

37th **Annual Report 2016-2017**

Tamil Nadu Newsprint and Papers Limited



CONTENTS

NOTICE	13
DIRECTORS' REPORT	26
ANNUAL REPORT ON CSR ACTIVITIES	35
SECRETARIAL AUDIT REPORT	37
REPORT ON ENERGY CONSERVATION	40
DISCLOSURE ON REMUNERATION	45
EXTRACT OF ANNUAL RETURN	48
MANAGEMENT DISCUSSION AND ANALYSIS	62
REPORT ON CORPORATE GOVERNANCE	68
BUSINESS RESPONSIBILITY REPORT	100
INDEPENDENT AUDITOR'S REPORT	113
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	123
BALANCE SHEET	124
STATEMENT OF PROFIT AND LOSS	125
CASH FLOW STATEMENT	127
NOTES TO THE FINANCIAL STATEMENTS	128

COMPANY INFORMATION

BOARD OF DIRECTORS

Thiru Atulya Misra, IAS (w.e.f. 20.04.2017)	Chairman
Dr. Rajeev Ranjan, IAS (from 17.08.2016 to 07.09.2016)	Chairman & Managing Director
Thiru Vikram Kapur, IAS (from 07.09.2016 to 20.04.2017)	Chairman & Managing Director
Dr. R Selvaraj, IAS (w.e.f. 20.04.2017)	Managing Director
Thiru A Velliangiri	Deputy Managing Director
Thiru K Shanmugam, IAS	Director
Thiru Mahesan Kasirajan, IAS	Director
Thiru N Narayanan, IAS (Retd.)	Director
Thiru V Narayanan	Director
Thiru M R Kumar	Director
Thiru V Nagappan	Director
Thiru N Kumaravelu (ceased w.e.f. 19.04.2017)	Director
Tmt. Sarada Jagan (ceased w.e.f. 01.04.2017)	Director
Tmt. Soundara Kumar (w.e.f. 30.06.2017)	Director

COMPLIANCE OFFICER

Thiru V Sivakumar	Company Secretary
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REGISTERED OFFICE	67, Mount Road, Guindy, Chennai - 600 032.
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FACTORY

Unit I	Kagithapuram – 639 136, Karur District, Tamil Nadu.
Unit II	Mondipatti Village – 621 306 Thiruchirapalli District, Tamil Nadu

STATUTORY AUDITORS

M/s Raman Associate
Chartered Accountants,
H.O. 13 Luz Avenue,
Mylapore, Chennai- 600004

COST AUDITORS

M/s Raman & Associates,
10, Muthukumarasamy Salai,
Off. 1st Main Road, Baby Nagar,
Velachery, Chennai-600042

SECRETARIAL AUDITORS

M/s R Sridharan & Associates
Company Secretaries in Practice,
New No.5, Old No.12,
Sivasailam Street, T. Nagar,
Chennai- 600017

REGISTRAR AND SHARE

TRANSFER AGENT

M/s Cameo Corporate Services Ltd.
V Floor, "Subramanian Building"
No. 1, Club House Road,
Chennai- 600002
Tel. No. 044-28460390-28460395
Fax No. 044-28460390

BANKERS

State Bank of India
Canara Bank
Indian Bank
Karur Vysya Bank Limited
HDFC Bank Limited
DBS Bank Limited
Syndicate Bank
Oriental Bank of Commerce
Union Bank of India
Punjab and Sind Bank

FINANCIAL HIGHLIGHTS - 10 YEARS AT A GLANCE

DESCRIPTION	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	REVENUE (Rs. in Lakhs)									
Revenue from Operations & Other Income	96965	110030	107362	122504	153899	188118	230195	215237	255384	313092
PBIDT	26266	30792	31980	36274	43543	42207	52320	52236	58919	76591
Finance Cost	2391	4927	4618	4424	14127	12097	12821	15493	12185	25202
Profit Before Tax (PBT)	16306	15785	15806	19514	12511	12611	20268	23013	32358	30621
Income-tax	5023	5047	3200	4615	1617	3463	4150	6340	6377	4164
Profit After Tax (PAT)	11283	10738	12606	14899	10894	9148	16118	16673	25981	26456
	BALANCE SHEET (Rs. in Lakhs)									
Equity										
Share capital	6938	6938	6938	6938	6938	6938	6938	6938	6938	6938
Other Equity	57063	59494	73512	84641	90131	96610	107660	113226	144022	163527
Shareholders Fund (Net worth)	64001	66432	80450	91579	97069	103548	114597	120164	150960	170465
Non-Current Liabilities										
Borrowings	39467	58135	95510	107305	85083	65729	63699	136917	193872	165212
Deferred tax liabilities (Net)	18835	21985	21013	24961	26976	29046	31664	35959	23379	20583
Non current liabilities - Others	4467	5031	5808	7052	7434	8397	9154	10133	10044	10523
Current liabilities										
Borrowings	15777	22510	40781	41505	58341	49586	45040	47528	59040	74259
Current maturities of Long Term borrowings					29955	34707	38772	22121	15777	42871
Current liabilities - Others	26581	27166	27598	35132	50632	57090	68339	96927	88799	79118
Total Equity and Liabilities	169128	201259	271159	307535	355490	348102	371265	469750	541871	563033
Non Current Assets										
Net Assets including CWIP Intangible Assets	128361	148396	209659	232442	249593	254101	252819	304083	425201	415797
Non-Current investments	1715	114	1140	114	114	114	114	114	99	107
Non-Current assets others	7562	7445	10498	16455	12810	11146	26931	42119	10025	11502
Current Assets	31490	45304	49863	58524	92973	82741	91400	123433	106545	135626
Total Assets	169128	201259	271159	307535	355490	348102	371265	469750	541871	563033
Book Value Per Share Rs.)	92.46	95.99	116.24	132.32	140.25	149.61	165.58	173.62	218.12	246.30
EPS (Rs.)	16.30	15.52	18.21	21.53	15.74	13.22	23.29	24.09	37.54	38.23
Dividend %	45.00	45.00	45.00	50.00	50.00	50.00	60.00	60.00	75.00	75.00
Debt (LTL) to Equity	0.62	0.88	1.19	1.17	1.21	0.97	0.89	1.32	1.39	1.22

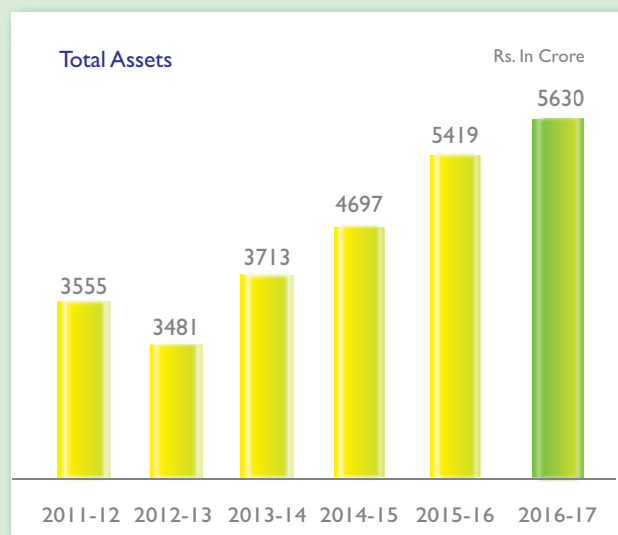
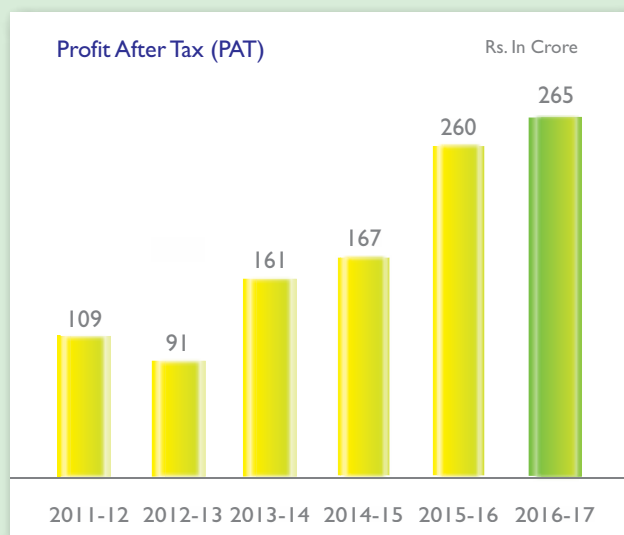
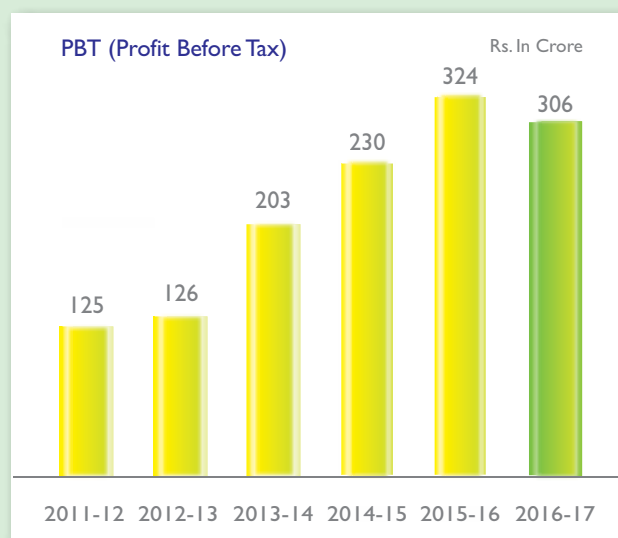
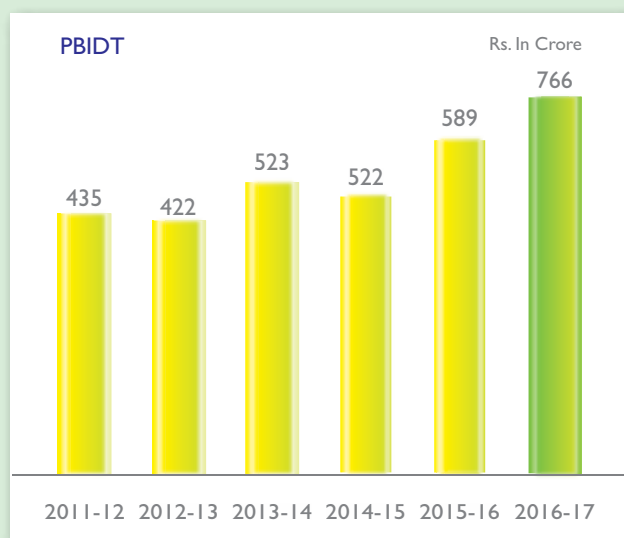
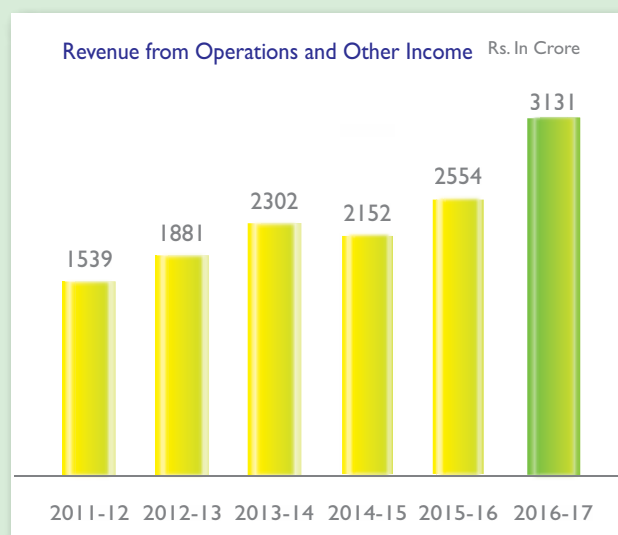
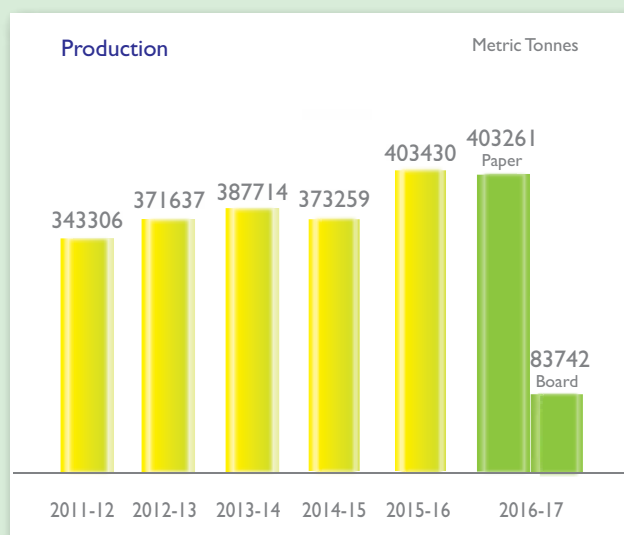
Note :

Figures upto 2010-11 as per Old Schedule VI, From 2011-12 to 2014-15 as per Revised Schedule VI, From 2015-16 onwards as per Ind AS.

ACHIEVEMENTS 2016-17

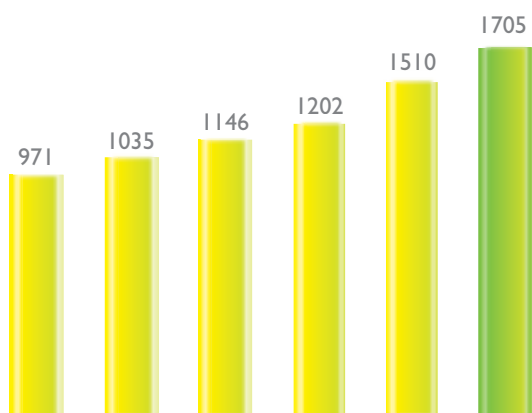
- Sales turnover crossed Rs. 3000 crore mark for the first time.
- Profit after tax of Rs 264.56 Crore exceeded the previous highest record achieved in 2015-16 by Rs. 4.75 Crore.
- Achieved Highest Paper sales of 415683 MT during the FY 2016-17. Domestic sales accounts for 80% and Exports 20%.
- De-inked Pulp Production increased by 25995 MT from 42705 MTs in the previous year to 68700 MTs during the current year.
- 71.29 Crore units of power were generated, of which 69.24 Crore lakh units were consumed and 2.05 Crore units were exported to the State Grid. Power drawn from State Grid constitutes only 1.61% of total power consumed.
- Overall water consumption was contained at 40 KL Per ton of paper.
- Cement production increased by 38103 MT from 196573 MT in the previous year to 234676 MT during the current year.
- Cumulatively 1,20,715 acres of land have been brought under Company's Farm Forestry and Captive Plantations schemes, benefitting 23,287 farmers.
- Term Loans amounting to Rs. 154.19 crore were repaid as per schedule.
- Dun & Bradstreet, Mumbai, has selected TNPL as the Top Indian Company under the sector Paper and Board products for "Dun & Bradstreet Corporate Awards 2017", sixth time in a row.
- TNPL has bagged the "IPMA Paper Mill of the Year award" for the year 2015-16 from Indian Paper Manufacturers' Association (IPMA), New Delhi. This award is given once in two years for the overall best performance in Industry. TNPL has received the Paper Mill of the year award five times and three times in a row.
- During the year, the company received the Top Export Award for the year 2014-15 from CAPEXIL (Chemicals & Allied Products Export Promotion Council of India). in recognition of the company's export achievement in respect of Paper, Paper Board & Paper Products Panel.
- TNPL received the "Most Innovative Environmental Project Award" under the category of "CII Environmental Best Practices Award 2017" from CII for elimination of usage of Sulphuric Acid in DHT stage of Hard Wood pulp bleaching.

CONSISTENT GROWTH



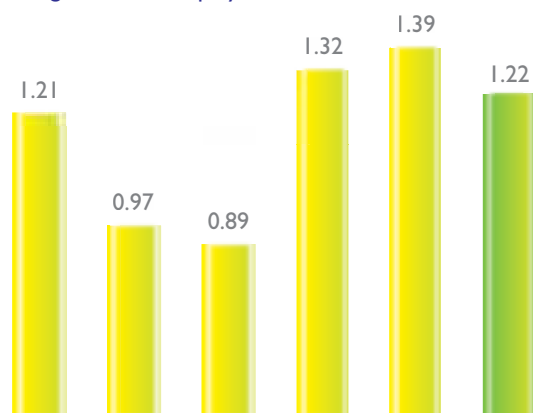
Net Worth

Rs. In Crore



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

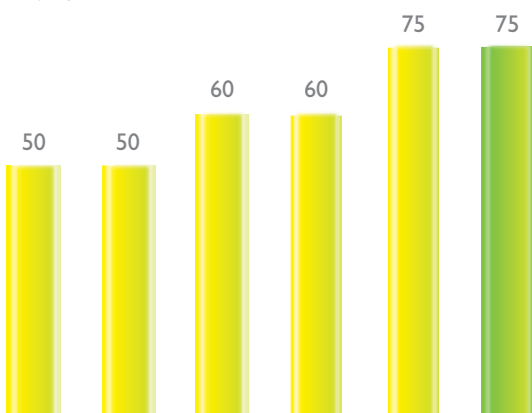
Long term Debt Equity Ratio



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Dividend

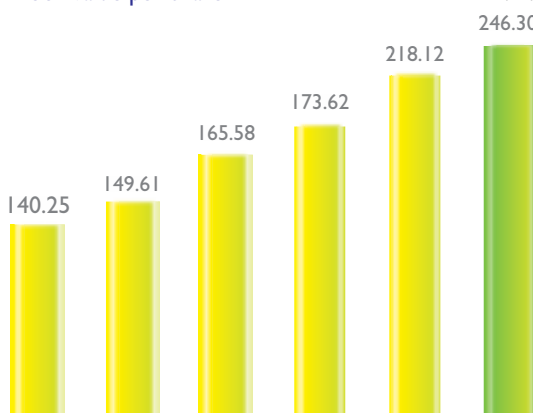
Percentage (%)



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Book Value per Share

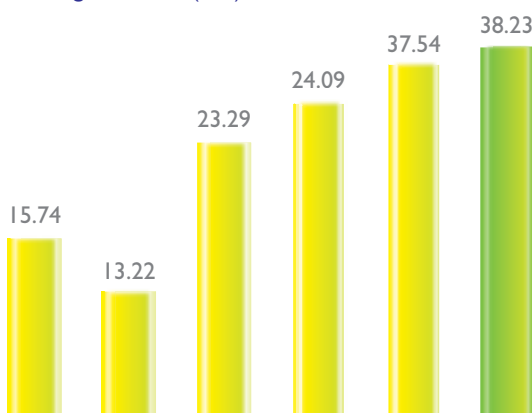
(Rs.)



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Earning Per Share (EPS)

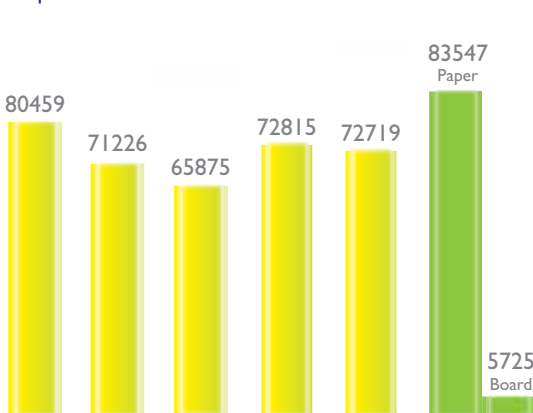
(Rs.)



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Exports

Metric Tonnes



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

TECHNOLOGY

TNPL is an acknowledged leader in the technology of manufacture of paper from bagasse – the sugar cane residue. Started in 1985 with an initial capacity of 90,000 MT per annum on a single Paper Machine., the production capacity was increased to 4,00,000 MT per annum, through upgrades and expansions. Over the period, several new technologies were brought in the company's fold like ECF bleaching, Oxygen delignification, Integrated Chlorine dioxide production, Incineration of non-condensable gases, production of bio-gas from bagasse wash effluent, etc. As a result, the company is able to manage the operations by utilizing resources to its minimum possible level. During 2013, the company installed a new Deinked Pulp line with three loop and two disperser first of its kind in India. The Company uses bagasse pulp, wood pulp and deinked pulp in a most judicious and flexible way for producing quality papers with minimum cost.

As the Paper Board segment is identified as a growing segment TNPL

thought it is prudent to foray into this market segment. Accordingly, a project for manufacture of Paper Board was conceived, and thus TNPL Unit II emerged. TNPL commissioned a 200,000 MT per annum Multilayer Coated Paper Board machine (BM 4), along with a 35 MW captive co-generation power plant in January 2016. The Board machine has facility to apply two coats on top and one coat on the bottom surface of the board. The Board machine is entirely controlled by the latest Distributed Control System and Quality control systems. TNPL now produces premium grade Paper Boards in the substance range of 165 to 450 gsm. The project features a state-of-the-art Automatic Storage and Retrieval System (ASRS) for a capacity to store 30,000 MT Reels and 6,000 MT Sheets. The power plant is equipped with high efficient boilers operating with atmospheric fluidised combustion technology. This unit is designed to conserve water to the maximum extent. The power plant features an Air Cooled Condenser

(ACC) and the Board machine has facility to recover the white water and reuse to the extent possible. For optimizing power consumption, variable frequency drives have been introduced in various sections of the Board machine and power plant.

The entire treated waste water from TNPL Unit II is used for irrigating TNPL's own lands to an extent of 575 acres, using drip irrigation method. In the plantation area, more than 6 lakh trees have been raised.

The TNPL Unit II is gearing up for the next expansion, wherein a Paper Machine of a capacity of 1,65,000 tonnes per annum will be installed along with state-of-the-art hardwood ECF pulp mill. On implementation of the expansion scheme, the overall production capacity will increase to 7,65,000 tonnes per annum. The mill is in the process of obtaining environment clearance for the project and plans to take up the expansion scheme for implementation during 2018-19.



Board machine at Unit II

ENVIRONMENT

TNPL makes consistent efforts in minimizing its impact on the environment by adopting best available process technology which is aligned to the environmental policy of the mill.

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 8,08,340 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 6.75 Lakh MT of pulp wood during 2016-17.

TNPL is committed to procure pulp wood only from the responsible known sources.

TNPL has produced 68,700 MT of Deinked pulp using waste paper as raw material and thereby conserved about 3.15 Lakh MT of pulp wood during 2016-17.

The mill has implemented various water conservation projects and has attained overall water consumption of about 40 KL Per ton of paper during 2016-17 which is one of the lowest in paper industry. Usage of 1.72 Lakh MT of internally generated agro fuels such as Pith, Wood dust, Bark as fuel in Power Boilers has resulted in conservation of about 40,657 MT of Imported coal.

Wealth from waste:

TNPL manufactures cement from inorganic solid wastes generated from chemical recovery cycle and fly ash from power boilers. Every day, about 292 tonnes lime sludge and 74 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 2016-17, 96,452 MT of lime sludge from Recaustisizing unit was utilized for Cement Manufacturing resulting in conservation of about 62,299 MT of lime stone from natural resources.

Climate Change and sustainability:

TNPL has generated wind power 512.65 Lakh units during 2016-17. TNPL has generated 68.52 Lakh m³ methane gas from the bagasse waste water and the same has been used in lime kiln in replacement of 3864 KL of furnace oil.

Implementation of Wet Ground Calcium Carbonate & Precipitated Calcium Carbonate Plants:

TNPL had set up a satellite WGCC plant with an annual production capacity of 40000 MT and a satellite PCC with an annual production capacity of 60000 MT adjacent to its mini Cement plant premises on “BUILD, OWN and OPERATE (BOO)” basis by entering agreement with OMYA India Private Limited, a subsidiary of OMYA International Inc., Switzerland.

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.

Environment award for most innovative environmental project:

TNPL won “MOST INNOVATIVE ENVIRONMENTAL PROJECT” award for the project titled “Elimination of Sulphuric Acid in DHT Stage of Hard Wood Plant Bleaching Process” for the ‘4th CII ENVIRONMENTAL BEST PRACTICES AWARD 2017’, for the award competition held on 21st June, 2017 at Hotel Conrad, Pune.

PLANTATION

In line with National Forest Policy 1988 and to become self-reliant in pulpwood, TNPL developed two plantation schemes during 2004-05 i.e., Farm Forestry & Captive Plantations Scheme. Under these models, TNPL enters into MoU with farmers/Institutions/Government agencies with buy back agreement and also provide high yielding clones/seedlings at subsidised rates. As on 31st March'2017, TNPL has developed 1,20,715 acres of pulpwood plantations involving 23,287 farmers through these two models.

TNPL has developed a Cluster approach to implement its plantation activities. Through the cluster approach, 10-15 potential villages are grouped as clusters at regional level. The plantation development activities are implemented at these clusters and closely monitored by field staff. TNPL has developed a mobile based technology to implement and monitor its plantation activities. This mobile based technology is working on a cloud based system capturing all the plantation activities starting from land registration to pulpwood supply. TNPL has added 3818.22 acres of plantations under Farm Forestry scheme during the year, of which 88% are within clusters.

Vide various GO's the HR&CE department has allotted 3568.25 acres of land from 15 temples to TNPL during the year to raise pulpwood plantations under captive revenue sharing model. The MoU's are executed with Executive Officer of each temple and the plantations have been raised to an extent of 2131.46 acres. With this, the barren unproductive wasteland have been converted into productive lands fetching revenue to temples.

As a result of long-term relationship with farmers, TNPL procured 60,034 MT of pulpwood from plantation sources during the year . TNPL procured 9.70 lakh MT of pulpwood in last 7 years from its own plantation sources.

Any plantation development programme requires strong and well-designed infrastructure facilities to achieve the success. In line with this, TNPL established India's largest centralized state of the art clonal production unit at Kagithapuram i.e., Clonal Propagation & Research Centre (CPRC). During 2016-17, about 105.98 lakh quality plants were produced and 84.41 lakh plants were supplied to the farmers at subsidized price. TNPL registered the annual clonal/seedlings sale amount of Rs.2.31 crores during 2016-17 (Fig-1). The species wise details are as tabulated below.

Variety	Achievement in Lacs	
	Production	Supply
Eucalyptus Clone	75.22	58.25
Casuarina - Clone	6.97	5.94
Eucalyptus Seedling	5.15	1.70
Casuarina Seedling	18.19	18.07
Others species	0.45	0.45
Total	105.98	84.41

In order to develop high yielding clones for Farm Forestry and Captive Plantation schemes a separate Forestry R & D wing has been formed in plantation department for carrying out various tree improvement programs. During 2016-17, 65 superior trees, 74 hybrids and 79 halfsib seed lots of Eucalyptus were planted in three contracting sites to study the growth performance. Also 8 superior trees of Eucalyptus, 9 superior trees of Casuarinas and 40 selection of Neolamarckia cadamba were selected for multiplication. These new varieties will be tested for its suitability across multiple agro-climatic zones. The Eucalyptus hybrid clonal demonstration plots are established in 20 clusters and the growth performance are assessed and studied. Based on this 3 superior hybrid clones are selected. These superior clones are mass multiplied for commercial introduction under TNPL plantation schemes.

Fig. 1

