



EPS

Exploring possibilities in technology upgradation

TNPL has always been quick to embrace change and adapt itself to the emerging market demands. The company has always shown keen interest to enhance its production facility and deliverability using advanced technologies. TNPL's unstinted focus on Technology upgradation and capacity expansion helped the company achieve significant improvement in its processes, enhancement of productivity and quality, thus helping the organization maintain its leadership edge and competitive advantage in the Indian Paper Industry landscape.

Mill Expansion Plan (MEP)

TNPL has installed a state-of-the-art new Paper Machine supplied by Voith Paper, Germany, to increase the paper production capacity of the mill from 2,45,000 tpa to 4,00,000 tpa. The Machine has a 5.45 M deckle, operating at 1100 m/m speed capable of producing pigmented and surface sized varieties.

As a part of the Mill Expansion Plan, backward integration of Chemical Bagasse pulping line has also been implemented to have better pulp quality with reduction in environmental impact by using less water and less chemicals. The bagasse fibre line capable of producing 500 MT of bagasse pulp

per day is the world's largest single line for bagasse.

600 MT per day Cement Plant

TNPL is in the process of setting up a 600 tpd Cement Plant to process waste materials such as lime sludge and fly ash generated as a residue to produce high grade cement. The plant is likely to be commissioned by December 2011.

De-inking Pulp Plant

A 300 tpd modern de-inking pulp plant to augment in-house pulp capacity under implementation is likely to be commissioned by March 2012.



Revamping of Steam and Power System

To enhance the energy efficiency, it is proposed to replace three low pressure power boilers of a total capacity of 180 tph with a new 120 tph high pressure boiler and two TG sets with a single energy efficient TG set.

On-site Precipitated Calcium Carbonate (PCC) Plant:

Precipitated Calcium Carbonate (PCC) is used as a filler in papermaking to improve the quality of paper for high-end printing. TNPL has entered into an agreement with M/s. OMYA, Switzerland to set up a 60,000 tpa capacity plant within the mill premises to ensure continuous availability of PCC with substantial savings in cost. The plant is likely to be commissioned during next financial year.

R & D Department:

The company also has a result oriented R&D department, where research is done in the specific areas to help the company sustain and maintain its leadership status in the Indian paper market.

Focussed R&D helped the company achieve the following:

- Process Improvement
- Identify Fibrous Raw Materials
- Conserve water and environment
- New developments in Bio-technology
- Improvement in product quality
- New product development



Pasban Sheet Cutter



CBP III - Reclaim and Bagasse Washing



CBP III - 225 TPD Continuous Digester

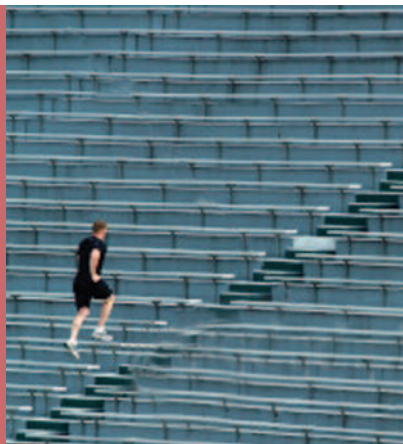


125 TPH Power Boiler No.6



Vapour Absorption Machine

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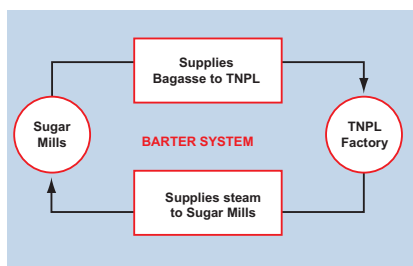
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Exploring possibilities in Sustainability and Environment Protection

TNPL is among the most environmentally compliant paper manufacturers in the world. The company makes paper using as little wood as possible to save forest and primarily uses sugarcane waste namely Bagasse, a renewable raw material which consumes less chemical for pulping and bleaching, resulting minimum impact on the environment.

TNPL has the distinction of being the largest Bagasse based paper mill in the World. Bagasse is used as a fuel in sugar mills and it is not freely available for purchase as a regular commodity. However, large quantities of Bagasse are required for paper making.

To source Bagasse uninterruptedly, TNPL developed an innovative unique barter model for getting Bagasse from sugar mills in exchange of steam. This is considered as a best example for inter-industry co-generation and public – private partnership for over 25 years.



Today, TNPL consumes 1 million tonnes of depithed Bagasse every year by establishing a long term tie-

up arrangement with eight sugar mills. Consumption of 1 lakh tonnes of Bagasse avoids cutting of trees in 30,000 acres of land every year.

TNPL, a minimum impact mill on the environment front:

The implementation of the Mill Development Plan, Mill Expansion Plan and water conservation measures have enabled TNPL to



reduce the water consumption from 108 KL per MT of paper in 2007-08 to about 55 KL as of date. The treated waste water discharge has been reduced from 83 KL per MT of paper in 2007-08 to about 40 KL as of date. Achieving a reduction of 49% in fresh water consumption and a reduction of 52% in the treated effluent discharge are quite significant and this has been achieved with huge investment keeping the environment concerns in the forefront.

The used mill water is treated thoroughly in a high efficiency waste treatment plant to meet the

standards prescribed by TNPCB. The treated waste water is used for irrigating 1665 acres of once barren lands adjacent to the mill. The irrigation is carried out through a scheme conceived as TNPL Effluent Water Lift Irrigation Scheme (TEWLIS) mooted in 1987 with over 460 beneficiary farmers. The lands which were once dry and parched are now lush green and a perennial source of revenue to the land owners. In addition, about 625 acres of land are irrigated with the treated waste water to grow Eucalyptus trees, out of which, 165 acres are covered under drip irrigation system.

Clean Development Mechanism (CDM) – Carbon Trading:

TNPL has set up a Bio-Methanation plant, generating bio-gas from a portion of the waste water generated in the mill. This is an innovative project for a paper industry drawing accolades from various environmental care forums. The bio-gas generated is used in Lime Kiln in replacement of furnace oil. In addition, this project was the first to be registered from paper industry world over under the Clean Development Mechanism (CDM) and 1,61,956 Certified Emission Reductions (CER) are issued so far and generated revenue of Rs.10.50 crore . Another 95,000 CERs generated from the above project is under verification.