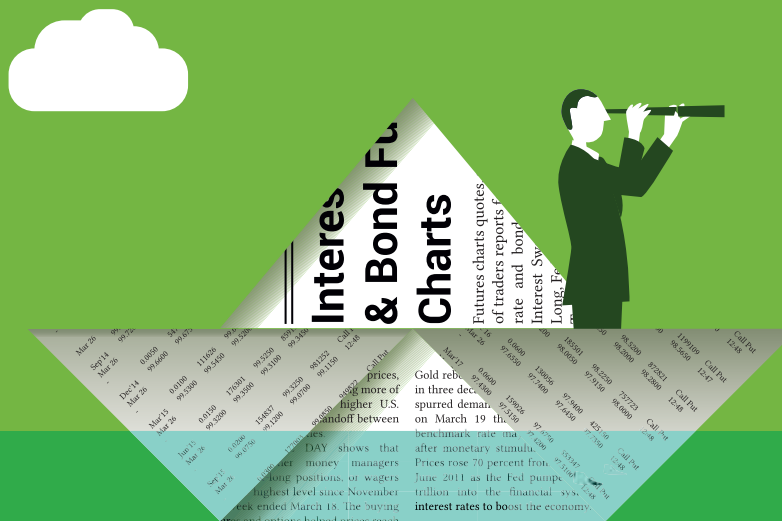


Driven by Excellence.

Moving up and ahead.



34TH ANNUAL REPORT 2013-2014

Tamil Nadu Newsprint and Papers Limited



CONTENTS

Notice	17
Directors' Report	30
Management Discussion and Analysis	40
Report on Corporate Governance	48
Report of the Statutory Auditors	72
Comments of the Comptroller and Auditor General of India	78
Balance Sheet	80
Statement of Profit and Loss	81
Cash Flow Statement	82
Notes to Accounts	83

COMPANY INFORMATION

BOARD OF DIRECTORS

Thiru C V Sankar IAS Chairman & Managing Director
(Full Additional Charge
w.e.f. 25.10.2013)

Thiru N S Palaniappan IAS Chairman & Managing Director
(From 13.12.2012 to 25.10.2013)

Thiru T Udhayachandran IAS Director

Thiru Mahesan Kasirajan IAS Director

Thiru A Velliangiri Deputy Managing Director

Thiru R Mani Director (Operations)

Thiru V Narayanan Director

Thiru N Kumaravelu Director

Thiru M R Kumar Director

Thiru V Nagappan Director

Tmt Sarada Jagan Director

REGISTERED OFFICE: 67, Mount Road, Guindy,
Chennai – 600 032.

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

AUDITORS :

M/S Raman Associate,
Chartered Accountants,
1st Floor, RE Apartments,
No.7, Arya Gowda Road,
West Mambalam,
Chennai 600 033.

BANKERS :

Canara Bank
DBS Bank Ltd.
HDFC Bank Ltd.
Indian Bank
Indian Overseas Bank
Oriental Bank of Commerce
Punjab and Sind Bank
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.
Union Bank of India

DRIVEN BY EXCELLENCE - MOVING UP AND AHEAD.

FINANCIAL HIGHLIGHTS - 10 YEARS AT A GLANCE

DESCRIPTION	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	REVENUE: (Rs. in lakhs)									
Sales & Other Income	66823	80141	88040	96965	110030	107362	122504	153899	188118	230195
PBIDT	11727	18768	21455	26266	30792	31980	36274	43543	42207	52320
Interest	1622	1864	2052	2391	4927	4618	4424	14127	12097	12821
Profit Before Tax	3917	10147	12503	16306	15785	15806	19514	12511	12611	20268
Tax	122	2092	3897	5023	5047	3200	4615	1617	3463	4150
Profit After Tax	3795	8055	8606	11283	10738	12606	14899	10894	9148	16118
	BALANCE SHEET: (Rs. in lakhs)									
Net Fixed Assets	72836	81726	117782	128351	148396	209659	229342	248678	254101	252819
Investments	114	114	114	1715	114	1140	114	114	114	114
Captive Plantation	147	198	289	304	504	962	1319	1795	2121	2121
Net Other Assets	15238	16464	10670	7699	20048	25993	34575	46836 [*]	26279 [*]	38718[*]
Total Capital Employed	88335	98502	128855	138069	169062	237754	265350	297423	282615	293772
Shareholders Fund	46474	52212	57631	63990	66432	80450	91579	97068	103547	114597
Borrowings	25004	30814	55940	55244	80645	136291	148810	173379 [*]	150022 [*]	147511[*]
Deferred Tax Liability	16857	15476	15284	18835	21985	21013	24961	26976	29046	31664
Total	88335	98502	128855	138069	169062	237754	265350	297423	282615	293772
Book Value Per Share (Rs.)	66.74	75.44	83.27	92.46	95.99	116.24	132.32	140.25	149.61	165.58
EPS (Rs.)	5.47	11.66	12.43	16.30	15.52	18.21	21.53	15.74	13.22	23.29
Dividend (%)	27.50	30.00	40.00	45.00	45.00	45.00	50.00	50.00	50.00	60.00
Debt to equity	0.32	0.42	0.84	0.62	0.88	1.19	1.17	1.21	0.97	0.89

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

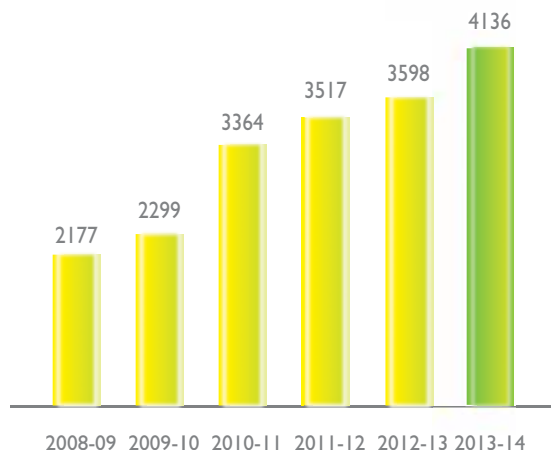
ACHIEVEMENTS 2013 -14

- Sales turnover crossed Rs. 2000 crore for the first time.
 - Paper production increased to 387714 Mts, 16077 Mts. higher than the previous year.
 - Paper sales increased to 391843 MT. against 373229 MT. in the previous year.
 - Achieved ZERO stock of Printing and Writing Paper at the end of the year.
 - Produced 113904 tons of Cement using lime sludge and fly ash generated in the Paper Mill. TNPL is the First and only Company in the Paper industry to have established this facility
 - Commissioned De-inking pulp plant of a capacity of 300 tpd.
 - Augmented the captive power generation capacity to 103.62 MW. from 81.12 MW. Surplus power is exported
 - Generated 96.64 lakh cubic metres of methane in the two Bio- methanation plants and saved usage of 5766 kl. of furnace oil valuing Rs. 24.54 crores.
 - Generated 522.07 lakh units of 'Green Power' from the two wind farms
 - Overall Water consumption was reduced to 42 Kl. per MT of paper.
 - Commissioned 100 tonnes per day Wet Ground Calcium Carbonate plant on BOO basis.
 - Commenced works relating to setting up a state-of-the-art Multilayer Double Coated Board Plant of a capacity of 200,000 tons per annum in Manaparai Taluk, Trichy District. The project is scheduled to be completed by December 2015.
 - Return On Equity (ROE) is 14.06% and Payout ratio is 30.14%.
 - Dun & Bradstreet, Mumbai, has selected TNPL as the **Top Indian Company under the sector Paper for Dun & Bradstreet Corporate Awards 2014**, third time in a row.
 - Received the **"Environmental Best Practices Award 2013"** from Confederation of Indian Industry (CII).
-

CONSISTENT GROWTH

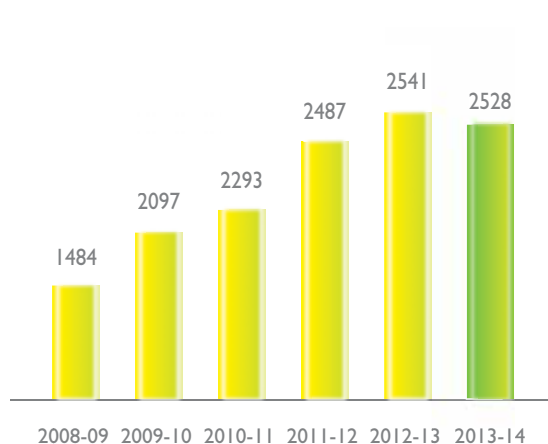
Gross Fixed Assets

Rs. In Crore



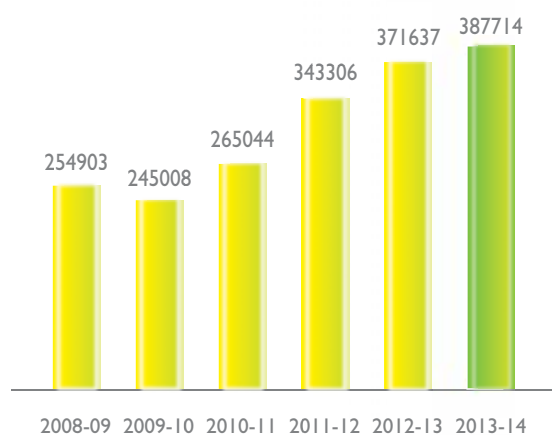
Net Fixed Assets

Rs. In Crore



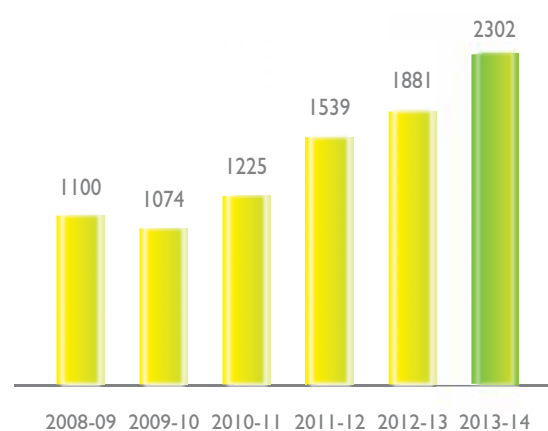
Production

Metric Tonnes



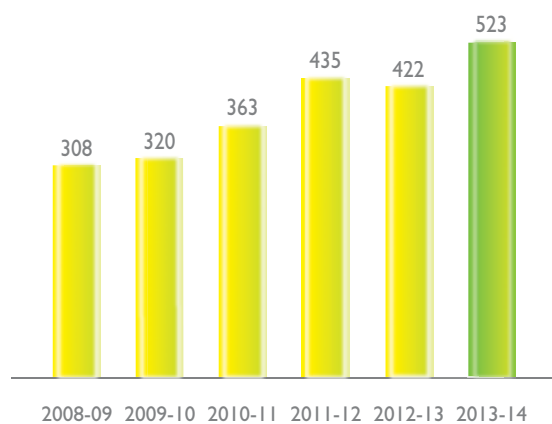
Sales and Other Income

Rs. In Crore



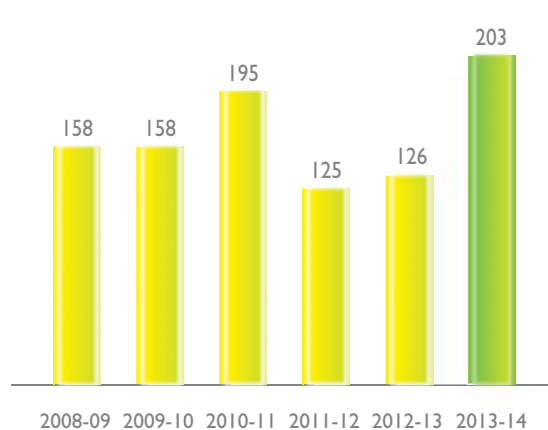
PBIDT

Rs. In Crore



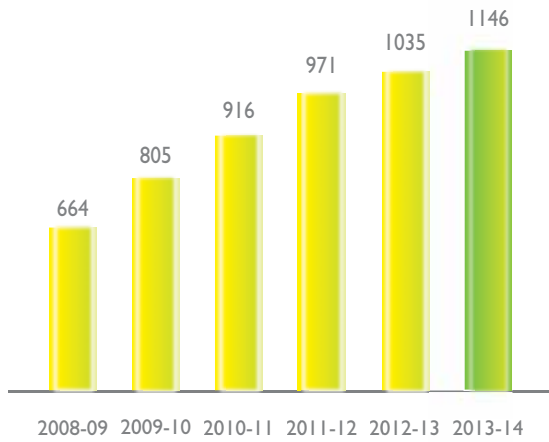
PBT (Profit Before Tax)

Rs. In Crore

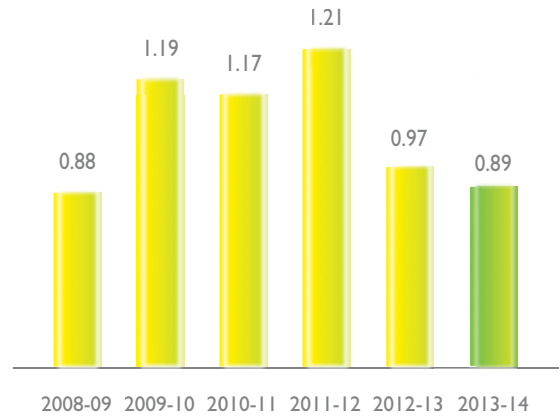


Net Worth

Rs. In Crore

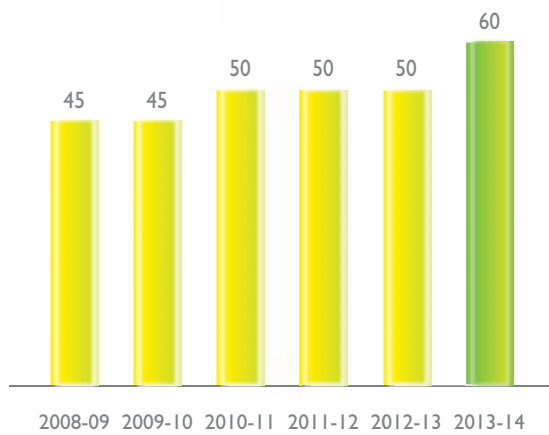


Debt Equity Ratio



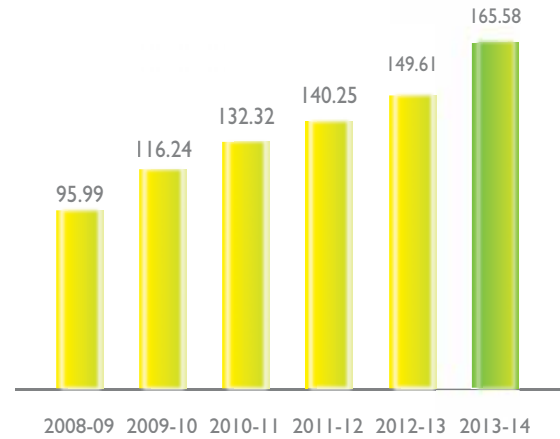
Dividend

Percentage (%)



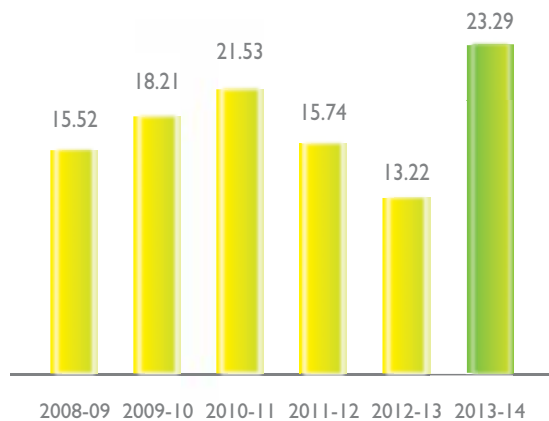
Book Value per Share

(Rs.)



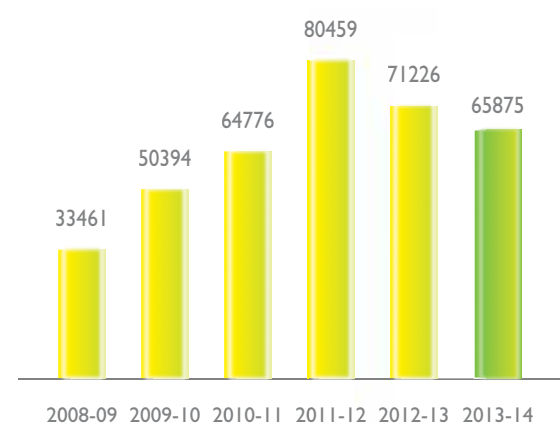
Earning Per Share (EPS)

(Rs.)



Exports

Metric Tonnes



DRIVEN BY EXCELLENCE - MOVING UP AND AHEAD : TECHNOLOGY

TNPL took up the implementation of Mill Development Plan (MDP) in the year 2005, for improving the environmental standards and to increase the in-house pulping capacity from 520 tpd to 720 tpd. The MDP was completed in 2008. Since then, TNPL has switched over from conventional chlorine bleaching for producing pulp to environmentally benign Elemental Chlorine Free (ECF) bleaching. Paper production capacity was increased from 230000 tpa to 245000 tpa.

During 2008, TNPL took up implementation of Mill Expansion Plan (MEP), to increase the paper production capacity from 2,45,000 tonnes to 4,00,000 tonnes per annum by installing a new paper machine (PM 3) and to increase in-house pulp production capacity from 720 tonnes to 880 tpd. The MEP was commissioned in January 2011.

Subsequently, the company took up implementation of : Revamping of Steam and Power System (RSPS), Installation of a 300 tpd De-inked Pulp line, 600 tpd Lime

Sludge and Flyash Management (LSFM) system, 100 tpd Wet Ground Calcium Carbonate (WGCC) and 200 tpd Precipitated Calcium Carbonate (PCC) plants. With the implementation of these projects, the existing site is fully utilised. The company has chosen the next phase of growth in a new site as a Green-Field project.

TNPL has taken up implementation of a new Green-Field Project to install a 200,000 tpa Multilayer Coated Paper Board Machine (BM4). The project is located at Mondipatti Village, Manaparai Taluk in Trichy District, about 90 km from the existing site. The capital outlay for the project is Rs.1500 crore. The BM4 to be supplied by VOITH has a trim width of 3750mm at the reel. The design speed is 700 meters per minute and is capable of producing 200000 tonnes per annum of finished production. The Paper Board planned to be produced are : White-Line Chip Board (WLC), Folding Box Board (FBB) and Solid Bleached Sulphate Board (SBS) in the substance range of 170 to 450

GSM. The Board Machine is designed for Best quality, Highest efficiency and Lowest utility consumption.

One of the special features of BM #4 is the Tandem Nipco Flex Press (Shoe Press) with gentle and high dewatering capacity resulting in homogeneous densification of the sheet with more bulk. Also the web is protected against crushing and surface defects at higher speeds.

A modern, state of art roll packing and High bay Automated Storage and Retrieval systems (ASRS) for intermediate storage of 20,000 MT and finished goods storage of 6000 MT also will be installed as part of the Board Mill.

The start-up of the BM #4 is targeted for December 2015. The project will enable TNPL to make a foray into the growing Multilayer Double Coated Board segment. Total production capacity of TNPL will increase from 400000 tpa to 600000 tpa by March 2016.





(1) Cement Plant (2) DIP - De-inking Plant (3) 125 Tonnes per hour Boiler

DRIVEN BY EXCELLENCE - MOVING UP AND AHEAD : ENVIRONMENT PROTECTION

TNPL believes that the environment and associated natural capitals must be protected and used in a sustainable way to cater the today's demand as well as the needs of future generations.

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 maximise recycling / reuse
- Creating social and ecological awareness among our work force.

Resource Conservation

TNPL is the leader in manufacturing paper using bagasse, as primary raw material. The mill has used 772935 MT of depithed bagasse during the year as primary raw material for manufacture of paper. Utilization of bagasse as fibrous raw material has conserved about 6 lakhs Mt of wood in the year 2013-14.

On pulpwood front TNPL is committed to procure wood only from the responsible known sources. TNPL's own farm forestry and captive plantation programs are covered by FSC Forest Management Certification which guarantees that the wood used for the production of paper come from the plantations which are managed in a socially and environmentally responsible way. FSC product label guarantee the customer that the product they buy comes from sustainable sources.

TNPL has installed and commissioned a state-of-the-art de-inking plant of capacity of 300 tons per day during 2013 to produce pulp from wastepaper.

The mill has implemented various water conservation projects in 2013-14 and has reduced water consumption to 42 kl. Per ton of paper during 2013 -2014 which is one of the lowest in paper industry.

Waste to wealth

TNPL stepped into an innovative way of making cement from inorganic solid waste generated from chemical recovery cycle and fly ash from power boilers. Every day, about 200 ton lime sludge from first stage causticizing and 100 ton fly ash from the power boilers are

converted into high grade cement which is first of its kind in pulp and paper industry. This has resulted in conservation of 77,440 tons lime stone.

Climate Change and sustainability

Towards greening the surrounding areas, the company has planted about 12500 trees in and around the mill. TNPL has generated wind power 522.07 lakh units which resulted in reduction of about 47796 Mt of CO₂ equivalent in 2013-14. Similarly, treatment of bagasse wash water through the two biogas plants have reduced 127928 Mt of CO₂ equivalent in 2013-14.

Recognition for environmental protection

An innovative project "Reducing pollution load and recovery of fiber from D1 and EOP filtrate of Chemical Bagasse fiber line" implemented in TNPL has been awarded "Most Innovative Environmental Project" at Confederation of Indian Industry (CII) - Environmental Best Practices Award 2013 conducted by CII - Sohrabji Godrej Green Business Centre, Hyderabad.

TNPL was selected as runner-up under "The Water Efficiency Award" category by Pulp and Paper International (PPI) Awards 2013.

