

38th Annual Report 2017-2018



Setting the goals high.

Tamil Nadu Newsprint and Papers Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

Thiru K Gnanadesikan, IAS (w.e.f 31.01.2018)	Chairman
Thiru Atulya Misra, IAS (from 20.04.2017 to 31.01.2018)	Chairman
Thiru S Sivashanmugaraja, IAS (w.e.f 29.11.2017)	Managing Director
Dr. R Selvaraj, IAS (from 20.04.2017 to 29.11.2017)	Managing Director
Thiru K Shanmugam, IAS	Director
Tmt. Anu George, IAS (w.e.f 19.09.2017)	Director
Thiru N Narayanan, IAS (Retd.)	Director
Thiru V Narayanan	Director
Thiru V Nagappan	Director
Tmt. Soundara Kumar (w.e.f 30.06.2017)	Director
Thiru V Chandrasekaran (w.e.f 13.11.2017)	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 Brahmayya & co.
Chartered Accountants,
48, Masilamani Road, Balaji Nagar,
Royapettah, Chennai - 600 014.

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 – 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

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	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	REVENUE (₹ in Lakhs)									
Revenue from Operations & Other Income	110030	107362	122504	153899	188118	230195	215237	255384	313872	315870
PBIDT	30792	31980	36274	43543	42207	52320	52236	58919	76591	43847
Depreciation & Amortisation	10080	11556	12337	16905	17500	19232	13730	14377	20768	22183
Finance Cost	4927	4618	4424	14127	12097	12821	15493	12185	25202	24463
Profit Before Tax (PBT)	15785	15806	19514	12511	12611	20268	23013	32358	30621	(2799)
Income-tax	5047	3200	4615	1617	3463	4150	6340	6377	4164	1416
Profit After Tax (PAT)	10738	12606	14899	10894	9148	16118	16673	25981	26457	(4215)
	BALANCE SHEET (₹ in Lakhs)									
Equity										
Share capital	6938	6938	6938	6938	6938	6938	6938	6938	6938	6938
Other Equity	59494	73512	84641	90131	96610	107660	113226	144022	163527	153375
Shareholders Fund (Net worth)	66432	80450	91579	97069	103548	114597	120164	150960	170465	160313
Non-Current Liabilities										
Borrowings	58135	95510	107305	85083	65729	63699	136917	193872	165212	145032
Deferred tax liabilities (Net)	21985	21013	24961	26976	29046	31664	35959	23379	20583	22166
Non current liabilities - Others	5031	5808	7052	7434	8397	9154	10133	10044	10523	11039
Current liabilities										
Borrowings	22510	40781	41505	58341	49586	45040	47528	59040	74259	50857
Current maturities of Long Term borrowings				29955	34707	38772	22121	15777	46669	46669
Current liabilities - Others	27166	27598	35132	50632	57090	68339	96927	88799	75727	116389
Total Equity and Liabilities	201259	271159	307535	355490	348102	371265	469750	541871	563438	552465
Non Current Assets										
Net Assets including CWIP Intangible Assets	148396	209659	232442	249593	254101	252819	304083	425201	415797	408901
Non-Current investments	114	1140	114	114	114	114	114	99	107	103
Non-Current assets others	7445	10498	16455	12810	11146	26931	42119	10025	11502	8548
Current Assets	45304	49863	58524	92973	82741	91400	123433	106545	136032	134913
Total Assets	201259	271159	307535	355490	348102	371265	469750	541871	563438	552465
No of shares	69210600	69210600	69210600	69210600	69210600	69210600	69210600	69210600	69210600	69210600
Book Value Per Share (₹)	95.99	116.24	132.32	140.25	149.61	165.58	173.62	218.12	246.30	231.63
EPS (₹)	15.52	18.21	21.53	15.74	13.22	23.29	24.09	37.54	38.23	(6.09)
Dividend %	45.00	45.00	50.00	50.00	50.00	60.00	60.00	75.00	75.00	50.00
Debt (LTL) to Equity	0.88	1.19	1.17	1.19	0.97	0.89	1.32	1.39	1.24	1.20

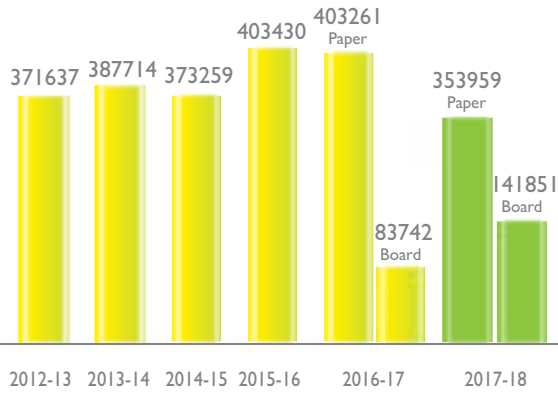
Figures upto 2010-11 as per Old Schedule VI, From 2011-12 to 2014-15 as per Revised Schedule VI, From 2015-16 onwards as per Ind As, Previous year 2016-17 figures have been regrouped to confirm to the current year 2017-18 where ever necessary.

HIGHLIGHTS 2017-18

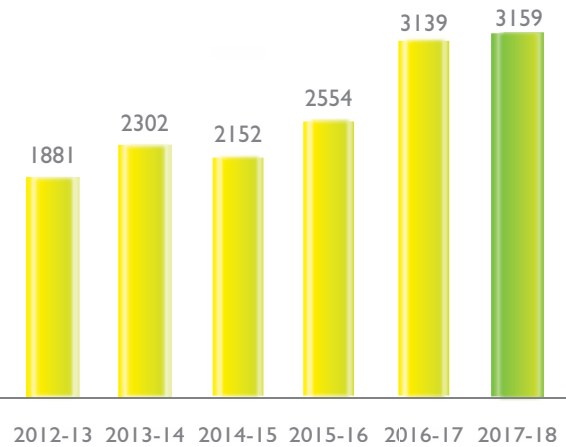
1. The Company's turnover during the year 2017-18 is 3037.02 crore.
2. During the year the Paper production was 3,53,959 MT.
3. Achieved Paper sales of 3,52,937 MT during the FY 2017-18. Domestic Sales accounts for 77% and Exports at 23%.
4. The packaging paper board plant production was 1,41,851 MT during the financial year 2017-18, equivalent to 70.90% of capacity.
5. The packaging paper board sales during the year 2017-18 was 1,42,739 MT. Domestic Sales accounts for 86% and Exports at 14%.
6. Market Capitalization crossed ₹ 3453.61 crore mark first time during the year on 08.01.2018.
7. Water consumption was reduced from 40 KL/per ton to about 27 KL/Per ton of paper from previous year which is one of the lowest in paper industry.
8. 6909 lakh units of power were generated, of which 6284 lakh units were consumed and 625 lakh units were exported to the state grid. Power drawn from State Grid constitutes only 1.77% of total power consumed.
9. Cumulatively 1,24,080 acres of land have been brought under Company's Farm Forestry and Captive Plantations schemes, benefitting 24,179 farmers. in 27 districts of Tamil Nadu.
10. The Company has reduced overall debt (Term Loan and Working Capital) to an extent of ₹ 397.84 crore during the financial year 2017-18.
11. Mission Energy Foundation, Maharashtra has awarded TNPL "Fly ash utilization 2018 Award" in the category of Green Building Material – Cement.
12. TNPL has been awarded as "Water Stewardship Award" during India Corporate Governance and Sustainability Vision Summit 2018 New Delhi conducted by Indian Chamber of Commerce.
13. TNPL has been selected and awarded as "Efficient Water Management Unit" at Confederation of Indian Industry (CII) for Excellence in Water Management – 2017 "Within the Fence" during Water Innovation Summit 2017 at New Delhi.
14. TNPL received "Most Innovative Project" award for the Environmental Best Practices Award 2017 conducted by CII – Sohrabji Godrej Green Business Centre, Hyderabad.
15. TNPL has bagged the 18th National Award for Excellence in Energy Management for the year 2017 from Confederation of Indian Industry.

Production

Metric Tonnes

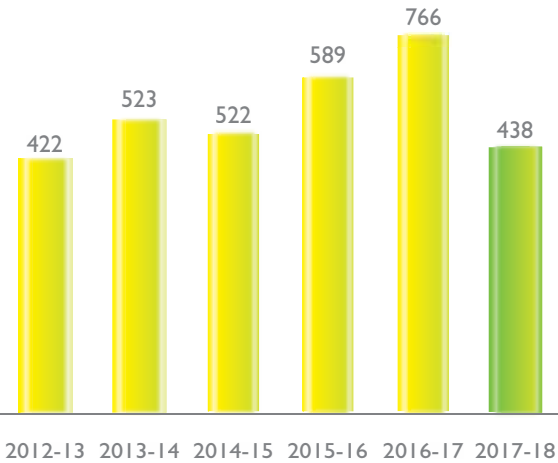


Revenue from Operations and Other Income ₹ In Crore



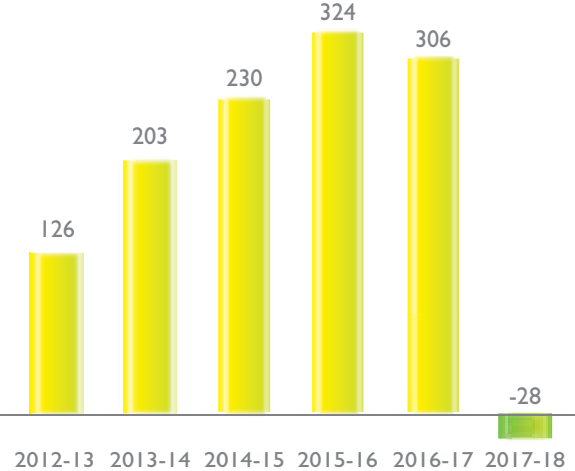
PBIDT

₹ In Crore



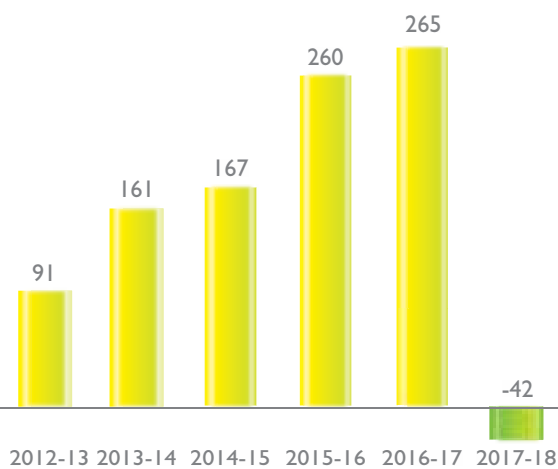
Profit/(Loss) Before Tax

₹ In Crore



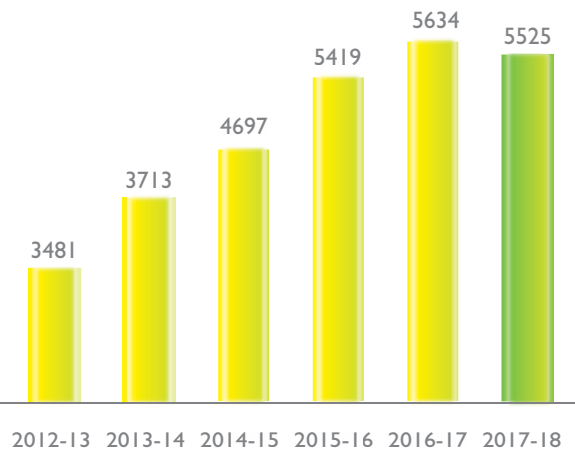
Profit/(Loss) After Tax

₹ In Crore



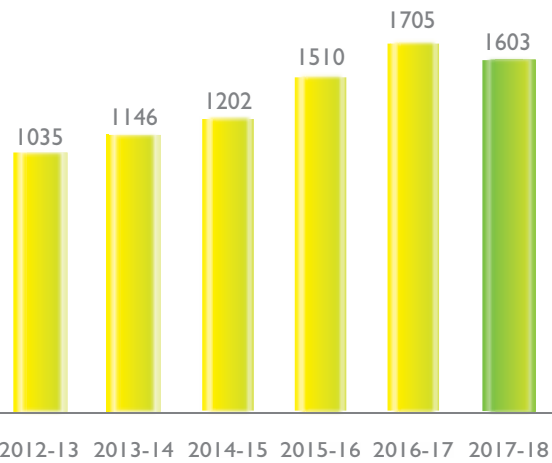
Total Assets

₹ In Crore

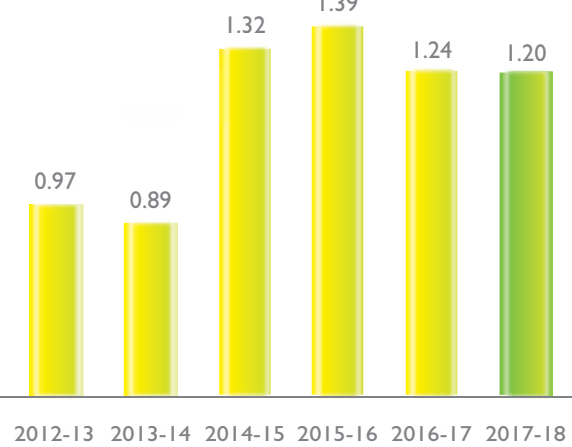


Net Worth

₹ In Crore

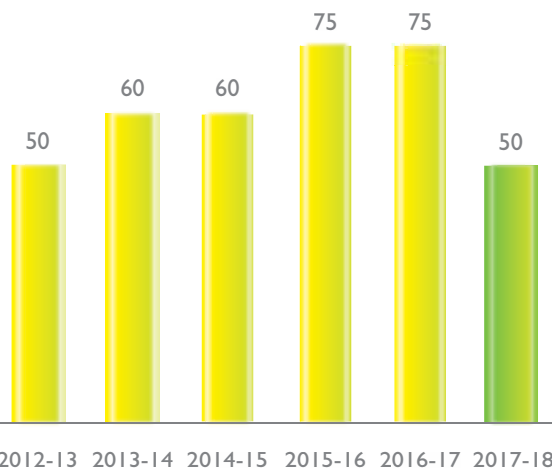


Long term Debt Equity Ratio



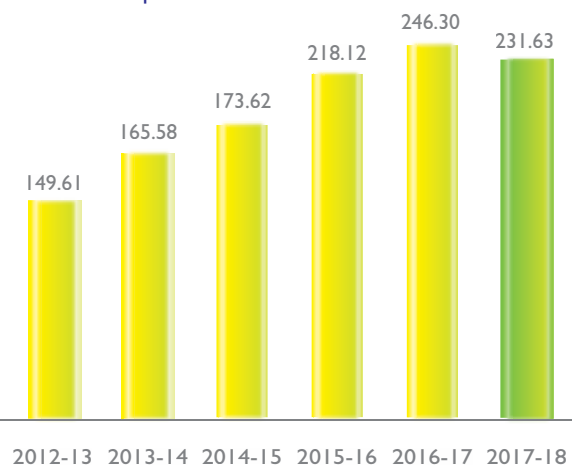
Dividend

Percentage (%)



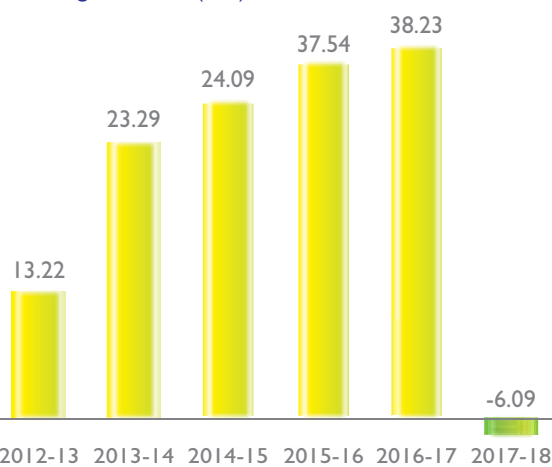
Book Value per Share

(₹.)



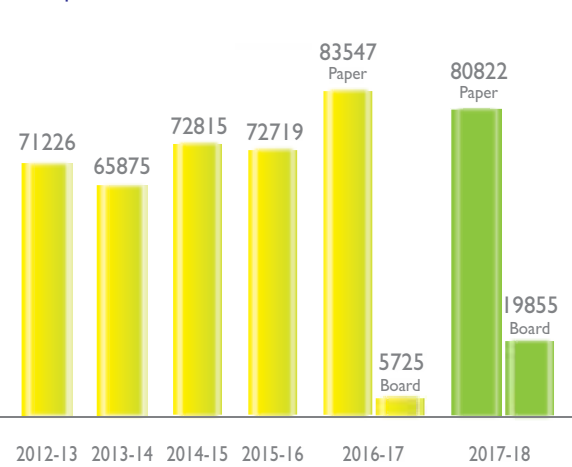
Earning Per Share (EPS)

(₹)



Exports

Metric Tonnes



TECHNOLOGY

TNPL commenced its operations in Kagithapuram, Karur District, in 1984, with an annual installed capacity of 90,000 tpa. Over the years, the capacity of TNPL's Unit I in Kagithapuram has risen from 90,000 tpa in 1984 to 400,000 tpa in 2011. Today, TNPL is an acknowledged leader in the technology of manufacture of paper from bagasse – the sugar cane residue. Over the period of its operation for over three decades, TNPL brought several new technologies in the company's fold like ECF bleaching, Oxygen delignification, Integrated Chlorine dioxide production, Wash presses, Odour free recovery boiler, Incineration of non-condensable gases, production of bio-gas from bagasse wash effluent, Deinked Pulp etc. Today, by way of implementing the state-of-the art technologies, TNPL enjoys the status of the most environmentally benign mill in the country with least water consumption. To further better the operation, the company is examining the ways and means to reduce the mill water consumption. The mill is also examining the possibility of recycling and reusing the waste water in order to reduce dependence on the fresh water.

As the Paper Board segment is identified as a growing segment compared to Paper 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 30 MW captive co-generation power plant, in January 2016. The four layer Board machine has facility to manufacture varieties of coated boards like White line Chip board (WLC), Folding Box Board (FBB) and Solid Bleached Sulphate Board (SBS) in the substance range of 170 to 450 gsm, coated on both sides. The Board machine is controlled by the latest Distributed Control System (DCS) and Quality control systems (QCS). TNPL has installed a state-of-the-art Automatic Storage and Retrieval System (ASRS) with a capacity to store 30,000 MT Reels and 6,000 MT Sheets. The Power plant of the TNPL Unit II is equipped with a high efficient boilers operating with atmospheric fluidised combustion technology. The power plant is equipped with an Air Cooled Condenser (ACC) to conserve water to the maximum extent. The Board

machine also has facility to recover the white water and reuse to the extent possible. For optimizing the consumption, variable frequency drives have been introduced in various sections of the Board machine and power plant. In October 2017, TNPL installed a Roll Grinding machine equipped with high end control automation including online measurements and CNC based Grinder Control System, for carrying out grinding of various rolls in Board machine.

The modern waste water treatment plant in TNPL Unit II enables utilization of the entire waste water generated from the mill to be used for irrigation in TNPL's own lands to an extent of 575 acres. In the plantation area, drip irrigation method is deployed, to raise more than 6 lakh trees, with various varieties of fruit bearing, flowering, avenue trees including some pulp wood species.

The TNPL Unit II is gearing up for the next expansion, wherein a state-of-the-art hardwood ECF pulp mill will be installed in Phase I and a Paper Machine in Phase 2. The process of obtaining Environmental clearance for the project has already commenced and Phase I of the project is targeted for commissioning by May 2021.

Bird's eye view of TNPL Unit II – As seen from Western side



Roll grinding machine



Paper Board being reeled in TNPL Unit II



A view of the Housing Colony being developed in Unit II



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 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.

TNPL Unit I, Kagithapuram, Karur District.

- **Conservation of Forests wood through eco friendly Raw Material:**

TNPL is built on the concept that environment should be protected for the benefit of present and future generations. TNPL has perfected the technology of manufacturing writing and printing paper from bagasse, an agricultural residue and consumes one million tons of bagasse per annum. The mill has used about 5,93,307 MT of depithed Bagasse during the year as the primary raw material for production of 116319 MT of bagasse pulp which has facilitated

conservation of about 4.9 Lakh MT of pulpwood. Similarly, TNPL has produced 85,191 MT of Deinked pulp using waste paper as raw material thereby conserved about 3.6 Lakh MT of wood in the year 2017-18.

- **Water Management and Rain Water Harvesting:**

The mill has implemented several water conservation measures and reduced water consumption to about 27 KL per ton of paper during 2017-18 which is lowest figure of Integrated Pulp and Paper industry in National level. In view of harvesting Rain Water, the Unit has engaged the services of Anna University to identify the potential areas and accordingly constructed two Rain Water Collection pits of each about 5000 Sq. Meter Surface area in its housing colony premises and one reservoir with a surface area of about 30,000 Sq. Meter within the mill premises. In addition to the above, the unit is in the process of constructing another Rain Water Collection pits with a surface area of 5000 Sq. Meter.

- **Fuel Management by Waste to Wealth concept:**

Utilizing about 106374 MT of internally generated agro fuels such as Pith, Wood dust, Bark as fuel in Power Boilers has resulted in conservation of about 23387 MT of Imported coal.

The unit has installed Bio methanation Plant III to handle additional 5580KLD of Bagasse effluent. This facility has paved way for generation of 12,000 Cu.M of additional Bio gas in addition to supplementary arrangement for treating Bagasse effluent.

Three bio-methanation plants including one unit commissioned during current year within the factory premises have cumulatively generated 63.26 lakh Cu.M of Bio gas which resulted in conservation of 3724 KL of furnace oil at limekilns and 319 MT of Imported coal in Power Boilers.

- **Innovation on solid waste Management:**

TNPL had enhanced its Cement Plant production capacity from 600 to 900 TPD capacity for producing high grade cement from inorganic solid wastes, viz., Lime sludge and Fly ash. TNPL is the first and only paper mill in the country to have set up a cement plant within the factory premises to produce Cement from Paper Mill wastes. Every day, about 200 tones of lime sludge and 100 tonnes of fly ash from the power boilers are converted into high grade cement. During 2017-18, cement plant consumed about 44528 MT of lime sludge generated in TNPL main plant (Pulp and Paper manufacturing facility), equivalent to conservation of about 24545 MT of lime stone. Further, 65902 MT of fly ash is also used in manufacture of cement during the year.

- **Innovation on Emission control:**

TNPL had set up a satellite Precipitated Calcium Carbonate plant with an annual production capacity of 60,000 MT adjacent to Mini Cement Plant on "Build, Own, Operate" basis. This plant had consumed 3406 MT of carbon dioxide content in the Flue gas which was utilized as raw material