

SPEECH BY DR. RAJEEV RANJAN, I.A.S., CHAIRMAN AND MANAGING DIRECTOR, TNPL AT THE 41ST ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY ON THURSDAY, THE 23RD SEPTEMBER 2021 AT 10.30 AM THROUGH VIDEO CONFERENCE.

LADIES AND GENTLEMEN, VANAKKAM.

I extend my warm welcome to all of you to this 41st Annual General Meeting of your Company. The Directors' Report and the Audited Accounts for the year ended 31st March, 2021 have been with you for some time and with your permission, I shall take them as read. I trust you would have gone through the same by now and you are pleased with the performance achieved by the Company in these difficult times due to Covid pandemic.

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 MT 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 adequate in-house facilities for pulp, power and filler materials.

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 an enviable reputation among all its stakeholders.

VISION:

Your company has been operating with a Vision of **to be the market leader in Paper and Paperboards, by adopting Innovative Technologies**. In line with the above Vision, the company's Mission has been **to be the manufacturer of World Class Paper and Paperboards, to the tune of 1.0 million Tons by 2030 and to be the most preferred Supplier**. All the efforts of the company have been aligned in the above direction of achieving the goals, by keeping the larger Vision in mind. All technical and capacity enhancement interventions were done at various stages / periods to meet the mission target of 1.0 million Tons of Paper / Paperboards. In this context, the company **has prepared a Roadmap for the next 5 years**, covering all the three manufacturing units.

OPERATIONAL AND FINANCIAL PERFORMANCE:

The year 2020-21 was a challenging year for the paper industry in India. The Company had to contend with severe raw material shortages, steep escalation in costs and a progressive reduction in market demand during the year.

During the year Indian Paper Industry was under severe stress due to Covid pandemic resulting in poor market conditions and drop in prices. Despite this your Company has achieved better levels of operation and effectively contained the losses in adverse situation. The management had undertaken effective measures to contain costs and achieve sales to the possible extent during the year.

During the year, your Company has produced 3,23,588 MT paper and achieved paper sales of 2,95,644 MT. With the commissioning of Multilayer Double Coated Board Plant, your Company has made a foray into the Packaging Board segment. In the year under review, your Company has produced 1,71,711 MT of packaging paper board and achieved packaging paper board sales of 1,73,810 MT.

During the year, your Company has exported 82,070 MT of paper and paper board. Normally, TNPL's 20% of total paper produced is exported to around 30 countries. Economies of scale and quality production, driven by technology, provide us with a competitive edge in these markets.

Due to softening of demand for Printing & Writing Paper for major part of the year ended March 2021 and despite increase in input costs in procurement of raw materials, the Company has managed to contain and incurred a Loss Before Tax (LBT) of (-) Rs. 98.69 Crores. However, the company has made a cash profit of Rs.137 crores. Market Capitalization as on 31.03.2021 was Rs. 1,012.90 crore. The total assets value is Rs.5983 Crores.

Despite requirement of funds for capital expenditure and repayment of loans, the Board of Directors of your company has recommended payment of dividend at Rs.3/- per share i.e. 30%. During the year, the overall borrowings increased by Rs. 534 crores.

AWARDS AND RECOGNITION:

- 1) TNPL is one among the 27 of the world's most important pulp and paper manufacturers who participated in WWF Environmental Paper Company Index (EPIC) 2019.
- 2) TNPL has been honoured with the "Water Stewardship Award" by M/s Indian Chamber of Commerce, Kolkatta for the fourth time (2018, 2019, 2020 and 2021) during India Corporate Governance and Sustainability Vision Summit 2021.
- 3) TNPL has been awarded "13th cycle of Quality Council of India (QCI) – D.L. Shah Quality Award" conducted by M/s National Board for Quality Promotion (NBQP) during 3rd Virtual Quality Conclave (VQC) on theme of "Commitment to Quality - Sustaining a Culture of Improvement" on 17th December 2020.

- 4) TNPL is selected as winner under “Innovative Initiative Project” award category for the 14th edition of CII National Awards for excellence in Water Management 2020.
- 5) TNPL’s project “In house designed Sulfide removal from the Evaporator Vacuum Pump Seal Water in Soda Recovery Plant by Low Cost Stripping Column and reuse the treated water” is one among the 13 projects selected as “Most Innovative Environment Project” during the 7th edition of the CII – Environmental Best Practices Award 2020 over virtual platform between 29th July 2020 and 31st July 2020.
- 6) TNPL has been awarded the “15th ICCSR Corporate Social Responsibility – 2021 (Virtual) & Felicitation of Golden Peacock Award for CSR (Global & National) & HR Excellence on 10th June 2021.
- 7) TNPL has been awarded status of “Three Star Export House” by DGFT - Government of India in accordance with Foreign Trade Policy.
- 8) TNPL is awarded as “Energy Efficient unit” for the year 2020 in the 21st National Award for Excellence in Energy Management instituted by CII-Hyderabad.
- 9) In the E-poster competition under the category, “Best Practices in Energy Efficiency” at Enercon-2020 conducted by CII, TNPL’s E-Poster has been chosen as the “Best Poster”.
- 10) TNPL has been honored with ISO 50001:2008 certification by TUV NORD in Mar’ 21.

CURRENT STATUS OF PAPER INDUSTRY:

The Indian Printing and Writing Paper Industry was extremely sluggish during the first three quarters of 2020-21 due to the Covid-19 pandemic. With the country under lockdown and most of the Educational institutions, offices and courts shut / working on-line, demand for most of the writing and printing grades of paper suffered considerably. There was a revival in demand towards the last quarter of the financial year, with the Covid cases coming down.

1. Paper Segment

Broadly, the industry is classified into four main segments - namely, writing and printing paper, Industrial packaging paper, speciality paper and newsprint. India holds 15th rank among paper producing countries in the world with a total installed capacity of 16 million tonnes.

The demand is estimated at 17 million tonnes. The per capita consumption is around 13 kgs against the Asian average of 26 kgs and World average of 58 kgs. India is considered as the fastest growing market for paper in the world with an average annual growth of about 6%.

The increasing use of electronic media for communication and learning and emphasis on digitalization is leading to a slowdown in the growth of paper consumption for writing and printing. Covid-19 has unleashed major changes like – work from home and distance learning. Some of these changes are irreversible and are likely to impact the usage of paper going forward. However, with a large and growing young population, the need for textbooks and notebooks is expected to continue. Consumption growth rates in this segment will however moderate. The company is focusing on industrial usages of paper and further diversifying the product mix.

This necessitates continual Marketing strategically built to maintain profitability such as

- Stopping newsprint production
- Product improvement is done on a continuous basis in terms of process up-gradations technology, developments, finishing and delivery.
- Paper Board varieties are carefully placed in different regions with respect to both volume and pocket realization.
- Product Mix and Market Mix are strategically kept to improve profitability especially in Paper Board Segment.
- Based on Market research, facilities for cutting operations for servicing customers in ever increasing sizes have been upgraded and new installations have been planned.

The lock down led to the convertors grappling with the situation of migrant labour returning back to their native States. This resulted in inventory piling up at the convertors end. Most of the Notebook convertors and publishers have closed their units as there was subdued demand for books and notebooks.

2. Board Segment

The first quarter of the year was slightly sluggish for packaging boards mainly on account of lockdowns and nationwide logistics issues. However, demand was firm and sales were better during the rest of the year. Demand from pharmaceuticals, Foods and FMCG was strong and the company was able to market the entire production in addition to reducing stocks. During the year, there were severe increase in the cost of raw material (waste paper and imported pulp) and availability was a constraint. The company was able to pass on the impact of these increase in costs to the market. Overall, the performance of packaging boards business was much better. Packaging boards industry continued to grow at a healthy pace during

the year with the main segments of growth being Packaged foods, Ready-to-eat takeaway foods, Pharmaceuticals and FMCG.

During the year the company is focusing on increasing its market share in the higher value adding Virgin Fiber Boards business which includes Cup Stocks. In house pulp will provide the company an input cost advantage as well as consistency in raw material quality. Active efforts are being made to shift the product mix towards Virgin Fiber grades of packaging boards like Folding Box Boards, SBS Boards, Cup Stock and other specialty grades to fully utilize the hard wood pulp from the new pulp mill.

TNPL's is constantly at the helm of developing newer technologies and products that fulfill the demands of the market while catering to the growing need to develop eco-friendly products. Moreover, in order to provide an alternate for plastic/poly products, TNPL has been working towards incorporating Carry Bag base Paper which has been manufactured using our existing Paper machine infrastructure. This will be able to replace some of the one-time use plastics in our everyday lives.

FUTURE OUTLOOK:

Indian Paper Industry is highly fragmented with over 750 paper mills of varying sizes spread across the Country. Only 50 mills are of a capacity of 50,000 tpa or more. The overall capacity utilization is estimated at 80-90% when the demand and economy pick up. The company has achieved capacity utilization of 86% in Board and 81% in paper during the year 2020-21.

1. Printing and Writing Paper:

The sales momentum of Q4 – last year continued till mid April 2021. With the second wave of Covid hitting from the beginning of this year, the market slowed down once again. Lockdowns and closure of educational institutions have led to orders being put on hold. However, with the rapid pace of vaccinations, the situation is improving. Reopening of Offices, Educational institutions and courts will lead to regularization of demand. The international prices of pulp and paper continue to be firm which should keep imports in check. Overall, it is hoped the year should be positive for the company

2. Packaging Boards:

The growth in demand in packaging boards is expected to continue with an anticipated growth of 12% -15% p.a. in Virgin Fiber based packaging boards. Recycled boards is expected to grow at 8-9% p.a. Some pricing pressure is expected in the second half of the year as additional capacity is expected to be commissioned in the domestic market. Overall, with minimal imports expected in this segment, the market is expected to be stable in 2021-22

The substantial increase in coal prices and the increase in pulp and waste paper prices have escalated the cost of production of paper across the globe. This trend of high input prices is also due to the growing demand in emerging economies. A strong upswing in the pulp and paper market is being forecast based on the general improvement in the economic situation and increasing literacy level in the developing countries.

In spite of the continual focus on digitization, India's requirement for paper is anticipated to rise, principally due to a sustained boost in the number of school-going children in rural areas. Growing consumerism, modern retailing, rising literacy and the growing use of documentation will continue to increase the demand for writing and printing paper.

The exponential enlargement of e-commerce in the nation has opened up the latest horizon and could contribute significantly to the demand where the paperboard is being predominantly used for packaging.

Though India's per capita utilization is quite low compared to global peers, things are looking up and a requirement is set to rise from the present 16 kg per capita to an estimated 20 kg per capita by 2025.

MILL EXPANSION:

As part of its growth plan, the Company has taken up Mill Expansion Plan (MEP) in Board Plant Complex, Unit-II at Mondipatti Village, Tiruchirapalli District, to be implemented in two phases at a capital outlay of Rs.2520 Crore.

The Company is implementing the Phase-I of MEP which consists of 400 tpd Chemical Hardwood Pulp Plant with required chemical recovery system and 20 MW Turbo Generator at a capital outlay of Rs.1,250 Crore. All the major plant and machinery have been erected. The Pulp Mill commissioning is being targeted in October 2021 and production of Hardwood Pulp is targeted in November 2021.

The major benefits of the Phase-I of the MEP Project:

- The Chemical Hardwood Pulp for Board making, which was hitherto being imported/purchased will be totally substituted and our cost of production of packaging board will go down substantially.
- The surplus Hardwood Pulp available till commissioning Phase-II of MEP shall be gainfully utilized in Unit-I, to substitute the costly Deinked pulp. In addition, quality of paper production in Unit I will improve due to better pulp.
- The Project would result in production of the most environmentally friendly pulp by utilizing ECF bleaching, energy efficient equipment and state of the art technologies.
- The water and power consumption will be low and will be on par with leading mills in the world.

ENVIRONMENT PROTECTION:

Production of 1,24,739 MT of bagasse pulp and 48,526 MT of Deinked pulp during the year has facilitated conservation of 7.54 Lakh MT of pulpwood.

“World Environment Day”, “International Ozone Day” and “World Water Day” were celebrated.

The Company has generated about 397.13 Lakh units of Wind energy during 2020-21.

As a means of energy conservation, 74.68 Lakh Cubic meter of Methane gas generated in the Biomethanation plant was consumed in lime kilns and Power Boilers saving 3864 Kilo liters Furnace oil and 602 Mt of imported coal.

TNPL treats environment improvement as a priority area. Continuous studies are undertaken to reduce water consumption with improvement in the quality of effluent. Compliance to pollution control norms and Corporate Responsibility for Environmental Protection (CREP) regulations are strictly adhered to.

With the implementation of various water conservation measures, overall water consumption has been reduced to 47 KL per ton of paper which is one of the lowest figure in the Integrated Pulp and Paper industry in India. Continuous efforts are being taken to reduce the water consumption to maximum possible extent at all stages.

Your Company has set up a Clonal Propagation & Research Centre (CPRC) in the factory through which 40 million seedlings and clones have been produced and planted.

TNPL is sourcing wood through its Captive plantation and Farm Forestry model and also from Tamil Nadu Forest Plantation Corporation. The unit has raised pulp wood in 20,065 acres during 2020-21 totaling about 1,87,680 acres of land involving 35,964 farmers throughout the state through its Captive Plantations and Farm Forestry schemes. The Company motivated the farmers to raise pulpwood plantation covering 3,755 farm fields during the year.

LAUNCHING OF TNPL NEW WEBSITE:

TNPL has redesigned its website to cater to the evolving users/ customers. Adopting a mobile-first strategy, the new website ensures ease of access across devices – phones, tablets, and personal computers.

SUSTAINABILITY

Your Company is committed to use the resources efficiently and generating energy from renewable sources and converting waste to wealth. It aims to close the gap between the manufacture and the natural ecosystems’ cycles – on which humans ultimately depend upon.

Our company achieves its sustainability goals by adopting the Circular Economy model - designed to benefit businesses, environment and the society in which it operates, taking on global challenges like water depletion, biodiversity loss, climate change, waste generation, and pollution and achieve the right balance between economic , environmental and societal sustainability.

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 the broad sectors included in TNPL's CSR policy such as Livelihood/Economic Development, Soil and Water Conservation, Education, Public Health and Medicare, Social Development, Environment and Sanitation, Culture and Heritage and Infrastructure Development. Your Company has spent Rs. 2.19 Crore for CSR activities during 2020-21 by mainly focusing on enhancing the socio economic status by conducting skill development programme, providing note books, drinking water facilities etc. and especially for COVID-19 preventive measures.

COVID-19 RELIEF EFFORTS:

TNPL is providing medical equipment to the surrounding Government Hospitals and Primary Health Centres.

Kabasukudineer and disposable masks are distributed to the general public.

Medical assistance is provided to the needy people and aids and appliances to the differently abled persons.

Honoring COVID-19 frontline warriors such as doctors, pharmacists, staff nurses, NCD staff nurses, lab technicians, village health nurses workers.

Further, during the lockdown period, rice bags / groceries were distributed to the downtrodden people of the surrounding villages and sanitary workers of the nearby Panchayats.

Establishment of COVID CARE CENTRE:

1. A **COVID CARE CENTRE** to impart COVID Treatment with 200 beds has been set up by TNPL in collaboration with the District Administration. TNPL has provided the Space (i.e) Community Hall, Water and Electricity at free of cost. Hon'ble Chief Minister of Tamilnadu inaugurated the COVID CARE CENTRE on 31.05.2021 from the Secretariat through video conference along with the CMD, TNPL. The Hon'ble Minister for Electricity, Non-Conventional Energy Development, Prohibition and Excise, Molasses, Member of Parliament (Karur constituency), MLAs and District Collector, Karur

participated in the inauguration function at the site in Kagithapuram.

2. TNPL has put up facilities to supply uninterrupted oxygen to the COVID CARE CENTRE through a pipeline for about 1.5 KMs, laid at an approximate cost of Rs. 30 Lakhs, from wood yard situated inside the factory premises.

Supply of Medical Oxygen to Hospitals:

1. Consequent to the second wave of COVID-19,. With the count of COVID infection rapidly rising, there was surge in demand of Medical oxygen and the hospitals were running out of the Oxygen supply. There was national emergency for getting the Oxygen supply from wherever possible. TNPL established an **Oxygen gas bottling facility** for bottling surplus oxygen to the tune of 100 NM3 / hr at a cost of Rs. 89 Lakhs .
2. TNPL has taken steps for controlling of the spread of infection in mills/ colony and also at all locations.

ACKNOWLEDGEMENT:

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

I am extremely grateful to my colleagues on the Board for their valuable advice and support.

I also thank the Statutory Auditors, Secretarial Auditors, Cost Auditors and External Internal Auditors for their continued support.

I also wish to place on record my sincere appreciation for the efforts put in by all employees of the Company.

We regret the loss of life due to COVID-19 pandemic and record our appreciation for all the persons who risked their life and safety to fight this pandemic.

On behalf of the company, I wish to thank the Investor community for their solid support and for the confidence they have reposed in the Company.

My whole-hearted thanks to all Shareholders and other Stakeholders for continued encouragement and support.

I express my gratitude to all the Health workers for their untiring service and appreciation for the public in facing the Covid 19 pandemic.

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