

# Chairman's Speech

**36<sup>TH</sup> ANNUAL GENERAL MEETING**

**28<sup>th</sup> September 2016 at 10.15 a.m.**  
**at MUSIC ACADEMY,**  
**No. 168, T.T.K. Road, Chennai - 600 014.**



**TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Regd. Office : 67, Mount Road, Guindy, Chennai - 600 032.



Thiru. **VIKRAM KAPUR**, IAS  
Chairman & Managing Director

## **LADIES AND GENTLEMEN, VANAKKAM.**

I am happy to welcome you all to the 36<sup>th</sup> Annual General Meeting of your company. The Directors' Report and the Audited Accounts for the year ended 31<sup>st</sup> March 2016 have been with you for some time and with your permission, I shall take them as read.

Paper industry plays a significant role in the Indian Economy. Your company commenced newsprint and printing and writing paper production in the year 1984 with a capacity of 90,000 tonnes per annum. Since then, your company has grown steadily and enhanced the capacity to 6,00,000 MT consisting of 4,00,000 MT of printing and writing paper and 2,00,000 MT of Multilayer Packaging Board.

With the consistent growth, your company has emerged as the third largest producer in the Indian Paper Industry. Over the years, your company has built a good reputation among all its stakeholders.

## OPERATIONAL AND FINANCIAL PERFORMANCE :

During the year, your company has produced 4,03,430 MTs paper and sold 4,07,353 MTs. The gross revenue crossed Rs. 2400 Crore mark for the First time. Both production and sales reached record levels.

Your company has exported 72,719 Mts of printing and writing paper to 44 countries valued at Rs.373.09 Crore.

The year 2015-16 was highly challenging for the paper Industry, with severe set-backs in the market conditions due to cheaper imports and supplies exceeding demand. Despite adverse market conditions your company has earned Profit Before Tax (PBT) of Rs. 317.23 Crore, higher by Rs.87.10 Crore compared to the previous year by reducing cost of production. The profit after tax was Rs. 253.92 Crore, the highest ever achieved.

Market capitalization has increased from Rs.873 Crore as on 31.3.2015 to Rs.1, 512 Crore as on 31.03.2016 and 2,387 Crore as on 25.08.2016.

Despite huge requirement of funds for capital expenditure and repayment of loans, the Board of Directors of your company

have recommended payment of dividend at Rs.7.5/- per share i.e. 75% against 60% in the previous year.

Dun & Bradstreet, Mumbai has selected your company as the “Top Indian Company” under the sector “Paper” for Dun & Bradstreet Corporate Awards 2016, fifth time in a row, a unique record in the Indian Paper Industry.

During the year, your company has received the prestigious “Green-Co Gold rating” from Confederation of Indian Industry - Godrej Green Business Centre (CII - Godrej GBC), Hyderabad. Your company is the 2<sup>nd</sup> Paper manufacturing company and 1<sup>st</sup> Agro based Paper manufacturing company in the country to have undergone the Green Co Rating System.

During the year, your company has produced 42,705 Mts of De-inked pulp against 32,792 Mts. in the previous year.

Your company has successfully set up the state-of-the-art Multilayer double coated board plant with an annual capacity of 2,00,000 MT in 22 months – a record for any project in Indian Paper Industry.



Your company has also set up a “Centre for Conversion of Paper and Packaging Board (CCPPB)” in the 38.40 acres of land in Mayanur in Karur district. Currently one PE coating unit and one core manufacturing unit have been set up in the centre.

As part of managing Solid wastes, Lime Sludge and Fly ash, your company set up a cement plant to produce 600 tonnes per day of high grade cement in January 2013. During the year, your company has enhanced the cement production capacity from 600 tonnes per day to 900 tonnes per day in a record time of 9 months from the date of commencement of the project activities at site.

During the year, your company has generated 75.66 lakh cubic meters of methane gas from Bio-methanation plants and consumed the same in lime kilns saving 4438 kl of furnace oil and 238.23 MT of imported coal. Your company has received 1,06,147 Renewable Energy Certificates (RECs) for generating green power from the steam produced in the Recovery Boiler using black liquor and sold 68,496 RECs during the year, generating revenue of Rs. 10.27 Crore. Balance RECs have been carried forward for sale during 2016-17.

## **CURRENT STATUS AND FUTURE OUTLOOK OF PAPER INDUSTRY :**

During 2010 and 2011, many mills in the country expanded their capacity. As the supplies exceeded demand, paper prices dropped sharply during 2012. Paper Industry faced severe pulpwood shortage during 2013 leading to import of pulpwood by many mills at higher prices. On account of the steep increase in input costs, paper prices shot up during 2013. However, with paper prices declining in the global market and larger volume of papers imported into the country under Free Trade Agreements, paper prices dropped sharply consecutively for two years, during 2014 and 2015. The Indian paper industry faced challenges both on cost front and market front for two years (2014 and 2015). The market has improved since February 2016 and expected to be steady in the coming months.

## **FUTURE OUTLOOK :**

With the consistent economic growth and increasing demand from educational sector, overall demand for paper is expected to grow at 6% per annum with the breakup of 4% in Printing and

Writing paper, 12% in Industrial and Packaging Boards and 3-4% in Newsprint and Specialty papers. There is good potential for adding capacity in Paper and Packaging Boards in the coming years.

Test run of the Board Machine excluding coating section was commenced on 21.01.2016. The test run of coating section began on 17.02.2016 Board machine being very complex in nature, test run was continued up to 30.04.2016. The plant was ready for commercial production from 01.05.2016. Between May 2016 and August 2016 31,510 MT of Board equivalent to 47% of the capacity was produced. The initial teething problems have been attended. The production is increasing steadily. Currently, the unit produces White line Chip Boards, Folding Box Boards, Solid Bleached Sulphate Boards and Cup Stock Boards. The products have been received well in the Market.

Your company has established marketing network in all four Regions of the country (South, North, West and East) and abroad. With the concerted efforts taken by your company Board production and sales will improve from October 2016. Paper production is maintained at 100% capacity.

## **ENVIRONMENT PROTECTION :**

During the year, your company has consumed 8,38,169 MT of depithed bagasse for manufacture of paper and avoided usage of 7.0 lakh MT of pulp wood. The deinked pulp produced in 2015-16 has resulted in conservation of 1.8 lakh MT of pulp wood.

78,500 MT of lime sludge generated in the process of manufacture of paper and consumed for cement production has resulted in conservation of 50,704 MT of lime stone.

With the implementation of various water conservation measures, overall water consumption is reduced to 40 KL per ton of paper- the lowest in the Industry.

Your company has generated 319.83 lakh units of Green Power during the year through its two wind farms.

Your company has installed a modern Effluent treatment plant in the Board plant. The treated effluent water is used for irrigation

of 570 Acres of land in the factory. Entire plantation area is covered by drip irrigation. Your company has planted 6,80,000 trees including teak wood, mango, neem, coconut and flowering trees. This will improve the environment in the area.

Till 31.3.2016, your company has raised Pulpwood plantation in 1,12,865 acres of land involving 22,215 farmers in 29 Districts of Tamilnadu.

### **CORPORATE SOCIAL RESPONSIBILITY :**

Your Company is committed to being a socially responsible corporate citizen. During the year, your company has implemented several community development measures towards Promoting Education, Health Care, Socio – Economic Development, Environmental Sustainability and Promotion of Culture and Heritage mainly in the core area and peripheral areas. Your company has spent Rs. 3.69 Crore for CSR activities during 2015-16 and set apart Rs.5 Crore for the year 2016-17.

### **ACKNOWLEDGEMENT :**

I take this opportunity to place on record my sincere thanks to the Central and State Governments and the Banks/Financial Institutions for their valuable support and assistance.

I take this opportunity to thank my colleagues on the Board for their valuable advice and support.

I take this opportunity to place on record my sincere appreciation for the efforts put in by all employees of the company.

Finally, I wish to thank all Shareholders and other Stakeholders for their continued encouragement and support.

I thank you for having attended this Annual General Meeting, sparing your precious time.

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