

35TH
ANNUAL REPORT
2014-2015

Future is nurtured
on a piece of paper!

Tamil Nadu Newsprint and Papers Limited



CONTENTS

Notice	17
Directors' Report	24
Annual Report on CSR Activities	31
Secretarial Audit Report	32
Report on Energy Conservation	35
Extract of Annual Return	40
Disclosure on Remuneration	49
Management Discussion and Analysis	51
Report on Corporate Governance	57
Independent Auditor's Report	83
Comments of the Comptroller and Auditor General of India	90
Balance Sheet	92
Statement of Profit and Loss	93
Cash Flow Statement	94
Notes to Accounts	95

COMPANY INFORMATION

BOARD OF DIRECTORS

Thiru C V Sankar IAS	Chairman & Managing Director
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

COMPLIANCE OFFICER

Thiru V Sivakumar	Company Secretary
-------------------	-------------------

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

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

STATUTORY AUDITORS:

M/s Raman Associate,
Chartered Accountants,
H.O.: 13, Luz Avenue,
Mylapore, Chennai – 600 004.

COST AUDITORS:

M/s Raman & Associates,
10, Muthukumarasamy Salai,
Off. 1st Main Road, Baby Nagar,
Velachery, Chennai – 600 042.

SECRETARIAL AUDITORS:

M/s R Sridharan & Associates,
Company Secretaries in Practice,
New No.5, Old No.12,
Sivasailam Street,
T.Nagar, Chennai - 600 017.

REGISTRAR AND SHARE TRANSFER AGENT:

M/s Cameo Corporate Services Ltd.
V Floor, “Subramanian Building”,
No.1 Club House Road,
Chennai – 600 002.

BANKERS:

Canara Bank
DBS Bank Ltd.
HDFC Bank Ltd.
Indian 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

Future is nurtured on a piece of paper!

FINANCIAL HIGHLIGHTS - 10 YEARS AT A GLANCE

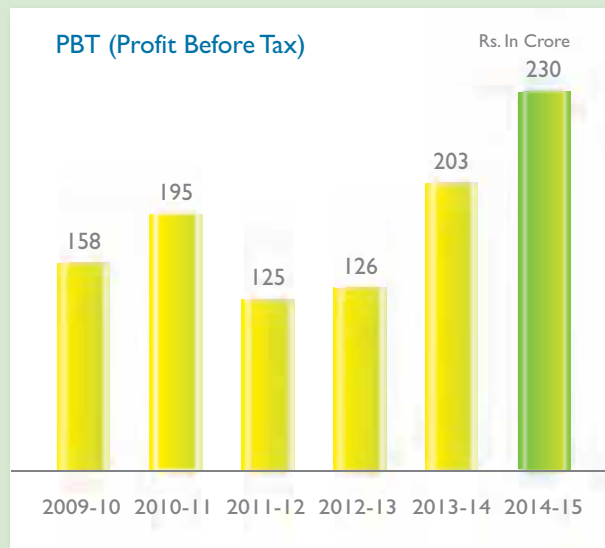
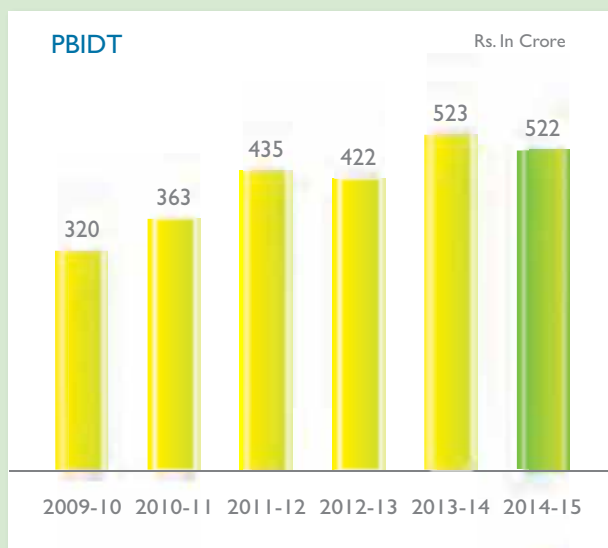
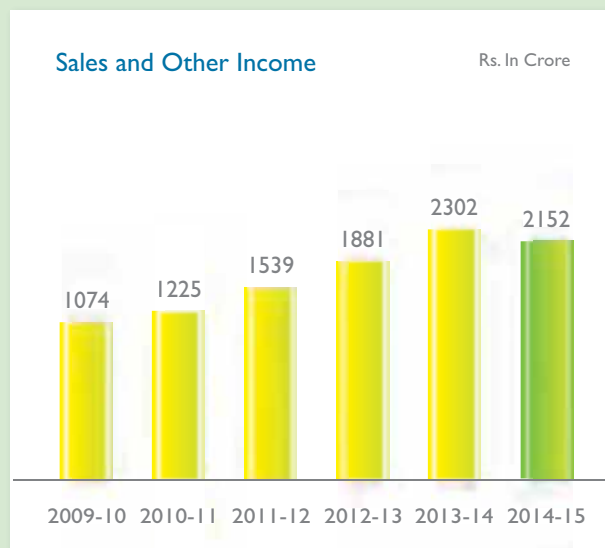
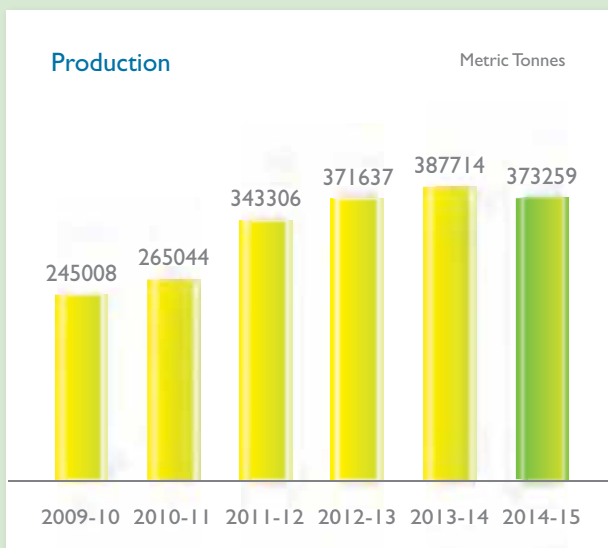
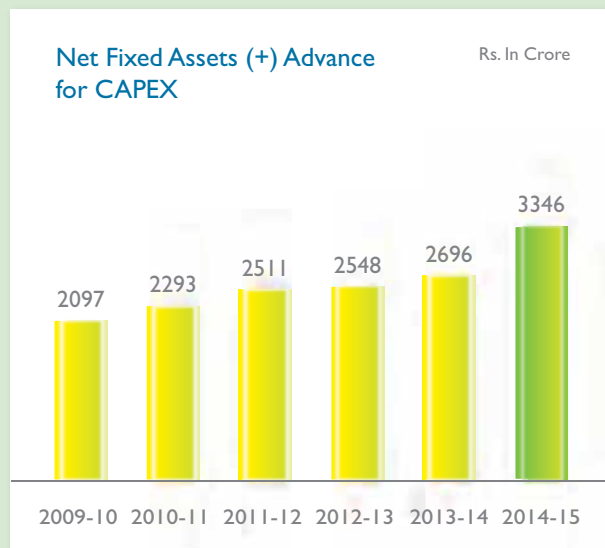
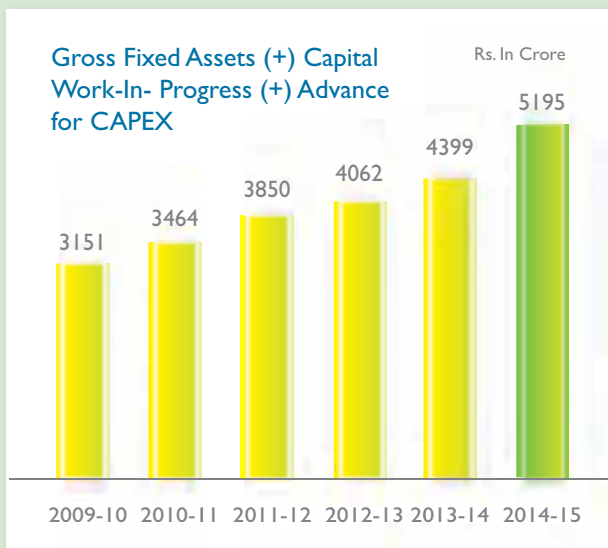
DESCRIPTION	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	REVENUE: (Rs. in lakhs)									
Sales & Other Income	80141	88040	96965	110030	107362	122504	153899	188118	230195	215237
PBIDT	18768	21455	26266	30792	31980	36274	43543	42207	52320	52236
Interest	1864	2052	2391	4927	4618	4424	14127	12097	12821	15493
Profit Before Tax	10147	12503	16306	15785	15806	19514	12511	12611	20268	23013
Tax	2092	3897	5023	5047	3200	4615	1617	3463	4150	6340
Profit After Tax	8055	8606	11283	10738	12606	14899	10894	9148	16118	16673
	BALANCE SHEET: (Rs. in lakhs)									
Net Fixed Assets	81726	117782	128351	148396	209659	229342	248678	254101	252819	304083
Investments	114	114	1715	114	1140	114	114	114	114	114
Captive Plantation	198	289	304	504	962	1319	1795	2121	2121	1632
Net Other Assets	16464	10670	7699	20048	25993	34575	46836 [*]	26279 [*]	38718 [*]	56860 [*]
Total Capital Employed	98502	128855	138069	169062	237754	265350	297423	282615	293772	362689
Shareholders Fund	52212	57631	63990	66432	80450	91579	97068	103547	114597	120164
Borrowings	30814	55940	55244	80645	136291	148810	173379 [*]	150022 [*]	147511 [*]	206566 [*]
Deferred Tax Liability	15476	15284	18835	21985	21013	24961	26976	29046	31664	35959
Total	98502	128855	138069	169062	237754	265350	297423	282615	293772	362689
Book Value Per Share (Rs.)	75.44	83.27	92.46	95.99	116.24	132.32	140.25	149.61	165.58	173.62
EPS (Rs.)	11.66	12.43	16.30	15.52	18.21	21.53	15.74	13.22	23.29	24.09
Dividend (%)	30.00	40.00	45.00	45.00	45.00	50.00	50.00	50.00	60.00	60.00
Debt (LTL) to equity	0.42	0.84	0.62	0.88	1.19	1.17	1.21	0.97	0.89	1.32

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

ACHIEVEMENTS 2014 -15

- Sales crossed Rs.2000 crore for the second consecutive year in the Company's history.
 - Profit Before Tax of Rs.230.13 crore was an all time record.
 - Profit After Tax of Rs.166.73 Crore exceeded the PAT achieved in 2013-14 by Rs. 5.60 Crore.
 - Export sales leaped from 65875 Mts. to 72815 Mts.
 - Substantial progress has been made in the execution of the Multilayer Double Coated Board Plant to increase capacity from 4,00,000 tpa to 6,00,000 tpa. The project is likely to be completed by December 2015.
 - De-inked Pulp Production was 32792 Mts. against 29185 Mts in the previous year higher by 3607 Mts.
 - Cumulatively 1,05,968 acres of land have been brought under Company's Farm Forestry and Captive Plantations schemes, benefitting 20,218 farmers in 29 districts of Tamilnadu.
 - Cement production increased to 161910 tons, against 113904 tons in the previous year. TNPL is the First and only Company in the Paper industry to have established the facility for producing high grade cement from mill waste (Lime sludge & fly ash).
 - 6208.84 lakh units of power were generated. 5841.57 lakh units were consumed. 367.27 lakh units were exported to the state grid. Power drawn from State Grid constitutes only 1.52% of total power consumed.
 - Received 127588 Renewable Energy Certificates (REC) for power generated from the steam produced in the Recovery Boiler. 48200 RECs were sold during the year yielding revenue of Rs. 7.12 crores
 - The company repaid on schedule Term Loans amounting to Rs.359.89 crores.
 - Launched a new "Eco-friendly" product during the year under the brand name "GreenPal". This paper is produced from Bagasse and recycled fibres. No tree is cut for production of this product, thus making it a totally environmental friendly product.
 - Upgradation of cement production capacity set up as part of Lime Sludge and Fly ash Management from 600 tpd to 900 tpd. The Project is expected to be completed by December 2015.
 - Setting up a Centre for Conversion of Paper and Packing Board (CCPPB) by acquiring 38.40 acres of land with an Industrial shed measuring 11,248 Sq.Mts at Mayanur in Karur district for paper conversion centre and units related to paper industry. This project is expected to be completed by December 2015.
 - Dun & Bradstreet, Mumbai, has selected TNPL as the **Top Indian Company under the sector Paper for Dun & Bradstreet Corporate Awards 2015, fourth time in a row.**
 - Confederation of Indian Industry(CII) in its **15th National Award for Excellence in Energy Management 2014**, has selected TNPL as one of the 49 companies for the 'Excellent Energy Efficient Unit' Award.
 - The Company has received **"IPMA Paper Mill of the year Award" for the year 2013-14** from Indian Paper Manufacturers' Association (IPMA). **The company has received the above award fourth time.**
-

Consistent Growth

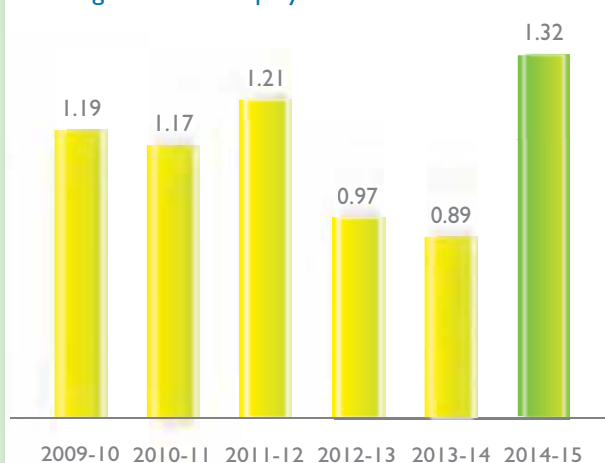


Net Worth

Rs. In Crore

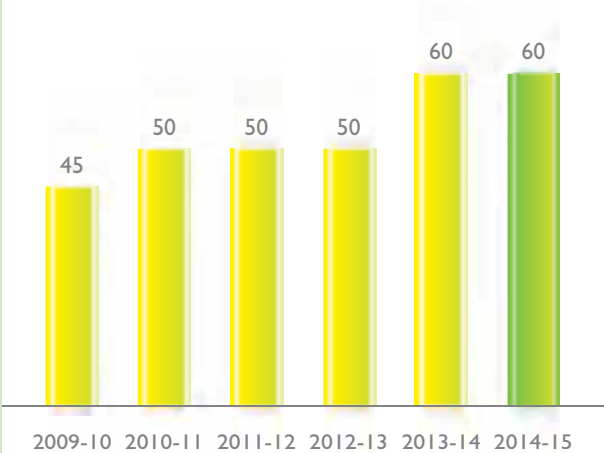


Long term Debt Equity Ratio



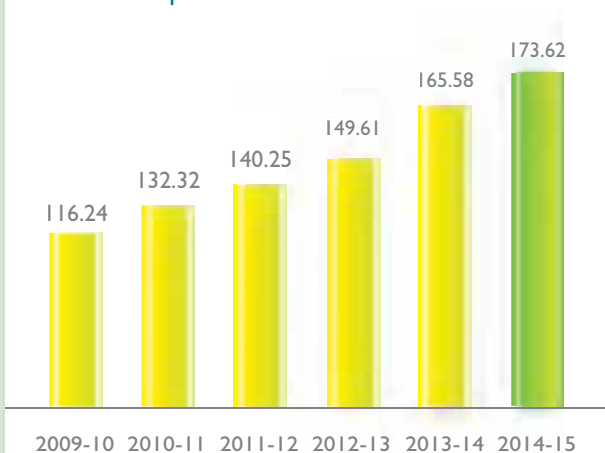
Dividend

Percentage (%)



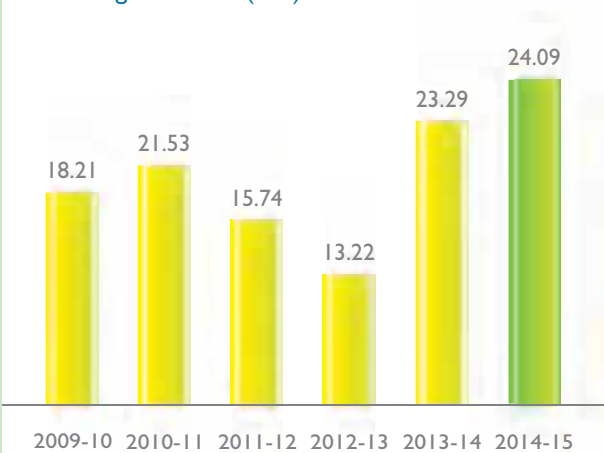
Book Value per Share

(Rs.)



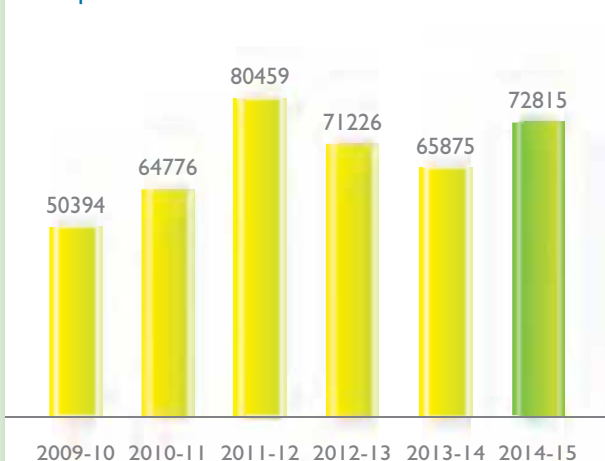
Earning Per Share (EPS)

(Rs.)



Exports

Metric Tonnes



Nurturing New Horizons

TNPL is an acknowledged leader in the technology of manufacture of paper from bagasse – the sugar cane residue. Started with an initial capacity of 90,000 MT per annum on a single Paper Machine, the Mill doubled the capacity to 1,80,000 tonnes per annum in the year 1995 by addition of one more Paper Machine. Both the paper machines were upgraded in 2002 to enhance the capacity to 2,30,000 tonnes per annum. Under the Mill Development Plan (MDP) completed during May 2008, the pulp production capacity was increased from 520 tpd to 720 tpd with Elemental Chlorine Free (ECF) bleaching. Along with this, the Paper Machines capacity was increased to 2,45,000 tonnes. In 2011, TNPL installed a new state-of-the-art paper machine with an annual capacity of 1,55,000 MT, raising the mill's production capacity to 4,00,000 MT per annum.

Subsequent to increase in the production capacity to 4,00,000 tonnes per annum,

TNPL has set up a 300tpd deinked pulp plant, revamped the steam and power system, increased the captive power plant capacity to 103.62 MW and set up a 600 tpd cement plant to produce high grade cement using mill waste materials namely Lime sludge & Fly ash. Currently the cement plant capacity is being enhanced to 900 tpd. The project will be completed by December 2015.

For further growth, the company examined various options and finally chose the thought of a green field option of setting up a 2,00,000 tonnes Multi layer Coated Board Plant in a new location.

TNPL took up implementation of 2,00,000 MT per annum Multilayer Coated Paper Board machine (BM 4), along with a 30 MW co-generation power plant. The project implementation works were commenced in February 2014 targeting commissioning of the entire plant by December 2015. The civil works were started on April 2014. The special

feature of the BM4 will be its Tandem Shoe Press with gentle and high dewatering capacity, to manufacture paper board with good bulk, better smoothness and high strength with two coats on top and one coat on the bottom surface of the board. The Board machine will be entirely controlled by the latest Distributed Control System and Quality control systems. TNPL will manufacture premium grade paper board in the substance range of 170 to 450 gsm. The project will feature a state-of-the-art Automatic Storage and Retrieval System (ASRS) with a capacity of 30,000 MT Reels and 6,000 MT Sheets. The power plant will be equipped with high efficient boilers operating with atmospheric fluidised combustion technology with Air Cooled Condenser (ACC).

Total capacity will increase to 6,00,000 tonnes per annum with the state-of-the-art technology from Financial Year 2016-17.



Panoramic view of the Board Plant under Construction



New Board Machine being installed in Mondipatti Village, Manaparai Taluk, Trichy District:
(1) Wire Section (2) Dryer Section (3) MG Cylinder

Nurturing the Environment

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

The mill has used 785755 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 6.6 lakhs MT of wood in the year 2014-15.

TNPL is committed to procure pulp 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 launched a new "Eco-friendly" product during September 2014 under a new brand name "GreenPal" produced using only Bagasse and recycled fibres. No tree is cut down for production of this product, thus making it a totally environmental friendly product.

TNPL has installed and commissioned a state-of-the-art de-inking plant of a capacity of 300 tonnes per day during 2013 to produce pulp from waste paper. The deinked pulp produced in 2014-15 has resulted in conservation of 1.4 lakh tons of virgin wood. The mill has implemented various water conservation

projects and has reduced water consumption to 51KL Per ton of paper during 2014 -2015 which is one of the lowest in paper industry.

Waste to wealth

TNPL stepped into an innovative way of making cement from inorganic solid wastes generated from chemical recovery cycle and fly ash from power boilers. Every day, about 200 tonnes lime sludge and 100 tonnes fly ash from the power boilers are converted into high grade cement which is first of its kind in pulp and paper industry. During 2014-15, 50,000 MT of lime sludge from Recausticizing unit was utilized for Cement Manufacturing resulting in conservation of about 57000 MT of lime stone from natural resources.

Climate Change and sustainability

Towards greening the surrounding areas, the company has planted about 15,000 trees during 2014-15 and also maintaining of about 3.25 lakh trees in and around the mill. TNPL has generated wind power 469.20 lakh units which resulted in reduction of about 43683 MT of CO₂ equivalent in 2014-15. Similarly, treatment of bagasse wash water through the two bio-methanation plants had reduced 120776 MT of CO₂ equivalent in 2014-15.

Recognition for environmental protection

TNPL has successfully completed feasibility study on "Green-co" Rating conducted by CII, Hyderabad during Nov '2014. Main assessment for the ratings will take place during 2015-16.

