

32ND ANNUAL REPORT 2011-2012



ON WINNING STRIDES

Tamil Nadu Newsprint and Papers Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

Dr.N Sundaradevan IAS Chairman

Thiru T K Ramachandran IAS
(Managing Director from 26.5.2010
to 9.1.2012)

Thiru G Prakash IAS
(Full additional charge as
Managing Director from
9.1.2012 to 25.1.2012)

Thiru Santosh K Misra IAS
(Managing Director from 25.1.2012
to 31.5.2012)

Thiru Md.Nasimuddin IAS
(Full additional charge as
Managing Director since 31.5.2012)

Thiru S Krishnan IAS Director

Thiru N Mathivanan IAS Director

Thiru A Velliangiri Deputy Managing Director

Thiru V Narayanan Director

Thiru N Kumaravelu Director

Thiru M R Kumar Director

Registered Office: 67, Mount Road, Guindy,
Chennai – 600 032.

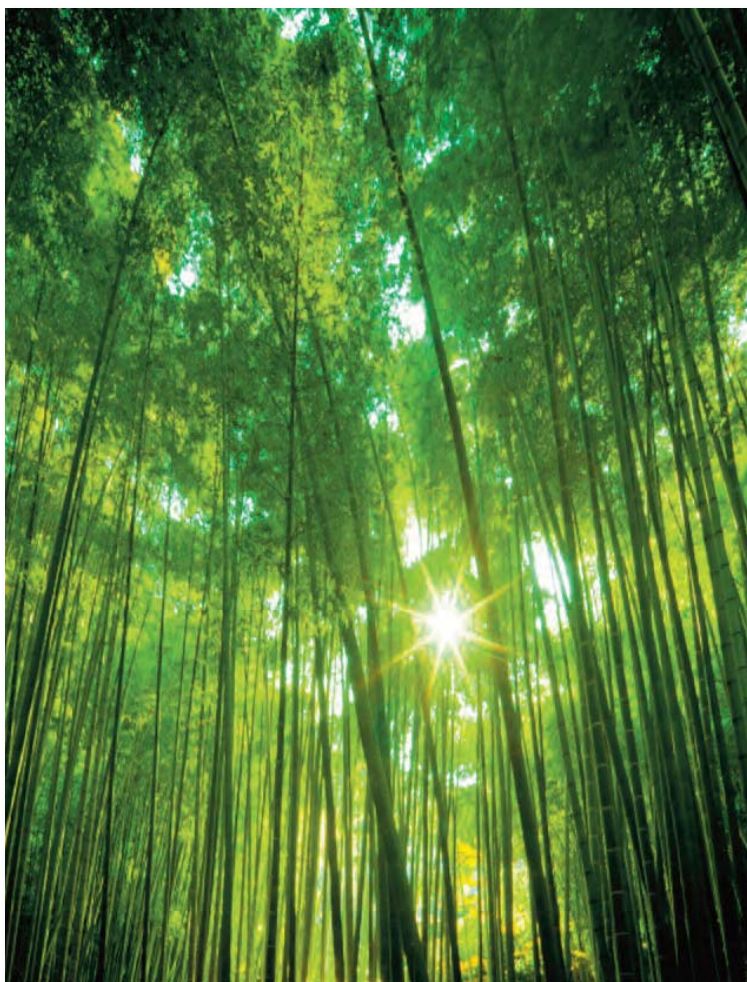
Factory: Kagithapuram – 639 136,
Karur District, Tamil Nadu.

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.



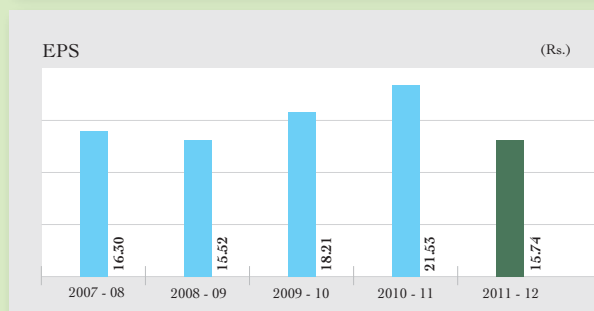
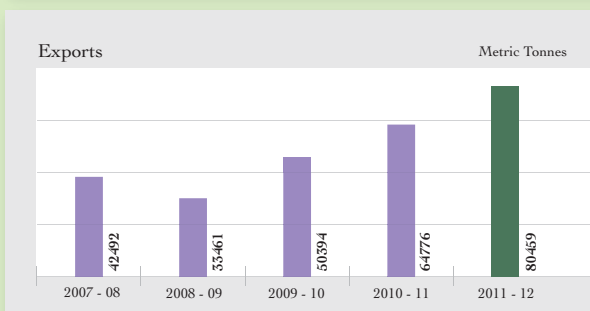
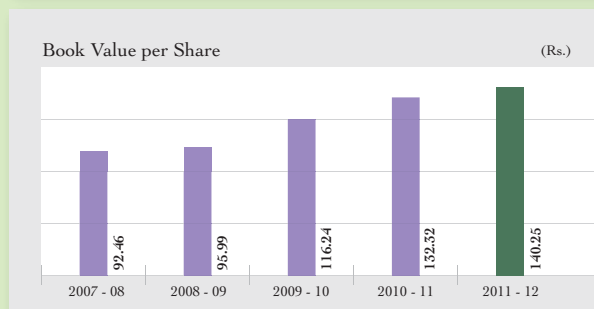
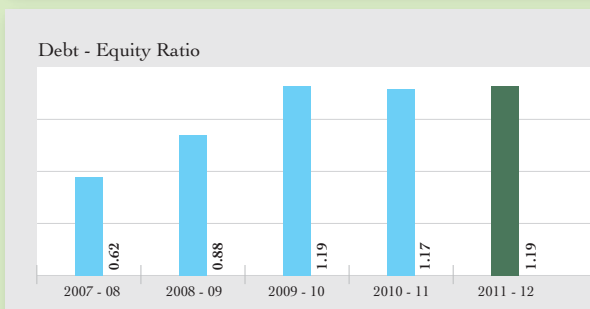
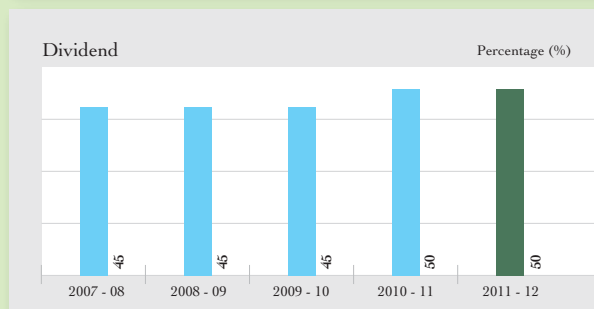
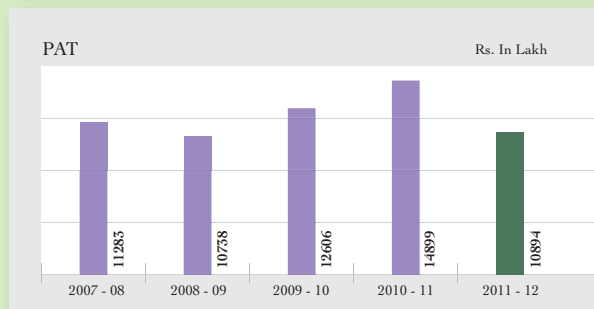
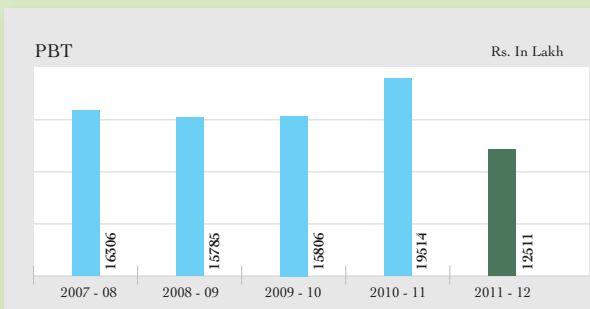
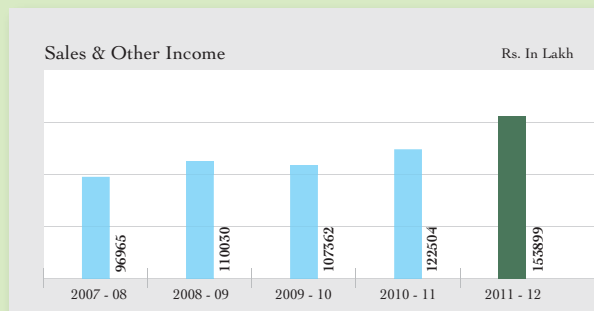
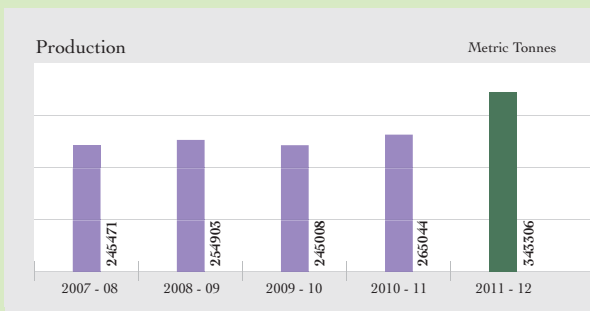
ACHIEVEMENTS 2011-12

- Sales turnover crossed Rs.1500 crores for the first time in the Company's history.
 - Export sales reached an all time high of 80459 tons – 24% increase over the previous year.
 - Paper production increased from 265044 Mts. to 343306 Mts.
 - Hardwood Pulp production increased from 97492 Mts. to 107769 Mts.
 - Chemical bagasse pulp production increased by 24% from 133978 Mts. to 165914 Mts.
 - Pulpwood plantation increased to 82025 acres. 15218 acres were added during the year benefiting 3006 farmers.
 - The Bio-methanation Plant generated 87.35 lakh cubic metres of methane gas enabling the company, to reduce furnace oil consumption by 5207 KL valued at Rs.19.07 crores.
 - Received 27680 RENEWABLE ENERGY CERTIFICATES (REC) for generating power using steam produced in the recovery boiler. TNPL is the FIRST company in the paper industry to have received the RECs.
 - Received 'Environmental Strategy of the Year Award' from PPI (Pulp and Paper International) magazine in competition with many mills across the Globe.
 - Received National Award for "Excellence in Water Management 2011" from Confederation of Indian Industry (CII) for the best water management in the industrial sector.
 - 'The Emergent Ventures India Green Business Survey' ranked TNPL No.5 among High Energy Intensive Industries in adopting better technologies for value addition beyond compliance and achieving all-round performance in all aspects of sustainability. TNPL was the only company in the Paper Industry to receive this accolade.
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FINANCIAL HIGHLIGHTS - 10 YEARS AT A GLANCE

DESCRIPTION	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	REVENUE: (Rs. in lakhs)									
Sales & Other Income	52885	58290	66823	80141	88040	96965	110030	107362	122504	153899
PBIDT	14919	14829	11727	18768	21455	26266	30792	31980	36274	43543
Interest	2863	1625	1622	1864	2052	2391	4927	4618	4424	14126
Profit Before Tax	6657	6858	3917	10147	12503	16306	15785	15806	19514	12511
Tax	1453	1578	122	2092	3897	5023	5047	3200	4615	1617
Profit After Tax	5204	5280	3795	8055	8606	11283	10738	12606	14899	10894
	BALANCE SHEET: (Rs. in lakhs)									
Net Fixed Asset	78875	76034	72836	81726	117782	128351	148396	209659	229342	249593
Investments	114	815	114	114	114	1715	114	1140	114	114
Captive Plantation	23	33	147	198	289	304	504	962	1319	1795
Net Other Assets	10601	10988	15238	16464	10670	7699	20048	25993	34575	45921*
Total Capital Employed	89613	87870	88335	98502	128855	138069	169062	237754	265350	297423
Share Holders Fund	41138	44868	46474	52212	57631	63990	66432	80450	91579	97068
Borrowings	31925	25399	25004	30814	55940	55244	80645	136291	148810	173379*
Deferred Tax Liability	16550	17603	16857	15476	15284	18835	21985	21013	24961	26976
Total	89613	87870	88335	98502	128855	138069	169062	237754	265350	297423
Return on Net Worth (%)	12.66	11.77	8.17	15.43	14.93	17.60	16.16	15.67	16.27	11.22
Book Value Per Share (Rs.)	59.07	64.43	66.74	75.44	83.27	92.46	95.99	116.24	132.32	140.25
EPS (Rs.)	7.57	7.66	5.47	11.66	12.43	16.30	15.52	18.21	21.53	15.74
Dividend (%)	27.50	27.50	27.50	30.00	40.00	45.00	45.00	45.00	50.00	50.00
Debt to equity	0.61	0.41	0.32	0.42	0.84	0.62	0.88	1.19	1.17	1.19

* Regrouped as per pre-revised Schedule VI for the purpose of comparison only.



WINNING STRIDES IN PURSUIT OF EXCELLENCE

TNPL is built on the understanding that the environment must be protected for the benefit of succeeding generations. At a time when wood pulp was considered as the most acceptable raw material for manufacture of paper, TNPL introduced usage of bagasse, a sugarcane residue, as primary raw material for manufacture of newsprint and printing & writing paper and now has emerged as the largest bagasse based Paper Mill in the world consuming about one million tonnes of bagasse per annum.

TNPL commenced its first production in 1984 with a capacity of 90000 tonnes per annum. The forward thinking policies have made the company to grow to the present capacity of 400000 tpa. Every phase of growth is ingrained with the latest technology and installation of state-of-the-art machineries. The capacity additions were meticulously planned and efficiently executed. Many equipments installed were

first of its kind in the Indian Paper Industry. Continuous growth with latest technology has made TNPL a significant player in the Indian Paper Industry with the distinction of the second largest producer of uncoated wood-free paper in the country.

TNPL is currently setting up a 600 tpd Cement Plant under Lime sludge and Fly Ash Management, first of its kind in Indian Paper Industry. This will enable TNPL to convert the entire limesludge and fly ash into high grade cement. TNPL is also, revamping the Steam and Power System (RSPS) by installing a new CFBC boiler and a new turbo generator to improve the energy efficiency and augment the in-house power generation from 81.12 MW to 103.62 MW. A 300 tpd De-Inking Plant is also being set up augmenting pulp supply and to avoid the dependency on imported pulp. All the three projects will be completed during the current year.

TNPL is also in the process of setting up a 200 tpd Precipitated Calcium Carbonate (PCC) Plant and a 100 tpd Wet Ground Calcium Carbonate (WGCC) Plant on Build, Own and Operate (BOO) basis within the factory premises. These projects will be taken up for implementation during the current year and completed within 12 months. Installation of these plants will enable the company to procure PCC and WGCC on line at a lower cost. TNPL is also in the process of setting up a 100 tpd Tissue Paper Plant in the existing site.

TNPL's operational and financial performance is one of the best in Indian Paper Industry. TNPL's success can be attributed to its clear vision, pro-active policies, constant technological upgrades and continuous growth. An organization that has not lost its passion for manufacturing paper and goes on re-defining the boundaries of excellence.

TNPL has registered four CDM projects with UNFCCC. The first project titled Methane extraction and Fuel conservation project was registered with UNFCCC during 2006 as the country's first CDM project in the waste management sector. Wind farm phase II & III was registered during May 2011 and Phase IV & V during April 2012. The project on Energy efficiency improvement in Chemical Recovery boiler was registered during May 2011.





(1) PM 3 (2) Bio-methanation plant (3) 600 tpd Cement Plant being installed under Lime Sludge & Fly Ash Management

WINNING STRIDES IN ENVIRONMENT PROTECTION

TNPL makes consistent initiatives to minimize the impact on the environment by adopting best process technology .

As per Environmental Policy, TNPL is committed to:

- Produce Eco-friendly quality paper adopting environment friendly technologies
- Improve environmental performance through sustained R&D efforts and continual improvement in the processes
- Comply with all relevant environmental legislation and regulation
- Stimulate rational use of resources through behavioral and technological improvements
- Minimise waste and maximize recycling / reuse
- Creating social and ecological awareness among our work force

The enduring commitment to the environment is reflected in the minimum impact best process technology adopted in TNPL. Using about 1 million tons of bagasse per annum as primary raw material, avoids cutting of trees in about 35000 acres of land every year.

The Company has switched over from conventional Chlorine bleaching to Elemental-Chlorine-free bleaching. Oxygen delignification has been introduced in both Hardwood and Chemical Bagasse pulping. Several water conservation measures have also been implemented . The water consumption has been reduced to 61

kl. per ton of paper, which is one of the lowest in the paper industry.

TNPL has been bestowed with the “Environmental Strategy of the year Award “ for 2011 by Pulp and Paper International during its International PPI Awards 2011 function in Brussels, Belgium on 15th November 2011 in competition with many mills across the Globe. TNPL has also won the CII awards successively for the past 3 years for water consumption levels and environmental management strategies.

TNPL's Chemical Recovery Boiler No: 3 has been awarded as “Most Innovative Environmental Project” in the Confederation of Indian Industry (CII) - Environmental Best Practices Award 2012 competition held in CII-Sohrabji Godrej Green Business Centre, Hyderabad on 9th & 10th February, 2012 at Hyderabad. The award is given for Energy Efficiency Improvement and Green house gas emission reduction in the past 3 years in recovery boiler No:3 and for successful registration of the project under Clean Development Mechanism with United Nation Framework Convention on Climate Change (UNFCCC)

TNPL is one among the 14 companies to have received the “Most Innovative Environmental Project” award , among 127 companies with 250 innovative projects, participated in the competition.

The water used in the mill is treated

thoroughly as per the standards fixed by Environmental Authorities. The treated water is used for irrigating about 1665 acres of once barren lands adjacent to the Mill under Treated Effluent Water Lift Irrigation Society (TEWLIS) Scheme. In addition, about 400 acres of land adjacent to factory are irrigated with the treated water for growing Eucalyptus plantation.

TNPL has also conducted a Pilot Plant Study at a capital outlay of Rs.3.75 cr. to explore the techno-commercial feasibility of treating the bleach plant effluents separately at source.

Towards greening the surrounding areas, the company has planted 50000 trees in a single day on 31.10.2008. TNPL has introduced Ozone treatment in the final Treated Effluent Water as tertiary treatment to bring down the colour as a first time in the Paper Industry. As part of Lime Sludge and Fly Ash Management, the Company is setting up a 600 tpd integrated cement plant to convert process waste materials (Lime Sludge and Fly Ash) into high grade cement on line. This will reduce the environmental concerns arising out of the solid wastes.

Another notable achievement on environment protection during the year is the savings in usage of 5207 kl. furnace oil in lime kilns on account of consuming bio-gas generated in the Bio-methanation plants .