

# 36<sup>th</sup> Annual Report 2015-2016



New Heights  
Driven by Growth

Tamil Nadu Newsprint and Papers Limited



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

<b>Dr. Rajeev Ranjan, IAS</b> (w.e.f. 8.8.2016)	Chairman & Managing Director
<b>Thiru C V Sankar IAS</b> (From 25.10.2013 to 31.07.2016)	Chairman & Managing Director
<b>Thiru T Udhayachandran IAS</b> (From 8.8.2013 to 11.7.2016)	Director
<b>Thiru K Shanmugam IAS</b> (w.e.f. 11.7.2016)	Director
<b>Thiru Mahesan Kasirajan IAS</b>	Director
<b>Thiru A Velliangiri</b>	Deputy Managing Director
<b>Thiru R Mani</b> (From 8.2.2013 to 26.02.2016)	Director (Operations)
<b>Thiru V Narayanan</b>	Director
<b>Thiru N Kumaravelu</b>	Director
<b>Thiru M R Kumar</b>	Director
<b>Thiru V Nagappan</b>	Director
<b>Tmt Sarada Jagan</b>	Director
<b>Thiru N Narayanan IAS (Retd.)</b> (w.e.f. 14.7.2016)	Director

### COMPLIANCE OFFICER

<b>Thiru V Sivakumar</b>	Company Secretary
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**REGISTERED OFFICE** 67, Mount Road, Guindy,  
Chennai - 600 032.

### FACTORY

<b>Unit I</b>	Kagithapuram – 639 136, Karur District, Tamil Nadu.
<b>Unit II</b>	Mondipatti Village – 621 306 Thiruchirappalli 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  
Tel. No. 044- 28460390 – 28460395  
Fax No. 044 - 28460390

### 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

## FINANCIAL HIGHLIGHTS - 10 YEARS AT A GLANCE

DESCRIPTION	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	<b>REVENUE: (Rs. in lakhs)</b>									
Sales & Other Income	88040	96965	110030	107362	122504	153899	188118	230195	215237	<b>243431</b>
PBIDT	21455	26266	30792	31980	36274	43543	42207	52320	52236	<b>59601</b>
Interest	2052	2391	4927	4618	4424	14127	12097	12821	15493	<b>13931</b>
Profit Before Tax	12503	16306	15785	15806	19514	12511	12611	20268	23013	<b>31723</b>
Tax	3897	5023	5047	3200	4615	1617	3463	4150	6340	<b>6331</b>
Profit After Tax	8606	11283	10738	12606	14899	10894	9148	16118	16673	<b>25392</b>
	<b>BALANCE SHEET: (Rs. in lakhs)</b>									
Net Fixed Assets	117782	128351	148396	209659	229342	248678	254101	252819	304083	<b>422210</b>
Investments	114	1715	114	1140	114	114	114	114	114	<b>114</b>
Captive Plantation	289	304	504	962	1319	1795	2121	2121	1632	<b>797</b>
Net Other Assets	10670	7699	20048	25993	34575	46836*	26279*	38718*	56860*	<b>20683*</b>
<b>Total Capital Employed</b>	<b>128855</b>	<b>138069</b>	<b>169062</b>	<b>237754</b>	<b>265350</b>	<b>297423</b>	<b>282615</b>	<b>293772</b>	<b>362689</b>	<b>443804</b>
Share Holders Fund	57631	63990	66432	80450	91579	97068	103547	114597	120164	<b>144554</b>
Borrowings	55940	55244	80645	136291	148810	173379*	150022*	147511*	206566*	<b>261688*</b>
Deferred Tax Liability	15284	18835	21985	21013	24961	26976	29046	31664	35959	<b>37561</b>
<b>Total</b>	<b>128855</b>	<b>138069</b>	<b>169062</b>	<b>237754</b>	<b>265350</b>	<b>297423</b>	<b>282615</b>	<b>293772</b>	<b>362689</b>	<b>443804</b>
Book Value Per Share (Rs.)	83.27	92.46	95.99	116.24	132.32	140.25	149.61	165.58	173.62	<b>208.86</b>
EPS (Rs.)	12.43	16.30	15.52	18.21	21.53	15.74	13.22	23.29	24.09	<b>36.69</b>
Dividend (%)	40.00	45.00	45.00	45.00	50.00	50.00	50.00	60.00	60.00	<b>75.00</b>
Debt (LTL) to Equity	0.84	0.62	0.88	1.19	1.17	1.21	0.97	0.89	1.32	<b>1.45</b>

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

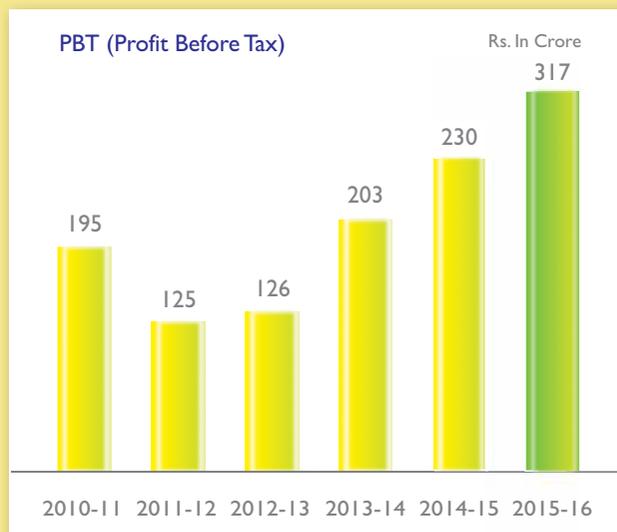
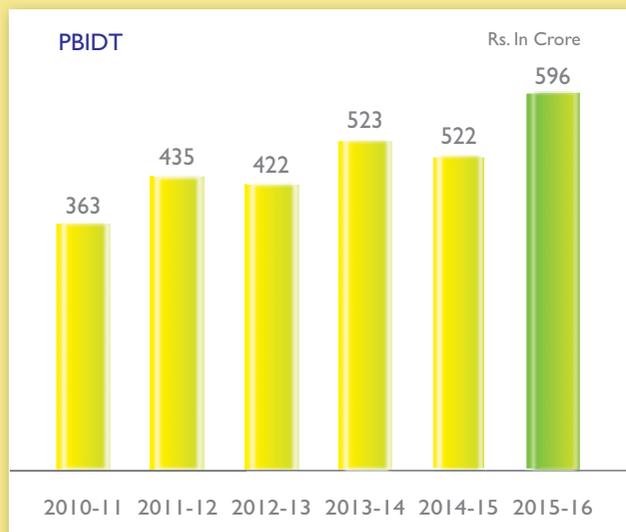
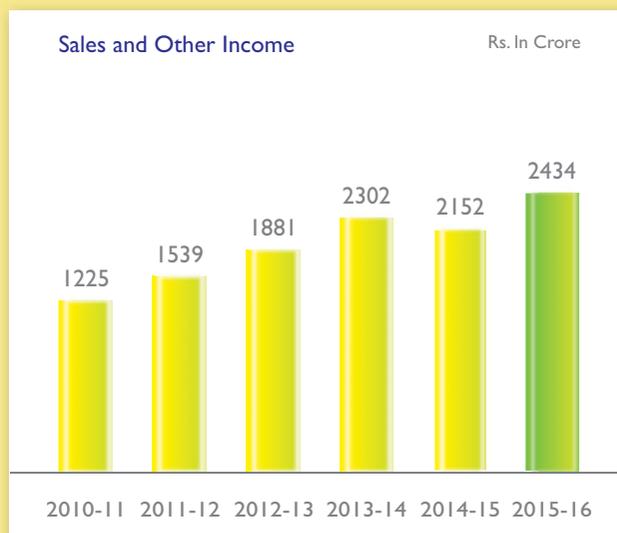
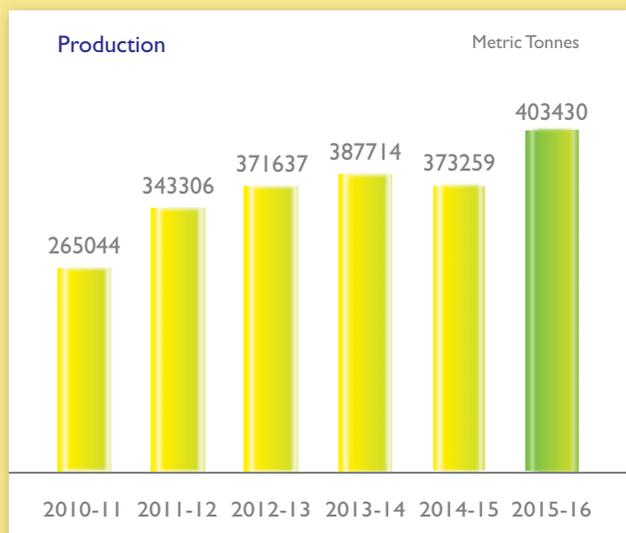
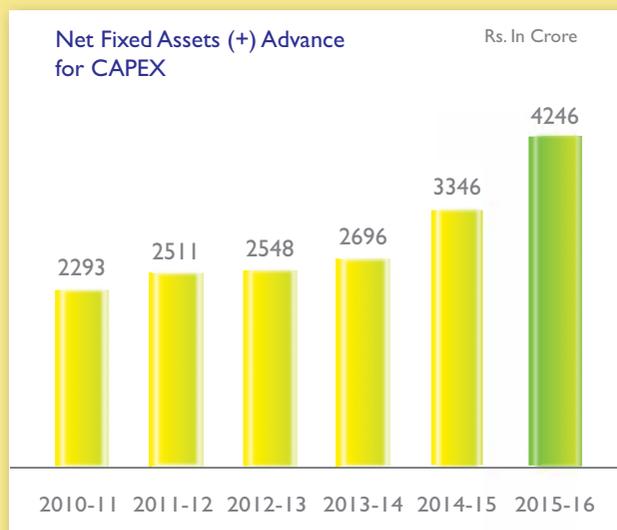
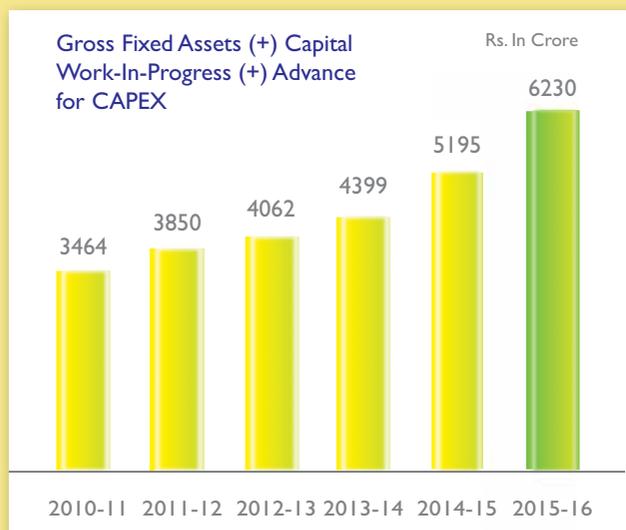
## ACHIEVEMENTS 2015 - 16

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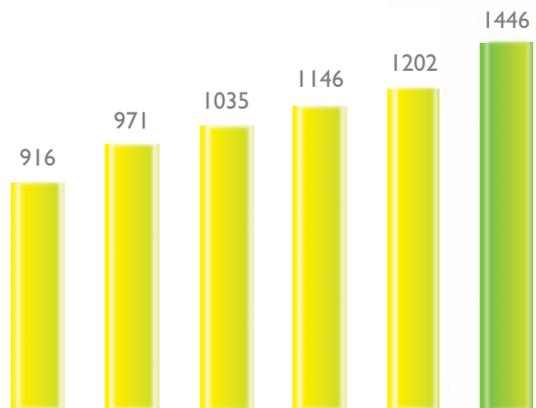
- Sales and other income crossed Rs.2400 crore mark for the First time.
  - Profit before Tax of Rs.317.23 crore is a record high.
  - Profit after Tax of Rs 253.92 crore is an all time high exceeding the previous record achieved during 2014-15 by Rs. 87.19 crore (52.29%).
  - Paper production at 403430 Mts is the highest ever achieved.
  - De-inked Pulp Production increased to 42705 Mts higher by 9913 Mts compared to the previous year.
  - 6284.30 lakh units of power were generated, of which 5956.25 lakh units were consumed and 328.05 lakh units were exported to the state grid. Power drawn from State Grid constitutes only 1.70% of total power consumed.
  - Received 106147 Renewable Energy Certificates (REC) and sold 68496 RECs fetching revenue of Rs. 10.27 crore. Balance has been carried forward for sales during 2016 – 17.
  - Water consumption was reduced to about 40 KL Per ton of paper.
  - The green field Multilayer Double Coated Board Plant of a capacity of 2,00,000 Mts per annum was implemented in a record time of 22 months between April, 2014 and January, 2016.
  - Cement production capacity was increased from 600 tpd to 900 tpd. The Project was implemented in 9 months.
  - The Company has setup a “Conversion Centre of Paper and Packaging Board (CCPPB) Unit” in the 38.40 acres of land in Mayanur in Karur District. An industrial shed measuring 1,20,000 square feet has been made ready for occupation.
  - Cumulatively 1,12,865 acres of land have been brought under Company’s Farm Forestry and Captive Plantations schemes, benefitting 22,215 farmers in 29 districts of Tamilnadu.
  - Repaid Term Loans amounting to Rs. 215.88 crore as per schedule.
  - Dun & Bradstreet, Mumbai, has selected TNPL as the Top Indian Company under the sector Paper and Board products for “Dun & Bradstreet Award 2016”, **Fifth time in a row.**
  - Confederation of Indian Industry - Godrej Green Business Centre (CII - Godrej GBC), Hyderabad have conferred on TNPL the “Green-Co Gold rating”.
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## CONSISTENT GROWTH



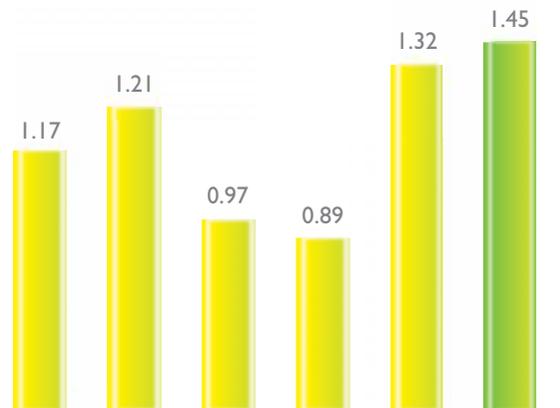
### Net Worth

Rs. In Crore



2010-11 2011-12 2012-13 2013-14 2014-15 2015-16

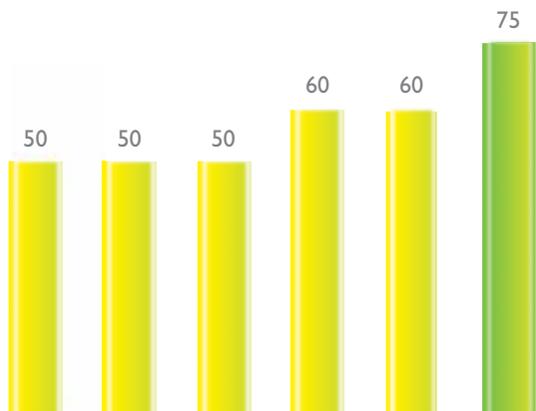
### Long term Debt Equity Ratio



2010-11 2011-12 2012-13 2013-14 2014-15 2015-16

### Dividend

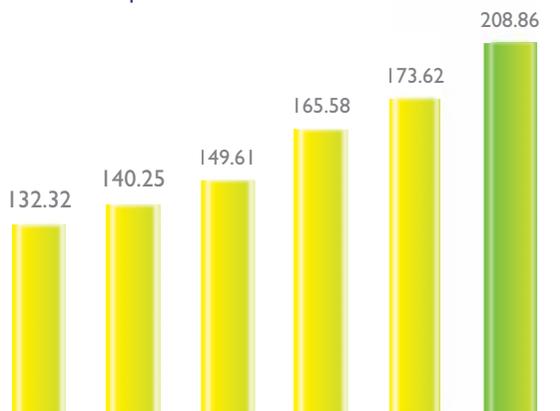
Percentage (%)



2010-11 2011-12 2012-13 2013-14 2014-15 2015-16

### Book Value per Share

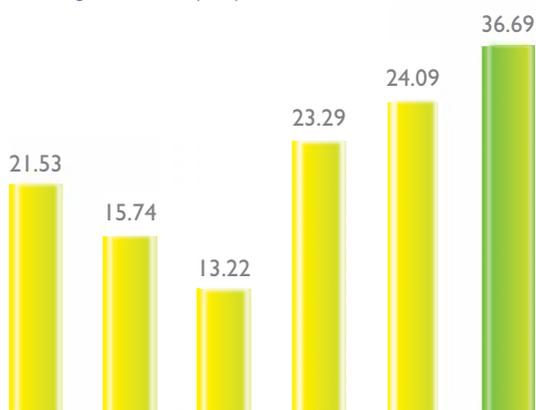
(Rs.)



2010-11 2011-12 2012-13 2013-14 2014-15 2015-16

### Earning Per Share (EPS)

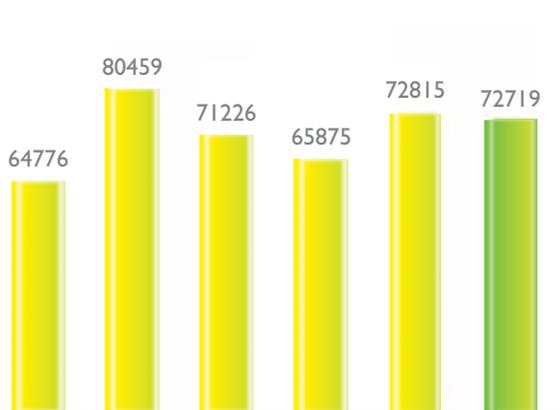
(Rs.)



2010-11 2011-12 2012-13 2013-14 2014-15 2015-16

### Exports

Metric Tonnes



2010-11 2011-12 2012-13 2013-14 2014-15 2015-16

## Growth with Technology

The Unit I of TNPL was commissioned in October 1985 with an installed capacity of 90,000 tpa of Newsprint /Fine paper, with a single machine. Over the years, the company has added two more paper machines, besides upgrading the Paper machines. The company has augmented the captive pulping capacity by way of installing new chemical hardwood line, upgrading the chemical bagasse pulp line and setting up a new deinked pulp line besides adopting ECF bleaching in all the chemical pulp lines. Simultaneously, the company has also been augmenting the power plant capacity to meet the steam and energy requirement of the expanded mill. Effective from January 2011, the mill's production capacity rose to 400,000 tpa. All the three modern high-speed paper machines are capable of producing variety of Printing and Writing papers and are equipped with state-of-the-art automation to ensure consistent quality. The machines operate on a pre-dominant bagasse pulp in the furnish. Today, TNPL Unit I is self-sufficient in terms of power and pulp.

As part of Solid waste management, TNPL set up a 600 tpd Cement plant in January 2013, to produce high grade cement using the mill waste materials namely Lime sludge and fly ash. Encouraged by success of this plant, TNPL enhanced the production capacity to 900 tpd by introducing a Pre-calciner and other balancing equipment in the existing Cement plant. The project was fully implemented by January 2016.

For further growth in its area of core competence, TNPL examined various options. As the existing site is saturated in terms of land area for installation of additional plants, TNPL thought of a green field project in a new location. As

the Paper Board segment is recognized as a growing segment, TNPL thought it is prudent to foray into this market segment. Accordingly, a Paper Board project was conceived, and thus TNPL Unit II emerged.

A land area measuring around 874.46 acres was acquired in Mondipatti village, Chettichatram and K.Periapatti Village to set up Unit II.

TNPL Unit II was designed to produce 200,000 tonnes per annum high grade Paper Board for usage in pharmaceutical, health care, food, cosmetics and other consumer product industries, in various GSM ranging from 170 to 450. Civil construction for the project was started in April 2014. Machinery erection were completed in December 2015 and the board was reeled on January 21, 2016, in a record time of 22 months. The plant was constructed using TNPL cement manufactured by TNPL in its cement plant in Kagithapuram. With the completion of Board project in January 2016, the total production capacity of TNPL has increased to 600,000 MT per annum.

The state-of-the-art multilayer double coated paper board machine of capacity 200,000 MT per annum supplied by VOITH, Germany has advance features like tandem shoe press, Speed sizing for surface sizing, three on-line coating stations, hard and soft nip calendering and a winder. The machine has on-line quality control system for monitoring and controlling the end product quality parameters like GSM, Moisture, Colour, Thickness, surface profile etc.

The finished reel is stretch filmed and then Kraft wrapped. Based on

the market demand, the reels are converted into sheets through 4 No. modern fully automatic Sheet cutting machines imported from Italy. The cut sheets are packed in a Ream packing machine sourced from Japan. The Automatic Storage and Retrieval system (ASRS) supplied by a company from Finland is capable of storing 30,000 MT of finished Paper board in reel form and 6,000 MT in sheet form.

A full-fledged modern automatic quality testing laboratory will test various parameters of the finished paper board like Surface smoothness, bending strength, gloss, tensile strength, brightness, compression test, tear factor, burst factor etc., to meet the stringent quality standards for board.

To meet the steam and power requirements, 2 Nos. of 90 tph Boilers capable of generating steam at 105 ata and 515 °C, designed and supplied by THERMAX and a 30 MW Turbo Generator (TG) set supplied by BHEL, have been installed.

A modern Effluent treatment plant has been installed to treat the waste water. The treated waste water will be used to irrigate 570 Acres of land in the factory area. Environmentally conscious TNPL has already planted 6,80,000 trees in 68 varieties including teak wood, mango, neem, coconut and many other flowering trees. The treated waste water will be entirely used for the above plantation, through drip irrigation. This will enable the area to get a very high green cover facilitating a visible improvement in the environment standards.

**TNPL - Unit - I Kagithapuram - 832 Acres**



**TNPL - Unit - II Mondipatti - 874.46 Acres**



## Growth with Environment Care

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 process
- 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 in Environment, Safety and Health.

### Resource Conservation:

The mill has used 838169 MT of depithed bagasse during the year as primary raw material for manufacture of paper. Utilisation of bagasse as fibrous raw material has conserved about 7.0 Lakh MT of wood in the year 2015-16.

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 produced 42,705 MT of Deinked pulp using waste paper as raw material and thereby conserved about 1.8 Lakh MT of wood in the year 2015-16.

The mill has implemented various water conservation projects and has attained overall water consumption of about 40 KL Per ton of paper during 2015 -2016 which is one of the lowest in paper industry. By utilizing about 1.81 Lakh MT of internally generated agro fuels such as Pith, Wood dust, Bark as fuel in Power Boilers has resulted in conservation of about 40,000 MT of Imported coal.

### Wealth from waste:

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 2015-16, 78,500 MT of lime sludge from Recaustisizing unit was consumed in Cement Manufacturing resulting in conservation of about 50,704 MT of lime stone from natural resources.

### Climate Change and sustainability:

Towards greening the surrounding areas, the company has planted about 10000 trees during 2015-16 and also maintaining of about 3.25 Lakh trees in and around the mill (Unit I). TNPL has generated wind power about 319.83 Lakh units during 2015-16 which resulted in reduction of about 29,700 MT of tCO<sub>2</sub>e. Similarly, treatment of bagasse wash water through the two bio-methanation plants had reduced 99336 MT of tCO<sub>2</sub>e.

### Recognition for environmental protection:

TNPL has attained the distinction of being the "2nd Paper manufacturing unit and 1st Agro based Paper Manufacturing Company in India" to undergo the Green Co Rating System and attained the prestigious "Green-Co Gold rating" which is rated as National best by Confederation of Indian Industry - Godrej Green Business Centre (CII - Godrej GBC), Hyderabad.