

Company Information



Board of Directors

Thiru M F Farooqui, I.A.S.

Chairman

Thiru Md Nasimuddin, I.A.S.

Managing Director

Thiru A Velliangiri

Deputy Managing Director

Thiru Atulya Misra, I.A.S.

Director

Tmt Anita Praveen, I.A.S.

Director

Thiru V R Mehta

Director

Thiru V Narayanan

Director

Thiru R R Bhandari

Director

Thiru N Kumaravelu

Director

Thiru R L Narasimhan

Director

Registered Office

67, Mount Road
Guindy
Chennai - 600 032

Factory

Kagithapuram - 639 136
Karur District, Tamil Nadu

Auditors

Maharaj N.R. Suresh & Co.
Chartered Accountants
New No.9, Old No.5, II Lane
II Main Road
Trustpuram, Kodambakkam
Chennai - 600 024.

Bankers

Canara Bank
HDFC Bank Ltd.
Indian Bank
Indian Overseas Bank
Oriental Bank of Commerce
State Bank of India
State Bank of Patiala
State Bank of Travancore
Syndicate Bank
The Karur Vysya Bank Ltd.
UCO Bank





Mr. Md.Nasimuddin IAS, Managing Director, TNPL, receives the TERI Corporate Environmental Award from Shri Kamal Nath, Hon'ble Minister for Commerce and Industry, Government of India, on 31.5.2008

Highlights of 2007-08



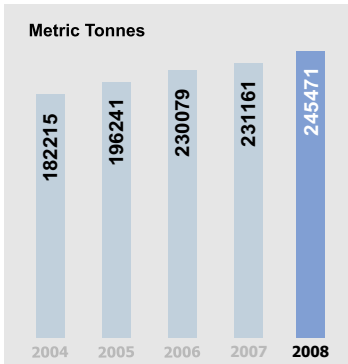
- Achieved highest production of 2,45,471 MT of Printing & Writing Paper. The capacity utilization was 106.76.%
- Earned highest PBIDT Rs. 263 crore, PBT Rs.163.06 crore, PAT Rs.112.83 crore
- Achieved "Zero Stock" of finished goods (NP & PWP) at the end of the financial year for the 17th time
- Copier production peaked at 50,133 MT registering a growth of 12.9% over the previous year
- Exported 42,492 MT of wood-free uncoated paper to 31 countries
- Received Special Export Award from CAPEXIL in recognition of outstanding export performance for the 9th time in a row
- Raised pulpwood plantation in 10,616 acres of land under Farm Forestry and Captive Plantation schemes involving 2,152 farmers in 15 districts
- Achieved highest hardwood pulp production of 42,357 MT
- Produced 543.19 lakh units of wind power from wind farm and exported the entire green power to the State grid
- Received the 'Best Energy Conservation Award' for the year 2007 from the Government of Tamil Nadu
- Received TERI Corporate Environmental Award 2008 for the efforts towards environmental management and innovative initiatives among corporates with a turnover of over Rs. 500 crore.

Financial Highlights - 10 years at a glance

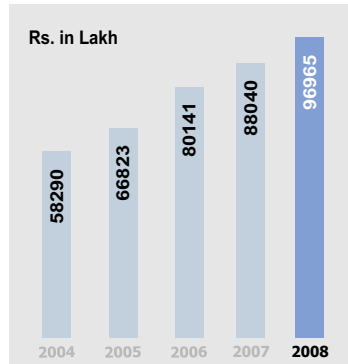


	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
REVENUE (Rs. in Lakh)										
Sales & Other Income	47645	50925	58179	55906	52885	58290	66823	80141	88040	96965
PBIDT	11968	11623	17027	15349	14919	14829	11727	18933	21455	26300
Interest	5784	5050	3886	3224	2863	1625	1622	2029	2052	2425
Profit Before Tax	1586	1841	8355	7026	6657	6858	3917	10147	12503	16306
Tax	179	216	712	3495	1453	1578	122	2092	3897	5023
Profit After Tax	1407	1625	7643	3531	5204	5280	3795	8055	8606	11283
BALANCE SHEET (Rs. in Lakh)										
Net Fixed Asset	70658	69345	68963	68644	78875	76034	72836	81726	117782	128351
Investments	114	114	114	114	114	815	114	114	114	1715
Net Current Asset	19825	17920	13302	17383	10624	11021	15385	16662	10959	8003
Total Capital Employed	90597	87379	82379	86141	89613	87870	88335	98502	128855	138069
Share Holders Fund	42412	43068	48829	38040	41138	44868	46474	52212	57631	63990
Borrowings	48185	44311	33550	32511	31925	25399	25004	30814	55940	55244
Deferred Tax Liability	-	-	-	15590	16550	17603	16857	15476	15284	18835
TOTAL	90597	87379	82379	86141	89613	87870	88335	98502	128855	138069
Return on Net Worth (%)	3.32	3.77	15.65	9.28	12.66	11.77	8.17	15.43	14.93	17.60
Book Value Per Share (Rs.)	60.9	61.85	70.12	54.63	59.07	64.43	66.74	75.44	83.27	92.46
EPS (Rs.)	2.05	2.36	11.06	5.15	7.57	7.66	5.47	11.66	12.43	16.30
Dividend(%)	12	12	25	25	27.50	27.50	27.50	30	40	45
Debt to equity	0.96	0.88	0.57	0.69	0.61	0.41	0.32	0.42	0.84	0.62

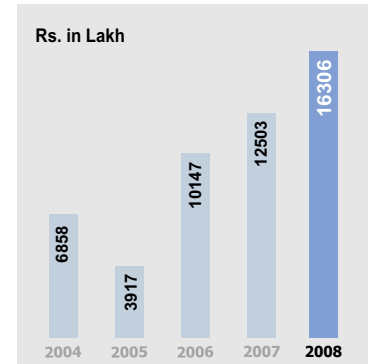
Production



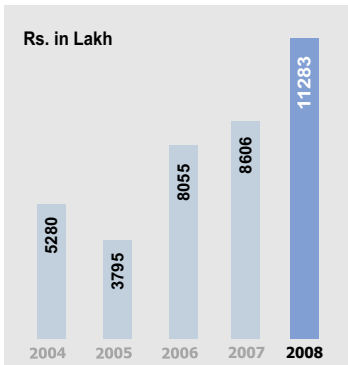
Sales & Other Income



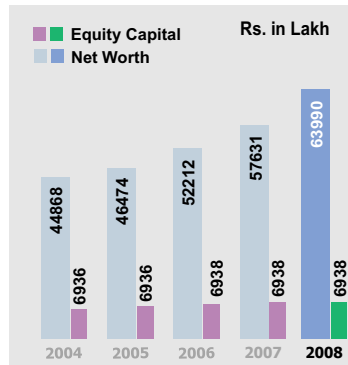
PBT



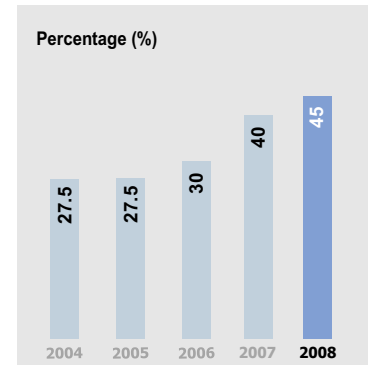
PAT



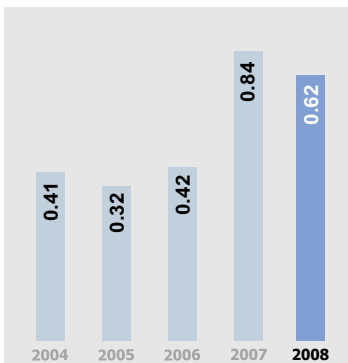
Equity Capital & Net Worth



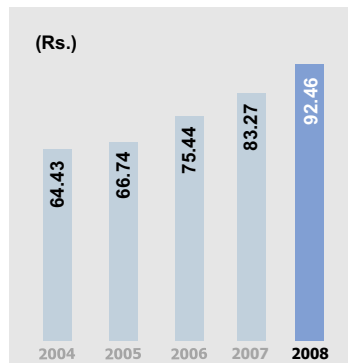
Dividend



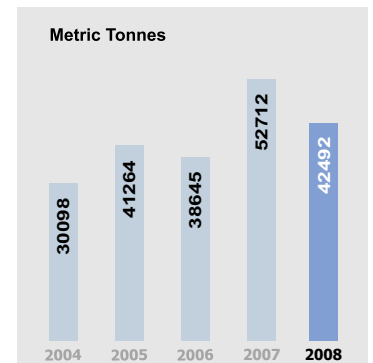
Debt-Equity Ratio



Book Value per share



Exports





The new 15 tpd Chlorine di-oxide plant



The new Ten body, Seven Effect Free Flow Falling Film Evaporation Plant, the largest black liquor evaporation plant in India



The new hardwood ECF bleach plant

Tomorrow's Technology Today



TNPL is an acknowledged leader in manufacture of Printing and Writing paper from bagasse. The Company has two high-speed Paper Machines supplied by M/s Beloit Walmsley Ltd, U.K. and M/s VOITH Paper, Germany. The Paper Machines have the unique flexibility of producing both newsprint and printing & writing paper. Together they produce 750 tonnes of paper per day, fully backed by online process and quality control system.

Under the **Mill Development Plan** recently executed, a new 300 tpd state-of-the-art Hardwood Pulp Line with ECF bleaching and a 500 tpd ECF bleach plant for Chemical Bagasse Pulp have been installed with supporting system. The supporting system includes installation of a new Recovery Boiler of 1300 tpd capacity, an Evaporator of 352 tph capacity, a 20 MW Turbo Generator and a fully integrated 15 tpd Chlorine-di-oxide Plant, the largest of its kind in the Paper Industry. With the changeover to ECF bleaching, the Plant will become more environmentally compliant, operationally more efficient and cost-effective. Besides, the capacity of paper production has been increased to 245,000 tonnes per annum.

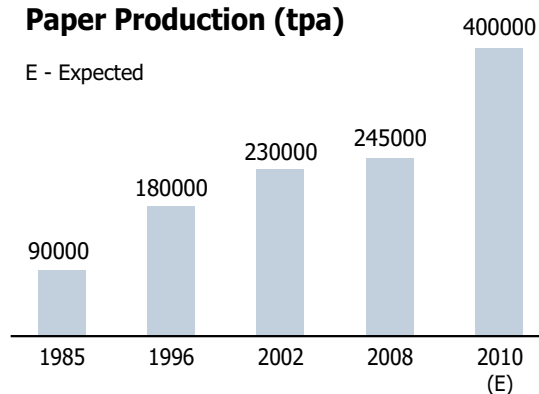
The Company has initiated action for **Mill Expansion Plan** which would augment the paper production capacity from 2,45,000 tonnes per annum to 4,00,000 tonnes per

annum utilizing the surplus pulp generated under the Mill Development Plan already implemented. The Mill Expansion Plan envisages installation of a new state-of-the-art Paper Machine of a capacity 1,55,000 tonnes per annum, backward integration of Chemical Bagasse Pulp and installation of a 125 tpd Multi-fuel boiler. The Company has placed the orders for supply of Paper Machine-3 on M/s VOITH Paper GmbH & Co, Germany and for supply of equipment for backward integration of Chemical Bagasse Pulp on M/s Metso Paper Sundsvall AB, Sweden. The Mill Expansion Plan is expected to be completed by June 2010.

Besides the Company is also undertaking the Life cycle Extension programme, under which the Paper Machine 1 installed during 1985 will be upgraded. The existing headbox will be replaced with a new state-of-the-art dilution type headbox. Improvements in Press frames, Size press, Calendar, Pope reel and Winder will also be carried out. The upgrade will be completed during the current financial year.

Paper Production (tpa)

E - Expected



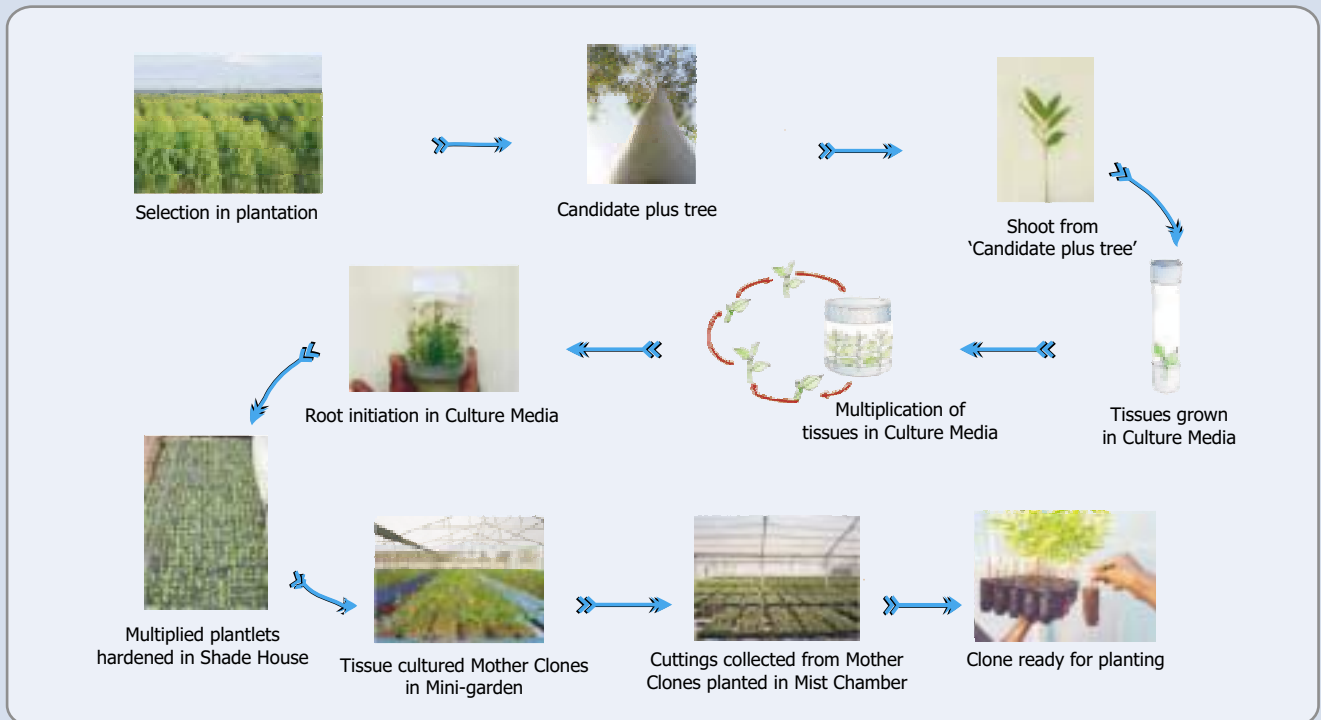


Tissue cultured 'Mother clones' in Mini Garden



Fully grown Eucalyptus Hybrid trees

EH Clone Production Process



Plantation



In line with the Forest Policy Guidelines to meet the pulpwood requirements, TNPL started implementing pulpwood plantation programmes during the year 2004-05 through two distinctive schemes, namely, **Farm Forestry** and **Captive Plantation**. In a short span of four years, the Company has raised pulpwood plantation in 29,966 acres of land involving 6,213 farmers as below:

Particulars	2004-05	2005-06	2006-07	2007-08	Total
Area planted (in acre)	3076	6243	10031	10616	29966
Plants planted (in lakh)	31	62	100	106	299
Farmers involved	480	1474	2107	2152	6213

The Company has planned to increase the plantation area by about 15,000 acres per annum to reach the target of one lakh acres by the year 2012-13.

Under the Farm Forestry scheme, dryland farmers in the State are encouraged to raise pulpwood trees in their lands which are currently barren. The Company provides high quality seedlings/clones to the farmers at subsidized rates with a firm commitment to the farmers to buy the pulpwood at the prevailing market price or at the minimum support price guaranteed at the time of entering into the contract whichever is higher. The Company provides free technical assistance to the farmers right from planting the seedlings/clones till harvesting the grown-up trees.

Captive Plantation is also undertaken in the lands belonging to institutions and participating farmers on revenue sharing basis where the produce is shared between the Company and the land owners at the pre-determined ratio. Captive plantation is also undertaken on lease rental basis where the lease rent is paid to the participating farmers every year. Entire expenses for raising plantation are borne by the Company.

Pulp and Paper Industry has strong relationship with biotechnology, as raw materials for paper come from the plant source. Realising the importance of biotechnology and its application to the Paper Industry, the Company has set up two major research facilities to work on Plant Biotechnology (plant Tissue Culture and Microbial Biotechnology and bio-energy) in a built up area of 6000 Sq.ft. The Company has developed Tissue Culture Protocol for two clones.

The Company has also set up a state-of-art Clonal Propagation and Research Centre (CPRC) for producing about 1.5 crore high quality clones per annum. The saplings raised here are distributed to the farmers at subsidized rates. This is the largest clonal production, research and development centre in the country at a single location with world-class infrastructure facilities. The CPRC comprises of 8000 Sq.metre of fogging and misting chambers, 4000 Sq.metre of hardening chamber and 10,000 Sq.metre of open nursery with updated technology on par with international standards. Mini gardens and breeding orchards are being established in CPRC to carry out breeding and tree improvement works.



A grown-up coconut tree in TEWLIS irrigated land



Sugarcane plantation in TEWLIS irrigated land



Bio-methanation plant



Effluent Treatment Plant

Protecting Environment



TNPL has declared policies on Environment, Health and Safety, Quality and Energy. The main excerpts of the above policies are as below:

- Compliance with all relevant legislative requirements
- Reducing pollution load in terms of liquid discharge, air emission and land conservation
- Saving energy and preserving natural resources like water, raw material, fuels
- General human awareness in environment, safety and health
- Minimizing the unsafe acts and working conditions
- Promoting comprehensive programmes to propagate health and environmental safety.

TNPL uses bagasse, a sugarcane residue, as primary raw material for producing newsprint and printing & writing paper. The usage of 1 million tonnes of bagasse for manufacture of newsprint and printing and writing paper prevents denudation of trees in about 40,000 acres of land every year.

To harness wind energy, the Company had set up a 15 MW wind farm in Tirunelveli District during 1993-94. The installed capacity has been enhanced to 35.5 MW as of March 2007 in five phases with an average generation of about 5.5 crore units of electricity per annum.

The Company has always been innovative in converting waste into wealth. The Bio-Methanation plant set up during 2003-04 has generated 231.50 lakh m³ of methane gas from bagasse wash water. The methane gas has been used in lime kiln in replacement of 13,025 KL furnace oil up to 31.3.2008.

The Confederation of Indian Industry (CII) has recognized the Bio-Methanation plant as "Innovative Project" and bestowed on the Company the award "Excellence in Energy Management". Besides availing CDM benefits for two projects, the Company has identified four more projects for availing CDM benefits.

In furthering the concept of converting waste into wealth, TNPL proposes to install a 400 tpd dry process Cement Plant within the factory complex for converting the waste fly ash and lime sludge generated in the factory, into high quality cement.

The Centre for Science and Environment-Green Rating Project, New Delhi has awarded "3 Leaves" to TNPL in 2004 for innovative measures to reduce water consumption.

The Company has received the prestigious TERI Corporate Environmental Award 2008 for its efforts towards environmental management and innovative initiatives among corporates with a turnover of over Rs. 500 crore.

The effluent water from the plant is treated in a state-of-the-art effluent treatment plant through an "Activated Sludge Process". The treated effluent water conforming to Tamil Nadu Pollution Control Board norms is utilized for irrigating the dry barren lands around the mill. About 1,700 acres of arid land is irrigated under TEWLIS scheme. The main crops cultivated in the ayacut area are coconut, sugarcane, paddy and tapioca. The lands which were once dry and parched are lush green now.

Energy



Paper manufacturing is energy intensive consuming about 6-7 MT of steam and 1400-1500 units of power. TNPL takes continuous measures to keep energy consumption at optimum level. Energy Audit is conducted through independent external agencies regularly. These measures have enabled the Company to achieve a good reduction in energy consumption in many areas.

Captive Power Plant

The Company meets its entire power requirements through captive generation. The Company has five turbo generators with a capacity of 81.12 MW. Surplus power is exported to the State grid.



A view of the Power Boiler House

Green power from Wind Farm

TNPL set up its first 15 MW wind farm power project at Devarkulam and Perungudi, the backward villages in Tirunelveli District in the year 1993-94. The Company has enhanced the wind farm capacity to 35.5 MW in 5 phases. The wind farms generate about 5.5



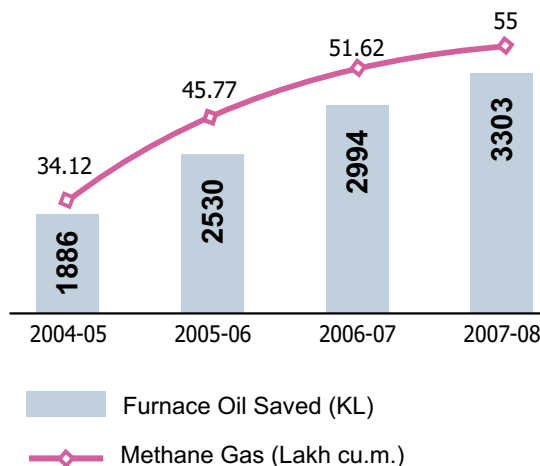
Windfarm

crore units of electricity per annum. The entire green power is exported to the State grid.

Two phases of wind farm of a total capacity of 6.75 MW have been registered with UNFCCC and 44,672 CERs have been received under Clean Development Mechanism (CDM) for the period upto July 2007.

Bio-energy

The methane gas generated in Bio-methanation plant from bagasse wash water is used in lime kiln in replacement of furnace oil. The Company has saved usage of 10,713 KL furnace oil during the last 4 years as below:



Corporate Social Responsibility (CSR)

As a part of its commitment to the society, TNPL has implemented several community welfare measures for the benefit of people living around the factory.

Education: A modern school providing educational facilities up to 12th Standard, is functioning in the township. The Company is also providing financial assistance to the Government Schools around the factory for improving the infrastructure and lab facilities in the schools.

Career and Knowledge Development: The Company has set up a Computer Training Centre and an Apparel Training Centre to provide one year training to the unemployed persons in the neighbourhood. The Company has also set up a 'Centre for Career Development' for training local educated youths for competitive examinations.

Drinking Water Facility: The Company is providing drinking water to the nearby villages by laying pipelines from the factory.

Medical Health: The Company conducts regular medical camps and special medical camps in the neighbouring villages for the benefit of local public.

Infrastructure and Road Improvements: The Company has provided drainage facilities, culverts, street lights, roads in the neighbourhood.

Sports Development: The Company has hosted some of the District and State level athletic championships conducted in Karur district. Youngsters from neighbouring villages are trained in various athletics discipline.



Computer Training Centre

Livestock and Cattle Care: Cattle Care programmes are organized in the neighbouring villages in association with Department of Animal Husbandry, Karur once in two months.

Development of Tamil Language and Culture: The Company has extended financial assistance for development of rural heritage and cultural activities. The Company also celebrates Pongal, the harvest festival in Tamil Nadu as Community Pongal inside the factory campus with the people from the neighbouring villages participating in the celebration.

TNPL Effluent Water Lift Irrigation Society: TNPL has formulated a scheme for utilizing treated effluent water generated by them for on-land irrigation. The scheme formulated through TNPL Effluent Water Lift Irrigation Society (TEWLIS) irrigates about 1700 acres of arid lands surrounding the factory premises.

Other Welfare Activities:

Talent-expo: The Company conducts "Talent-Expo" to provide a platform to the students from rural and semi-urban areas to exhibit their multifarious talents. More than 1000 students from more than 25 schools are expected to participate in various competitions in Talent Expo 2008-09.

TNPL Arakkodai: The Company registered a Trust called "TNPL Arakkodai" with a corpus of Rs.1 Crore to provide financial assistance to the poor for educational and medical purposes.



Celebration of Community Pongal in the factory

Products



TNPL brings a range of high-quality surface sized and non-surface sized Papers to suit the requirements of modern high speed printing machines. TNPL's cutting edge technology along with a team of dedicated trained professionals ensure that customers always get quality products. State-of-the-art 'Online Process Control Systems' in the manufacturing processes measure and control the critical parameters on line.

TNPL Ultra White Maplitho

A premium product with superior brightness and opacity. Superbly engineered to suit high-quality, high-resolution, multi-colour printing. Ideal for high-end segment and diaries, calendars and Annual Reports and multi-colour printing.

Elegant Printing

A popular choice of printers. With a combination of high brightness and excellent surface finish, it is best suited for diaries, calendars, posters, Annual Reports and quality text books. An ideal paper for varnishing.

Hi-Tech Maplitho

Hi-bright, hi-strength, hi-stiff paper in a pleasant shade with improved optical properties. Economical product for quality multi-colour printing and hi-speed web offset printing.

TNPL Maplitho

A product with entry level surface sizing provided with good bonding strength. It is suitable for high speed single and double colour commercial offset printing.

Radiant Printing

A non-surface sized, High-Bright and High-strength paper. It is a economical and customer friendly paper for commercial grade printing. Suitable for textbooks and brochures. Best suited for Student Notebooks.

TNPL Offset Printing

Bright and endowed with superior internal bonding strength, it renders good functional properties. It is ideal for high speed commercial offset printing. Also best suited for Student Notebooks and continuous computer stationery.

CreamWove

A traditional product by its name but not away from quality. With its properties it gives complete satisfaction to the customers. It is ideal for Examination papers and text books.

TNPL branded products

Copy Crown

A super bright office paper known for high opacity. Cut size, and packed using the world's best technology giving perfect dimensions. CopyCrown comes in attractive, compact and convenient packages. Available in A4 size 80 GSM 500 sheet packs, this multi-functional paper is designed to meet all the printing needs of a modern office. Ideally suited for Laser, Inkjet, Plain Paper Fax and Digital copiers for sharp contrast and image clarity. It is equally suitable for office letterheads and documentation.

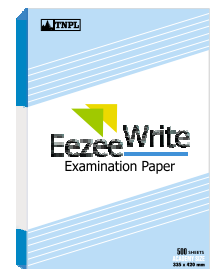


TNPL Copier

A widely known international standard copier paper. Comes in 80 GSM and 75 GSM. Available in A4, A3 and Legal sizes. Its ability to give clear and hi-speed copies has been well proven. Armed with excellent dimensional stability and specially treated for better curl resistance, TNPL Copier ensures "absolute copying freedom".

Eezee Write

Packaged writing paper. Ready-to-use Academy size and cut packed in protective package. Its bright, smooth surface is excellent for writing.



Eco-Friendly Soft-bound Notebooks

Bright, Strong & Smooth pages encased between excellent wrappers. The durable binding and trendy designs are the best in the market. Most affordable price and popular sizes for schools and colleges available.



A view of TNPL factory

NOTICE

NOTICE is hereby given that the Twentyeighth Annual General Meeting of the Members of Tamil Nadu Newsprint and Papers Limited will be held on Friday the 29th August 2008 at 10.25 AM at the Music Academy Main Hall, 168 T T K Road, Alwarpet, Chennai 600 014 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2008, Balance Sheet as at 31st March 2008 and the Directors' Report and Auditors' Report thereon.
2. To declare dividend
3. To appoint a Director in the place of Thiru V R Mehta, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Thiru V Narayanan, who retires by rotation and being eligible offers himself for reappointment
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY resolution:

RESOLVED THAT consent of the Company be and is hereby accorded for the payment of remuneration of Rs.3,50,000/- to M/s.Maharaj N R Suresh & Co., Statutory Auditors, besides reimbursement of travelling and out of pocket expenses at actuals subject to other terms and conditions laid down by the Office of the Comptroller and Auditor General of India in their letter No CA V/COY/Tamil Nadu, TNEWSP(1)/96 dt.31.7.2007

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution :
RESOLVED THAT Thiru M F Farooqui IAS be and is hereby appointed as Director of the Company.
7. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution :
RESOLVED THAT Tmt.Anita Praveen IAS be and is hereby appointed as Director of the Company.
8. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution :
RESOLVED THAT Thiru Atulya Misra IAS be and is hereby appointed as Director of the Company.
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY Resolution :
RESOLVED THAT pursuant to the provisions of Secs.198,269, 309 and 310 and other applicable provisions of the Companies Act, 1956 and Art.140 of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the members of the Company be and is hereby accorded to the appointment of Thiru Md.Nasimuddin IAS as Managing Director of the company w.e.f.21.2.08 on such terms and conditions and such remuneration as may be prescribed by the Government of Tamil Nadu from time to time.

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY Resolution :

RESOLVED THAT consent of the company be and is hereby accorded to the appointment of Thiru A Velliangiri as Wholetime Director, designated as Deputy Managing Director of the company for a period of five years with effect from 19th December 2007

FURTHER RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions and Schedule XIII of the Companies Act, 1956, consent of the members of the company be and is hereby accorded for payment of remuneration to Thiru A Velliangiri as below with effect from 19th December 2007 notwithstanding the absence or inadequacy of profits during any financial year.

	Rs.
Basic Pay	90000
Special Pay	20000
Dearness Allowance	17678
House Rent Allowance	38500
Other Allowances	30626
Provident Fund and Superannuation Fund to be paid at 12% and 14% respectively on the Basic Pay plus Special Pay and Dearness Allowance.	
Mr. A. Velliangiri will be governed by the rules and regulations of TNPL.	

FURTHER RESOLVED THAT Thiru A Velliangiri will not be entitled to any sitting fee for attending the meeting of the Board or any Committee thereof

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL Resolution:

RESOLVED THAT the consent of the company be and is hereby accorded to the Board of Directors under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money from time to time notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the company in any financial year (apart from temporary loans obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed the aggregate sum total of Rs.1500 crores (Rupees One thousand five hundred crores only) comprising of both Rupee loan and Foreign Currency loan.

BY ORDER OF THE BOARD

Place : Chennai
Date : 29th May 2008

A VELLIANGIRI
DY.MANAGING DIRECTOR

NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) Proxies in order to be effective, must be lodged with the Company not later than 48 hours before the meeting.

- 3) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out under Items 6-11 is annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from 20.8.08 to 29.8.08 (both days inclusive).
- 5) The dividend for the year ended 31st March 2008 as recommended by the Board, if sanctioned at the meeting, will be paid to those members whose names appear in the company's Register of Members on 29th August 2008. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services(India) Limited for this purpose.
- 6) In accordance with the provisions of Sec.205A(5) of the Companies Act, 1956, the unclaimed dividend pertaining to the years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 would remain with the company for a period of 7 years, upon expiry of which they will be transferred to 'The Investor Education and Protection Fund'.
- 7) Members who have not encashed their dividend warrant(s) so far for the financial year ended 31st March 2002 or any subsequent financial year(s) are requested to make their claim to the company or to the company's Registrar and Share Transfer Agents.
- 8) Members are requested to quote their Registered Folio No. or Depository Participant Id.No. and Client Id No. in all their correspondences and notify promptly change, if any, in their Address/ bank mandate to the company's Registrar and Share Transfer Agents viz.Cameo Corporate Services Limited Unit : Tamil Nadu Newsprint and Papers Limited, 'Subramanian Building', 1 Club House Road, Chennai 600 002
- 9) Members/Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
- 10) Members are requested to bring their copies of Annual Report for the meeting. Copies of the Annual Report will not be distributed at the Annual General Meeting.
- 11) Equity shares of the company have been placed under Compulsory Demat Trading w.e.f. 8.5.2000. Members who have not dematerialised their physical holding in the company are advised to avail the facility of dematerialisation of equity shares of the company.
- 12) Members holding shares under different folios in the same names are requested to apply for consolidation of folios and send relevant share certificates to the Company's Registrar and Share Transfer Agents.

ANNEXURE TO THE NOTICE

Notes on directors seeking appointment/ re-appointment as required under Clause 49 of the Listing Agreement entered into with Stock Exchanges:

Profile of Directors being appointed / reappointed

ITEM NO. 3

Name : Thiru V R Mehta

Age : 74 years

Qualification : An Honours degree in Engineering from BITS, Pilani

Experience : Thiru V R Mehta worked as a Senior Expert in the Asian Development Bank (ADB), Manila, for over 14 years dealing with evaluation and implementation of transport, power and industry sector projects in Bangladesh, China, Fiji, Indonesia, Malaysia, Maldives, Nepal, Pakistan, Philippines and Thailand.

Prior to joining the ADB, Thiru V R Mehta served in the Government of India in the Ministry of Shipping & Transport for 6 years, first as Director and then as Joint Secretary, with the charge of all the major ports in the country. During his tenure, a number of mega port projects such as the Haldia, Madras, Paradeep, Vizag and Goa port expansions were evaluated and implemented. Thiru V R Mehta is the founder Managing Director of the Dredging Corporation of India.

Thiru V R Mehta had earlier served for about 17 years in various senior positions in the Railway Board and the zonal railways. Thiru V R Mehta has been closely associated with the charitable work of Jaipur Foot (artificial limbs) and Mother Teresa and has also co-authored a book on Mother Teresa.

Thiru V R Mehta does not hold any shares in TNPL. His directorships in other companies as on date are as follows:

Company	Position	Committee Membership
1. Southern Petrochemical Industries Corporation Ltd.	Director	NIL
2. Tata Motors Limited, Mumbai	-do-	NIL
3. Tata Motor Finance Ltd., Mumbai	-do-	NIL
4. Telco Construction Equipment Co.Ltd., Bangalore	-do-	NIL
5. T T Limited, New Delhi	-do-	NIL

ITEM NO. 4

Name : Thiru V Narayanan

Age : 70 years

Qualification : M.Sc.(Chemistry)

Experience : Thiru V Narayanan has more than 48 years of experience in Management. He has held several positions in Hindustan Lever Ltd., both in India and in the U.K. Subsequently he had joined Pond's (India) Ltd. and was its Chairman and Managing Director for over 15 years. He is currently on the Board of several reputed companies.

Thiru V Narayanan does not hold any shares in TNPL. His Directorships and Committee Memberships of other Companies are as follows:

Company	Position	Committee Membership
M M Forgings Limited	Chairman	Audit Committee-Chairman
UCAL Fuel Systems Limited	Chairman	Audit Committee-Chairman

Company	Position	Committee Membership
Bata India Limited	Director	Remuneration Committee-Member Audit Committee-Chairman
Samtel Color Limited	Director	–
Glaxo Smithkline Pharmaceuticals Ltd.	-do-	Remuneration Committee-Member Audit Committee-Member
Samcor Glass Limited	-do-	
Rane(Madras) Limited	-do-	Audit Committee-Chairman
Lafarge India Pvt.Ltd.	-do-	
Sundaram Fasteners Limited	-do-	Audit Committee-Member
Rane Holdings Limited	-do-	

ITEM NO. 6

Name : Thiru M F Farooqui IAS

Age : 54 years

Qualification : M.Sc. (Phy.) Electronics, MBA (Fin.)

Experience : Thiru M F Farooqui IAS belongs to 1978 batch of Indian Administrative Service. Currently, he holds the position of Industries Secretary, Govt. of Tamil Nadu

Thiru M F Farooqui IAS does not hold any shares in TNPL. His Directorships and Committee Memberships of other companies are as follows:

Company	Position	Committee Membership
Titan Industries Limited	Chairman	NIL
Tamilnadu Petroproducts Limited	Chairman	NIL
Tidel Park Limited	Director	NIL
Southern Petrochemical Industries Corporation Limited	Director	NIL
Tamil Nadu Industrial Development Corpn.Ltd.	Director	NIL
State Industries Promotion Corporation of Tamil Nadu Ltd.	Director	NIL
Neyveli Lignite Corporation Ltd.	Director	NIL
Chennai Petroleum Corpn.Ltd.	Director	NIL

ITEM NO. 7

Name : Tmt. Anita Praveen IAS

Age : 43 years

Qualification : M.Sc.(Zoo), PGDBA

Experience : Tmt. Anita Praveen IAS belongs to the 1989 batch of Indian Administrative Service. She presently holds the position of Special Secretary to Government, Finance Department

Tmt.Anita Praveen IAS does not hold any shares in TNPL. Her Directorships and Committee Memberships of other companies are as follows:

Company	Position	Committee Membership
State Industries Promotion Corporation of Tamil Nadu	Director	NIL
Tamil Nadu Corpn. For Development of Women	Director	NIL
Electronics Corpn. Of Tamil Nadu	Director	NIL
Tidel Park Limited	Director	NIL
Tidel Park Coimbatore Limited	Director	NIL

ITEM NO. 8

Name : Thiru Atulya Misra IAS

Age : 42 years

Qualification : M.Sc. Cer. In PPP (IDS, Sussex, UK)
MPP (Texas, U.S.A.) & TERI Univ.
New Delhi, SWY (UNU,Tokyo)

Experience : Thiru Atulya Misra IAS belongs to the 1988 batch of Indian Administrative Service. He presently holds the position of Commissioner of Sugar

Thiru Atulya Misra IAS does not hold any shares in TNPL. His Directorships and Committee Memberships of other companies are as follows:

Company	Position	Committee Membership
Tamil Nadu Sugar Corpn. Ltd.	Chairman & Managing Director	NIL
Perambalur Sugar Mills Ltd.	Chairman & Managing Director	NIL

ITEM NO. 9

Name : Thiru Md.Nasimuddin IAS
 Age : 44 years
 Qualification : B.A. (Hons.), M.A. (History), MBA (Birmingham, U.K.)
 Experience : Thiru Md.Nasimuddin IAS belongs to the 1989 batch of Indian Administrative Service.

Thiru Md.Nasimuddin IAS does not hold any shares in TNPL. His Directorships and Committee Memberships of other companies are as follows:

Company	Position	Committee Membership
Tamil Nadu Sugar Corpn.Ltd.	Director	NIL

ITEM NO. 10

Name : Thiru A Velliangiri
 Age : 58 yrs.
 Qualification : B.Com., FCA, FCS, FICWA, MBA, DMA (ICA)
 Experience : Thiru A Velliangiri has 35 years of experience in Finance, Accounts, Costing, Projects, Secretarial & Legal. He served as Director (Finance) and Secretary of the Company for twelve and half years since 25.5.1995. He has been reappointed on contractual basis as Deputy Managing Director of the company w.e.f. 19.12.2007 for a period of five years.

He is the winner of CFO Awards 2006 – Excellence in Finance in a PSU instituted by IMA India, New Delhi.

Thiru A Velliangiri does not hold any shares in TNPL. His Directorships and Committee Memberships of other companies are Nil.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 6

The Board of Directors of your Company have appointed Thiru M F Farooqui IAS as an additional Director with effect from 22.11.2007. As an additional Director Thiru M F Farooqui IAS will hold the office of Director upto the date of AGM.

Notice has been received under Section 257 of the Companies Act, 1956 from a member of his intention to propose the candidature for directorship of Thiru M F Farooqui IAS. This may also be treated as individual notice under Sec.257(1A) of the Companies Act, 1956.

Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the Company other than Thiru M F Farooqui IAS is interested or concerned in the resolution.

ITEM NO. 7

The Board of Directors of your Company have appointed Tmt.Anita Praveen IAS as an additional Director with effect from 6.12.2007. As an additional Director Tmt.Anita Praveen IAS will hold the office of Director upto the date of AGM.

Notice has been received under Section 257 of the Companies Act, 1956 from a member of his intention to propose the candidature for directorship of Tmt.Anita Praveen IAS. This may also be treated as individual notice under Sec.257(1A) of the Companies Act, 1956.

Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the Company other than Tmt.Anita Praveen IAS is interested or concerned in the resolution.

ITEM NO. 8

The Board of Directors of your Company have appointed Thiru Atulya Misra IAS as an additional Director with effect from

25.3.2008. As an additional Director Thiru Atulya Misra IAS will hold the office of Director upto the date of AGM.

Notice has been received under Section 257 of the Companies Act, 1956 from a member of his intention to propose the candidature for directorship of Thiru Atulya Misra IAS. This may also be treated as individual notice under Sec.257(1A) of the Companies Act, 1956.

Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the Company other than Thiru Atulya Misra IAS is interested or concerned in the resolution.

ITEM NO. 9

Pursuant to G.O.Rt.No.661 Public (Special A) Department dt.19.2.08 issued by the Govt. of Tamil Nadu and in terms of Article 139 of the Articles of Association of the Company, the Board of Directors have passed a resolution appointing Thiru Md.Nasimuddin IAS as Managing Director of the Company with effect from 21.2.08.

Under Sec.269 read with Schedule XIII of the Companies Act, appointment of Managing Director has to be approved by the Members of the company in general meeting. The terms and conditions of his appointment including remuneration payable to him are governed by the orders of the Govt. of Tamil Nadu vide G.O.Ms.No.167 Public (Special A) Department dt.21.2.94 read with G.O.Ms.No.495 Finance(BPE) Department dt.18.7.88. Copies of the abovesaid orders are available for inspection by any of the shareholders at the Registered Office of the company.

Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the Company other than Thiru Md. Nasimuddin IAS is interested in the resolution.

ITEM NO. 10

Thiru A Velliangiri joined TNPL in May 1995 as Director (Finance). He has been with TNPL for the past 12½ years. Considering the rich experience and the past performance of Thiru A Velliangiri in the company, the Board appointed Thiru A Velliangiri as Deputy Managing Director on contractual basis for a period of five years as per the terms set out in the notice.

Thiru A Velliangiri will hold office upto the date of forthcoming Annual General Meeting and is eligible for appointment as Director in the Annual General Meeting.

Notice has been received under Section 257 of the Companies Act, 1956 from a member of his intention to propose the candidature for directorship of Thiru A Velliangiri. This may also be treated as individual notice under Sec.257(1A) of the Companies Act, 1956.

Your Directors recommend this resolution for approval of the members of the Company.

None of the Directors of the Company other than Thiru A Velliangiri is interested or concerned in the resolution.

ITEM NO. 11

The shareholders of the company at the Extraordinary General Meeting held on 26th February 1993 passed the resolution giving consent in terms of Section 293(1)(d) of the Companies Act,

1956 to enhance the borrowing powers of the company by US \$ 75 million (in different foreign currencies) besides the then existing limit of Rs.500 crore. Since then the borrowing powers of the company stand as Rs.500 crores in Indian currency and US \$ 75 million in foreign currencies.

Now, the company is implementing the Mill Expansion Plan and a mini cement plant of 400 tpd at a total capital outlay of Rs.780 crores. The company proposes to borrow Rs.550-Rs.600 crore from the market for implementing the above projects. Hence an enhancement of the borrowing powers is necessitated. It is proposed to increase the overall borrowing powers to Rs.1500 crore comprising of both Rupee loan and foreign currency loans depending on the sources and the cost.

None of the Directors of the company is interested in the above resolution.

The documents referred to in the notice and the explanatory statement will be available for inspection at the registered office of the company on any working day during business hours of the company.

BY ORDER OF THE BOARD

Registered Office :
67 Mount Road
Guindy
Chennai 600 032

A VELLIANGIRI
DY. MANAGING DIRECTOR

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the Twentyeighth Annual Report and the Audited Accounts of your Company for the financial year ended 31.3.2008.

1. FINANCIAL RESULTS

Particulars	(Rs. in crore)	
	2007-08	2006-07
Particulars		
Sales	938.53	854.84
Other income	31.13	25.56
Operating Profit (PBIDT)	263.00	214.55
Interest and Finance charges	24.24	20.52
Gross Profit (PBDT)	238.76	194.03
Depreciation	75.54	66.74
Profit before Prior Period/ Exceptional items	163.22	127.29
Prior Period/Exceptional items	(0.15)	(2.27)
Profit before tax	163.06	125.02
Provision for taxation		
- Current tax	18.40	39.60
- Deferred Tax	42.14	(1.92)
- Fringe Benefit Tax	0.59	0.53
- Excess provision of Income	(1.22)	(0.75)
Tax written back		
- MAT Credit	(9.68)	-
Profit after tax	112.83	86.06
Balance brought forward	20.03	20.05
Profit Available for appropriation	132.86	106.11
APPROPRIATIONS		
Transfer to General Reserve	74.00	54.00
Interim dividend	13.84	10.38
Proposed Dividend	17.30	17.30
Tax on Dividend	5.30	4.40
Balance carried forward	22.42	20.03
	132.86	106.11

2. DIVIDEND

Your company has paid Interim Dividend of 20% during November 2007. Your Directors are pleased to recommend final dividend of 25% for the financial year ended 31.3.2008. The final dividend, if approved by the shareholders, will be paid to all the equity shareholders whose names appear in the Register of Members as on 29.08.08. Total dividend of 45% for the year 2007-08 would absorb Rs 3114.48 lakhs.

3. OVERALL PERFORMANCE

The production and capacity utilization are given hereunder:

(Figures in MTs)

Particulars	2007-08			2006-07		
	PM I	PM II	Total	PM I	PM II	Total
Newsprint	—	—	—	—	2950	2950
PWP	116284	129187	245471	111090	117120	228211
Total	116284	129187	245471	111090	120070	231161
Capacity Utilisation (%)	106.76%			100.5%		

Your company has achieved an overall capacity utilization of 106.76% against 100.5% in the previous year. The production was higher by 14310 MT over the previous year.

Considering the market demand and the economics, your company has produced printing & writing paper 100% during the year. Your company's strategy of keeping the product mix flexible between newsprint and printing & writing paper has improved the sales revenue and the profit.

During the year, your company has exported 42492 MT of printing & writing paper against 52712 MT in the previous year. Your company has sold the entire production and achieved zero stock of finished goods as on 31.3.2008. This is the 17th year in which your company has achieved 'zero stock' of finished goods at the end of the financial year. This is a unique record in the Paper Industry.

In-house hardwood pulp production reached a new peak of 42357 MT. This is the eighth year in which your company has increased the hardwood pulp production in a row. Your company has produced 4143.98 lakh units of power during the year against 4492.62 lakh units in the previous year. Of this, 610.45 lakh units were exported to the State grid against 1057.78 lakh units in the previous year. Consequent to the steep rise in coal price, export of power generated through condensation mode has become uneconomical. Hence, export of power is restricted to the barest minimum since September 2007. During the year, your company has drawn only 24.31 lakh units of power from the State grid, equivalent to 0.68 % of the total consumption.

With the good monsoon and higher sugar cane production, bagasse availability has increased. The bagasse stock at the end of the financial year was 294805 MT. With adequate quantity of bagasse available from the nearby sugar mills, your company has stopped procuring bagasse from distant sources to keep the cost low. There was no water shortage during the year. Your company has maintained water conservation measures and kept the water consumption at 108 Kl per MT of finished production.

Your company had set up a bio-methanation plant during 2003-04 for generating methane gas from bagasse wash water. The bio-methanation plant upto 31.3.2008 has generated 231.50 Lakh M³ of methane gas. The methane

gas has been used as fuel in the lime-kiln in replacement of 13025 Kl. of furnace oil upto 31.3.2008 facilitating improvement in the environment and savings in the operational cost. Your company has registered the project under Clean Development Mechanism (CDM) with UNFCCC with the distinction of this being the country's first CDM Project in the waste management sector. Your company has taken steps to double the capacity of Bio-methanation Plant. The increased capacity will become operational from June 2008.

4. MARKET TRENDS

Newsprint market which was dormant during the year upto December 2007 with Imported Newsprint price in the range of USD 650-USD 730 per MT. and domestic Newsprint in the range of Rs. 28000-30000 PMT. With the closing down of some of the Newsprint manufacturing facilities in China, Russia and Canada and demand supply mismatches, Newsprint price hardened from January 2008. The imported Newsprint price increased to about USD 750-800 per MT for supplies during April-June 2008. Newsprint price in the domestic market increased to about Rs.35000 per MT for supplies during April-June 2008.

The Soft wood Pulp price in the International market increased from USD 698 Per ADMT during January-March 2007 to USD 723 per ADMT during April-June 2007, USD 729 per ADMT during October-December 2007 and USD 739 per ADMT during January-March 2008. The hardwood pulp price increased from USD 588 per ADMT during January-March 2007 to USD 604 Per ADMT during April-June 2007, USD 658 Per ADMT during July-September 2007, USD 684 per ADMT during October-December 2007 and USD 750 per ADMT during January to March 2008. Under the Mill Development Plan being implemented, the pulp production capacity has been increased from 520 tpd to 720 tpd. Consequent to the increase in capacity, the usage of imported hardwood pulp will be avoided from June 2008.

As the demand for copier paper is on the rise, your company has increased the production of Copier paper to 50133 MT during the year against 44403 MT in the previous year. This is the fifth year in which your company has increased the copier production in a row. TNPL Copier and Copy Crown have become a household name in the copier segment. Your company has also increased the production of Ultrawhite Maplitho, Elegant Printing and Offset printing paper to 62112 MT during the year against 55330 MT in the previous year.

5. OUTLOOK

The Newsprint consumption is expected to grow by 5% per annum and printing & writing paper by 9-10% per annum. Within the printing & writing paper segment, non-surfaced paper is expected to grow by 7-8% per annum, Surface sized paper by 8-9% and Copier paper by 15-17%. In tandem with the increase in pulp prices, paper prices have also increased both in the International market and the domestic market during the year. Both pulp and paper prices are likely to remain firm during the year 2008-09 also.

Newsprint price started firming up from January 2008. The imported newsprint price increased to USD 750-800

per MT for supplies during April-June 2008. With the closing down of few unviable newsprint manufacturing facilities in Russia, China and Canada and demand exceeding supplies, the newsprint price is likely to go up further in the ensuing months.

6. HIGHLIGHTS OF THE YEAR

- Achieved the highest production of 245471 MT and the highest sales of 245471 MT. Both Production and sales during the year were higher by 14310 MT over the previous year.
- Achieved the highest production of 50133 MT of TNPL Copier Paper against 44403 MT in the previous year.
- Achieved highest Hardwood Pulp production of 42,357 MT against 41965 MT in the previous year. This is the eighth consecutive year in which the company has increased the Hardwood Pulp production.
- Exported 42492 MT of Printing & Writing Paper during the year. This is the highest export of wood free uncoated printing & writing paper from India during 2007-08.
- Implemented Farm Forestry Scheme in 10552.94 acres benefiting 2152 farmers in 15 districts and Captive Plantation in 63.55 acres. Total area covered under Farm Forestry Scheme and Captive Plantation during the year is 10616.49 acres against 10031 acres in the previous year.
- Achieved Zero Stock of finished goods (NP &PWP) at the end of the financial year. This is the 17th year in which your company has achieved Zero Stock (NP & PWP) at the end of the financial year.
- Received the Special Export Award from CAPEXIL for the Ninth consecutive year in recognition of the outstanding export performance.
- The Mill Development Plan has been implemented in all respects during May 2008. All the new assets are operational from May 2008.
- Processed 2110886 M³ of Black liquor in energy efficient falling film evaporator, against 1757736 M³ in the previous year.
- A state-of-the-art Clonal Propagation and Research Centre (CPRC) has been established with infrastructure such as Tissue Culture Laboratory, Clonal Mini Garden, Mist Chambers, Hardening Chamber and open Nursery for producing about 1.5 crore superior quality Clonal plants per annum. It is a milestone in the history of plantation in India as it is the largest Clonal Propagation and Research Centre in a single location with world-class infrastructure facilities.
- Two phases of Wind Farm with a total capacity of 6.75 MW have been registered with UNFCCC and 44672 CERs valuing Rs 3.73 crore have been obtained.
- The Bio-Methanation plant has generated 55 lakh cubic meters of Methane gas from bagasse wash water during April 2007 to March 2008. The methane gas was used in the lime kiln in replacement of 3303 Kl of furnace oil.
- Initiated steps to implement the Mill Expansion Plan at a cost of Rs.725 crore for augmenting paper production

capacity from 2,45,000 tonnes per annum to 4,00,000 tonnes per annum through installing a state-of-the-art paper machine with a capacity of 1,55,000 tonnes per annum. The project will be completed by March 2010.

- Initiated steps to set up a 400 tonnes per day Mini Cement Plant at a cost of Rs.45 crore and also has taken steps to develop an Information Technology park in the 63.5 grounds of vacant land in the Industrial Estate at Ambattur, Tiruvallur District. These projects will be completed by March 2010.
- Initiated action for the Life Cycle Extension of the first paper machine by replacement of the Head Box with a new state-of-the-art dilution control Head Box and other improvements in Press Frames, Size Press, Calendar etc. The project will be completed during the current year.
- Received the best Energy Conservation Award in December 2007 from the Government of Tamil Nadu.
- During 2007-08, TNPL spent Rs 35.75 lakh for community development activities under Corporate Social Responsibility. A trust in the name of "TNPL Arakkodai" was formed during 2007-08 with a corpus of Rs 1.00 crore to provide community development measures in the neighbourhood. A sum of Rs 1.05 crore has been set apart for community development measures under Corporate Social Responsibility for the year 2008-09.

7. WIND FARM

During the year under review, your company has generated 543.19 lakh units of wind power against 451.81 lakh units in the previous year. The wind farm, has earned a profit of Rs.17.15 lakh during the year. Your company has installed 6 nos of 1250 KVA wind energy generators during March 2007 and increased the windfarm capacity from 28 MW to 35.5 MW.

8. FIXED DEPOSITS

Your company has stopped accepting fresh deposits from 1.6.2002 and renewals from 1.8.2005. The outstanding deposits as on 31.3.2008 was Rs. 97.58 Lakhs against Rs.4.95 Crore in the previous year. Number of depositors as on 31.3.2008 was 310 against 1656 depositors in the previous year. The outstanding deposits will be repaid to depositors on due dates.

9. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred a sum of Rs.4,56,170 to the Investor Education and Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205A(5) of the Companies Act, 1956.

10. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required under Sec. 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,

1988 are furnished in the Annexures to this Report (Annexure I and II).

11. STATEMENT OF EMPLOYEES' PARTICULARS

The statement of employees, referred to in sub-section (2A) of Section 217 of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is given in Annexure- III and forms part of this report. The employee shown therein is not a relative of any director of the company.

12. DIRECTORS

Pursuant to the orders of Government of Tamil Nadu, Thiru M. F. Farooqui IAS has been co-opted as an Additional Director in place of Thiru Shaktikanta Das, IAS w.e.f. 22.11.2007. Thiru M F. Farooqui, IAS will hold office upto the date of forthcoming Annual General Meeting and is eligible for appointment as Director in the Annual General Meeting. Further, vide Government Order dt. 21.11.07, Thiru M F Farooqui IAS has been nominated as Chairman of the company.

Pursuant to the orders of Government of Tamil Nadu, Thiru Md. Nasimuddin IAS was appointed as Managing Director in place of Thiru V. Murthy, IAS Thiru Md.Nasimuddin IAS assumed charge on 21.2.2008.

Pursuant to the orders of Government of Tamil Nadu, Tmt Anita Praveen IAS has been co-opted as an Additional Director in place of Thiru K Phanindra Reddy IAS w.e.f. 6.12.2007. Tmt Anita Praveen, IAS will hold office upto the date of forthcoming Annual General Meeting and is eligible for appointment as Director in the Annual General Meeting.

Pursuant to the orders of Government of Tamil Nadu, Thiru Atulya Misra, IAS has been co-opted as an Additional Director in place of Thiru Sandeep Saxena IAS w.e.f. 25.3.2008. Thiru Atulya Misra, IAS will hold office upto the date of forthcoming Annual General Meeting and is eligible for appointment as Director in the Annual General Meeting.

Thiru A Velliangiri, formerly Director(Finance) submitted his resignation. The Board in its meeting held on 6th December 2007 appointed Thiru A Velliangiri as Deputy Managing Director on contract basis for a period of 5 years w.e.f. 19.12.07. Thiru A Velliangiri will hold office upto the date of forthcoming Annual General Meeting and is eligible for appointment as Director in the Annual General Meeting.

Tvl. V.R.Mehta and V.Narayanan, Directors retire by rotation in the forthcoming Annual General Meeting. They are eligible for re-appointment as Directors in the Annual General Meeting.

13. COST AUDITORS

Pursuant to orders of the Department of Company Affairs, M/s Sam Services, Cost Accountants, Chennai have been appointed as Cost Auditors of your Company for the year 2007-2008.

14. STATUTORY AUDITORS

In terms of Section 619(2) of the Companies Act, 1956 the Department of Company Affairs has appointed

M/s. Maharaj N R Suresh & Co., Chartered Accountants, Chennai as the Auditors of your Company for the year 2007-2008.

15. SECRETARIAL AUDITOR

Secretarial Audit of the company for the financial year ended March 31, 2008 has been carried out through M/s. R. Sridharan & Associates, Practicing Company Secretaries. The Secretarial Audit Report confirms that the company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with the Stock Exchanges and all the regulations of SEBI as applicable to the company.

16. INDUSTRIAL RELATIONS

Overall industrial relations during the year were cordial. The Directors place on record their appreciation of the valuable contribution made by the employees of your Company towards the performance and growth of your Company.

17. SOCIAL DEVELOPMENT

Your company is now well perceived as an environment caring company. It has taken up the all round development of the Kagithapuram area. Besides building up community assets, your company has promoted health camps and poverty alleviation efforts in the area.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (a) That the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) That the selected accounting policies were applied consistently and judgements and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;

(c) That the Directors have taken proper and sufficient care for the Maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) That the annual accounts were prepared for the financial year ended 31st March 2008 on a going concern basis.

19. CORPORATE GOVERNANCE

The Report on Management Discussion and Analysis and Report on Corporate Governance are forming part of Directors' Report and are annexed as Annexure – IV and Annexure V.

As required by the Listing Agreement, an Auditor's Certificate on Corporate Governance and a Declaration by the Managing Director with regard to Code of Conduct are attached to the said report.

20. CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, a Certificate on the financial statements and Cash Flow statement of the company for the year ended March 31, 2008, duly signed by the Managing Director and Deputy Managing Director was submitted to the Board of Directors at the meeting held on May 29, 2008.

21. ACKNOWLEDGEMENT

The Directors have pleasure in recording their appreciation of the assistance, co-operation and support extended to your company by the shareholders, the Govt. of Tamil Nadu, the Commercial banks, the Depositors, Sugar Mills, the indentors and the customers.

For and on behalf of the Board

MD. NASIMUDDIN, IAS
MANAGING DIRECTOR

Date: 29th May 2008
Place: Chennai 600 032

ADDENDUM TO THE DIRECTORS' REPORT

Addendum to the Directors' Report on the comments of the Statutory Auditors under Section 217 of the Companies Act, 1956 and Management's reply on the same :

Comments of the Statutory Auditors (Refer Para 4(iv) of the Auditors' Report to the Members	Reply
<p>"In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except, Accounting Standard AS-11, The Effects of changes in Foreign Exchange Rates, in respect of non recognition of the exchange fluctuation (gain) on foreign currency transactions to Profit and Loss Account, has resulted in understatement of current years' profit by Rs.927.69 lakh (previous year Rs.921.68 lakh) and understatement of Fixed Assets/Capital work in progress by Rs.1873.57 lakh (Previous year Rs.945.88 lakh)."</p> <p>(Refer Notes I(A)(e) & II(D)(e) in Schedule 21)</p>	<p>The Company has treated the exchange gains as indirect and incidental to the construction of MDP assets and accordingly has adjusted the exchange gains to the Fixed Assets / Capital Work in Progress like other income during the construction period applying the general capitalisation principles.</p> <p>The matter is being referred to the Expert Advisory Committee (EAC) of ICAI, for their opinion. On receipt of Opinion, appropriate accounting entries would be made in the books, if required.</p>

Date: 3rd June 2008
Place: Chennai 600 032

For and on behalf of the Board

MD. NASIMUDDIN, IAS
MANAGING DIRECTOR

ANNEXURE - I

PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

REPORT ON ENERGY CONSERVATION DURING THE YEAR 2007-08

I. (A) ENERGY CONSERVATION MEASURES TAKEN DURING THE YEAR 2007-08

- 1 7 Nos. Reciprocating Air Compressors replaced with 2 Nos. Energy Efficient Turbo Air compressors resulting in savings of 19,00,000 kWh per annum.
- 2 Co-Gen. Cooling Tower one of the fan (30 kW) replaced with Energy Efficient fan (22 kW) with increased air flow and achieved 65,000 kWh savings per annum.
- 3 Boiler-4 Air preheater damaged tubes replaced and arrested heavy air infiltration and power saving of 3,00,000 kWh per annum on ID and FD fans achieved.
- 4 15,500 MT of waste effluent sludge generated in the plant fired in the Boilers and saved about 2,250 MT of imported coal.
- 5 1000 Nos. of Fluorescent lamps were replaced with energy efficient lamps with annual energy savings of 55,000 units.

Total annual energy savings works out to Rs.178.0 lakh.

The Impact on cost of production is Rs.73.00 per tonne of paper.

I (B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION (AS PER "FORM B" SEE RULE 2)

I. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY

ALTERNATIVE RAW MATERIALS FOR PAPERMAKING

The suitability of alternative raw material for paper making was explored. The suitability of Bamboo available in nearby states was evaluated. Dalbergia Sisoo, Anthocephalus Cabamba, Gmelina arborea, Albizia lebbeck, Cassia siamea, Melica Duba – wood varieties were evaluated for their papermaking characteristics in comparison to Eucalyptus.

PULPING

Pulping of digester feed bagasse and reclaim feed bagasse at different chemical dosage to study its effect on pulp yield at different kappa number, was carried out.

BLEACHING

Influence of increasing sulfamic acid addition in Hypochlorite bleaching of hardwood and bagasse on reduction in brightness reversion was studied.

NEW PRODUCT DEVELOPMENT

Stationery printing – a grade of paper to cater the computer stationery segment with mechanical pulp addition for higher bulk was developed.

PRODUCT IMPROVEMENT

The Alkaline sizing of paper with AKD (Alkyl Ketene Dimer) was stabilized in both paper machines. The AKD program was fine tuned for bagasse paper in both PM1 and PM2 and total switch over to AKD sizing was made. The runnability of machines improved significantly.

Use of Cationic starch in place of amphoteric starch, to improve the surface strength of paper in terms of Viscosity velocity product (IGT), was implemented after R&D trials, with a view to reduce linting and dusting.

Use of Precipitated Calcium Carbonate (PCC) as filler for all grades, replacing existing fillers like Clay, talc and Synthetic silicates was tried on a trial basis in the paper machines, after extensive R&D trials in laboratory scale. The outcome has been encouraging and road map for 100% changeover to PCC has been made.

The ash content of paper has been increased from the average of 8% to 9% with support of cationic starch addition resulting in fiber savings.

The use of liquid methyl violet was stabilized for all paper grades

PROCESS IMPROVEMENTS

Plant trials with new conical refiners for hardwood pulp refining in PM1 for better refining performance and lower specific energy consumption, were carried out.

Trouble shooting of dye related problems, polymer related problems, printing related problems, and brightness reversion related problems were carried out.

Optimizing AKD consumption to prevent slippage of paper at winder was carried out with usage of cationic starch optimization

Improvement of paper core strength by changing Kraft quality was carried out.

ENVIRONMENT RELATED R&D

Suitability of Polyelectrolyte-Ferrous chloride combination for anaerobic effluent color removal was studied in laboratory scale. Studies were also carried out on the polymer decolorisation of different effluents with high color.

BIOTECHNOLOGY – TISSUE CULTURE

Studies were initiated to integrate the traditional rooted cutting propagation method with micro propagation method, to develop cost effective quality planting material of Eucalyptus. The mini cutting production protocol was successfully developed for the first time for E Tereticornis which is generally not amicable for mini cutting process. In addition, protocol for E.Eurograndis was also optimized.

II. BENEFITS DERIVED AS A RESULT OF ABOVE R&D

- New product introduced to cater computer stationery segment.
- Alkaline sizing with AKD has improved machine runnability, reduced sizing cost, reduced plugging of rolls, wires and felts.

- Use of Precipitated Calcium Carbonate improved paper properties such as bulk, brightness, porosity and scattering coefficient.
- Liquid methyl violet usage has reduced dye sludge generation and related problems.
- Use of Cationic starch as an alternative to amphoteric starch has reduced the cost in addition to reducing AKD consumption in sizing, resulting in reduction of slipperiness associated with excess AKD.
- Development of production protocol for E tereticornis and E Eurograndis.

III. Future plan of action

- Development of suitable Precipitated Calcium Carbonate for bagasse based paper
- Alkaline sizing with ASA (Alkenyl Succinic anhydride)
- Increasing filler loading of paper
- Development of suitable ink formulation for bagasse based paper
- Development of Wild sugarcane variety for paper making – field trials
- Studies on alternative carbon sources for enhancing biogas generation in the biomethanation plant
- Color reduction studies of effluent streams
- Alternative raw materials evaluation for paper making
- New product development based on market requirement
- Product and process improvements to improve customer satisfaction

IV. EXPENDITURE ON R&D

	Rs. In lakh
CAPITAL	21.96
RECURRING	73.80
TOTAL	95.76
Total R&D expenditure as 0.10 % on turnover	

I (C) FOREIGN EXCHANGE EARNINGS

a. Activities relating to Exports

During the year, the company exported 42492 Mts. of Printing and Writing Paper valued at Rs.146.61 crores to Armenia, Benin, Bulgaria, Eritrea, Ethiopia, Georgia, Greece, Jordan, Kenya, Malaysia, Nigeria, Oman, Romania, Sri Lanka, Sudan, Syria, Tanzania, Turkey, Yemen. Continuous efforts are taken to increase exports by exploring new markets.

b. Foreign Exchange Earnings

	Rs. In lakh
Export of NP and PWP (C&F value)	14661.14

I (D) FOREIGN EXCHANGE OUTGO

a. Imports (on CIF basis)

	(Rs. In lakh)
Raw materials	7839.08
Components, Spare parts & Chemicals	1438.76
Imported coal	11841.13
Capital goods	1996.31
Total	<u>23115.28</u>

b. Other than imports

	(Rs. In lakh)
Engineering & Supervision charges	238.13
Interest & Commitment charges	1078.76
Repayment of foreign currency loan	2730.20
Others	146.02
Total	<u>4193.11</u>

ANNEXURE II
**Form A
(See Rule 2)**
A. POWER AND FUEL CONSUMPTION
1. Power

S.NO	PARTICULARS	UOM	2007-2008 Current year	2006-2007 Previous year
(a)	Purchased			
	Unit	Lakh KWH	24.31	44.59
	Energy Charges	Rs.in lakh	89.68	163.87
	MD & Other Charges	"	378.65	345.20
	Total Charges	"	468.34	509.07
	Rate/Unit (Excluding MD&Other Charges)	Rupees	3.69	3.68
(b)	Own Generation			
(i)	Through Steam Turbine/ Generator			
	Units generated	Lakh KWH	4143.98	4492.62
	Cost / Unit (Variable Cost)	Rupees	1.86	1.75
	Units Consumed	Lakh KWH	3533.53	3434.84
	Cost / Unit (Variable Cost)	Rupees	1.82	1.68
	Units Exported to TNEB	Lakh KWH	610.45	1057.78
	Cost / Unit (Variable Cost)	Rupees	2.12	2.00
(ii)	Through Wind Turbine/ Generator *	Lakh KWH	543.19	451.81
	Cost / Unit (Total Cost)	Rupees	2.67	2.62

* Power sold to TNEB (Generation net of imports)

2. Fuel Consumed #

S. NO.	PARTICULARS	2007-2008			2006-2007		
		Qty. (MT)	Total cost Rs.lakh	Avg. rate Rs.	Qty (MT)	Total cost Rs.lakh	Avg. rate Rs.
	Fuel Purchased						
A	Indigenous Coal	14814	297.18	2006	2637	65.39	2480
B	Imported Coal	270203	8535.22	3159	370456	9534.43	2574
C	Raw Lignite	52074	854.93	1642	4343	67.52	1555
D	Furnace Oil (Kilo Litre)	7562	1483.73	19622	7760	1382.84	17819
E	Agro Fuel	23747	490.03	2064	549	7.84	1428
	Fuel - Internal Generation						
F	Pith	61385			69039		
G	MLSS Pith	15500			20626		
H	Black Liquor Solids	227371			234560		
I	Bio Methane Gas - 000 M ³	5705			5137		

Includes Fuel consumed for the Inhouse Power exported to TNEB

B. CONSUMPTION PER UNIT OF PRODUCTION OF PAPER

S.No.	PARTICULARS	UOM	Current year (1)		Previous year (2)	
			NP	P&WP	NP	P&WP
(a)	Electricity	KWH		1421	1750	1457
(b)	Ind.Coal	Kg		60	11	11
(c)	Imp.Coal	Kg		943	1210	1294
(d)	Raw Lignite	Kg		212	18	19
(e)	Furnace Oil	Ltr		31	19	34
(f)	Agro Fuel	Kg		97	2	2
(g)	Pith	Kg		250	279	298
(h)	MLSS Pith	Kg		63	83	89
(i)	Black Liquor Solids	Kg		925	877	1015
(j)	Bio-Methane Gas	000 M ³		23	12	22

ANNEXURE III

STATEMENT REQUIRED TO BE FURNISHED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, AS AMENDED BY THE COMPANIES (AMENDMENT) ACT, 1988 AND READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.2008:

Employees of the company who were employed throughout/part of the financial year and in receipt of remuneration for the year which in the aggregate was not less than Rs 2400000/-.

1. Name of employee	:	Thiru A Velliangiri
2. Designation	:	Deputy Managing Director
3. Remuneration received	:	Rs.8,99,960/-
4. Qualification	:	B.Com.,FCA, FCS, FICWA, MBA, DMA (ICA)
5. Experience of employee (Years)	:	35 years
6. Date of commencement of Employment	:	19.12.2007
7. Last employment held, designation /organization	:	Director(Finance) & Company Secretary, TNPL
8. Age (years)	:	58 years

Notes :

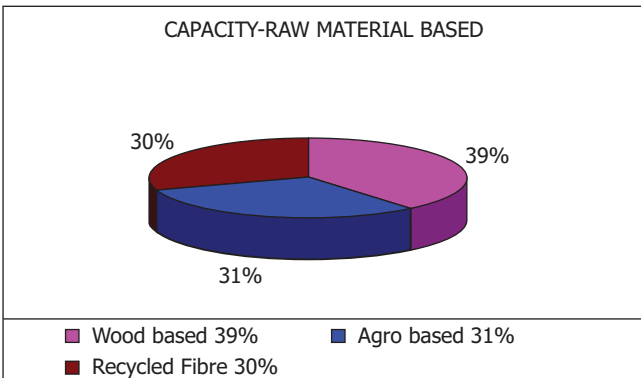
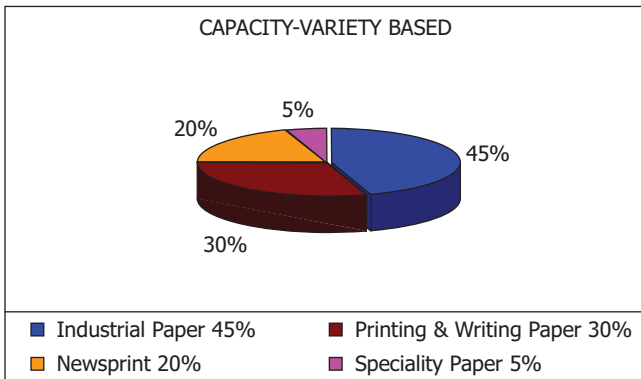
1. Sri A.Vellaingiri is not a relative to any Director.
2. Remuneration includes Salary, Allowances and contribution to Provident Fund, Superannuation Fund and Gratuity Fund.
3. The employment of Sri A.Velliangiri is contractual.

ANNEXURE IV MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY SCENARIO

The Indian Paper Industry ranks 15th among the global producers. The Industry is fragmented with over 600 units with capacity ranging from 3 tpd to 700 tpd. Total installed capacity is 8.5 Million tonnes. Production is 7.30 Million tonnes and consumption 8.30 Million tonnes. Ten top players account for 1/3rd of the production.

In the total consumption, Printing and Writing paper accounts for about 30%, Newsprint 20% and Industrial and Speciality Papers 50%. Per capita consumption is 8.3 Kg. against the world average of 55 Kg. and Asian average of 45 Kg. Of the total capacity, 39% is wood based, 31% Agro residue based and the balance 30% waste paper(recycled fibre) based. 35% of the capacity is in North, 30% in West, 30% in South and 5% in East.



With the economy growing at the rate of 8 - 8.5% per annum and literacy rate and standard of living improving, the demand for paper and paper products is growing at the rate of 8 - 9% per annum against the compounded average growth of 5 - 6% in the last three years. The demand growth in the next three years is likely to be 5% in newsprint, 7 - 8% in non-surface sized paper, 9 -10% in surface sized paper, 15% in cut size copier paper and 5% in speciality paper. India is considered as the fastest growing market in the world.

Raw materials shortage, higher capital outlay, strict environment regulations are the major entry barriers for the industry. Consequently, only very few green projects are likely to come up. Majority of "A" Grade Mills are

upgrading their production capacity with cleaner technology. Some major "B" Grade Mills are also expanding the capacity. Some small mills not complying with environmental regulations may close down their operation in course of time

With rupee strengthened against USD, Customs duty on Printing and Writing paper and Newsprint reduced to 10% and 3% respectively, the Industry is open to competition from global players. In the Union Budget 2008-09, the excise duty on PWP was reduced from 12% to 8% with effect from 1.3.2008. IPMA Member Mills have exported 181426 MT of printing & writing paper during 2007-08. Imports during 2007-08 was 318610 MT including 210090 MT of Newsprint.

II. STRATEGY

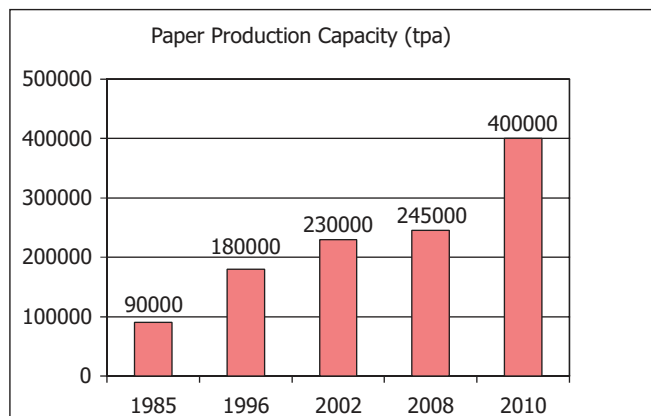
Under globalization and market driven economy, only low cost quality producers can survive in the long run. Realising this, TNPL has reoriented its strategy to impart to it the ability to meet the adverse conditions and evolve as a globally competitive low cost producer of quality products. The strategies adopted in this regard are discussed hereunder:-

1. Economies of scale with technology upgradation.
2. Strategic cost management.
3. Financial Re-engineering
4. Get Customers centric.
5. Be an innovative Company.
6. Development of Human resources

Economies of scale with technology upgradation

TNPL has grown from an initial capacity of 90000 MT per annum in 1985, to 245000 MT per annum as of date in stages.

Under the Mill Development Plan completed during May 2008, the pulp production capacity has been increased from 520 tpd to 720 tpd. The bleaching sequence has been changed from conventional bleaching to Elemental Chlorine Free bleaching. The Life Cycle Extension of Paper Machine-I taken up for implementation during the year 2007-08 will be implemented by December 2008.



Under the Mill Expansion Plan taken up for implementation during the current year (2008-09), a new state-of-art Paper Machine with a capacity of 1,55,000 MT per annum will be added for increasing the production capacity to 400,000 MT per annum. The new Paper Machine will become operational from June 2010. Continuous upgradation of technology and capacity expansion have enabled the company to achieve operational excellence.

Strategic Cost Management

TNPL has implemented several cost reduction measures to keep the cost of production low. Hardwood pulp production was increased from 41965 Mts. in 2006-07 to 42357 MTs. in 2007-08. This is the 8th year in which the Hardwood Pulp production has been raised in a row. Change over from Acid Sizing to Alkaline Sizing during the year has improved the machine runnability and reduced the finishing loss besides achieving savings in chemical consumption.

TNPL has benchmarked its operation at the micro level. This has ensured the optimum utilization of resources. "Separate Business Unit Concept" (SBUC) is being effectively practiced for evaluation of performance of various cost and service centers within the Organisation. The combination of these two tools - benchmarking and SBU concept has facilitated the company to improve the overall profitability. TNPL is self sufficient in power. Surplus power is exported to the grid.

Financial Re-Engineering

Shifting from the multi-currency world bank loan USD 45 million to US Dollar denominated FCNR(B) loan and reducing the loan repayment period from 10 years to 5 years have resulted in a saving of Rs.39.95 crore upto 7th December 2007, the last date of payment of the entire loan. Opting for fixed rate of interest for rupee loan and libor based FC loan for the Mill Development Plan has enabled the company to keep the interest and financial charges low.

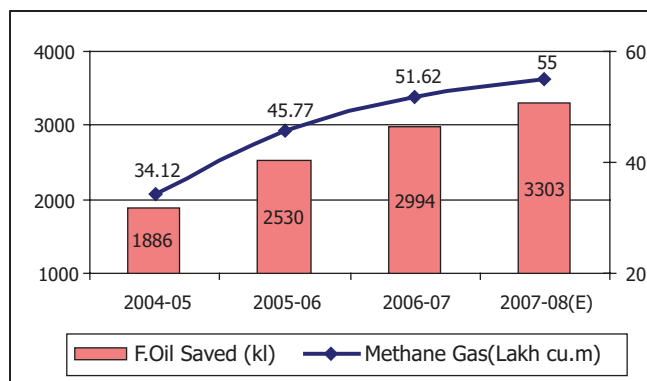
Getting Customers Centric

TNPL keeps the product mix in line with the market demand. Taking into account the market demand and the profitability, the company has produced only printing & writing paper during the year 2007-08. Copier production has been increased from 19311 mts. in 2002-03 to 50133 mts. in 2007-08 registering a compounded average growth of 21%. The elegant printing has become a star product in both the domestic and the export market. Elegant printing production was increased from 31926 mts. in 2006-07 to 36986 mts. in 2007-08. TNPL has exported 42492 mts. of uncoated Printing & Writing Paper during the year 2007-08. An optimum mix of market sales, direct sales and exports has enabled the company to obtain the best value for its products.

New Initiatives

The bio-methanation plant commissioned during the year 2003-04 for generating methane gas from bagasse wash water has generated 231.50 lakh m³ of methane gas till 31.3.2008. The methane gas used in lime kiln in replacement of furnace oil facilitated a savings of Rs.23.81

Crore upto 31.3.2008. The project has been registered with UNFCCC as the country's first CDM Project in the waste management sector. The project has generated 163209 CERs upto 31.12.07. 36000 CERs are likely to be received for the period from January 2008 to December 2008. TNPL has installed shoe press in both the paper machines and a pre-metered size press in PM I. TNPL is in the process of installing a 400 tpd cement plant for converting the mill generated lime sludge and fly ash generated into high grade cement.



Development of Human Resources

Human Resources Policy and Practices are oriented towards improving the performance of the employees. Training is imparted to improve the knowledge and skill level of the employees at all levels. TNPL encourages the employees to handle greater responsibilities. A number of projects have been carried out under TQM. TNPL has also evolved a periodical performance appraisal system. TNPL will implement Balanced Scorecard during the current year 2008-09.

III. THE SUCCESS DRIVERS

Bagasse Management

TNPL requires about 11.6 lakh tons of Wet whole bagasse for producing 2,45,000 MT of Newsprint and Printing and Writing Paper. TNPL has established tie-up arrangements with seven sugar mills for procuring bagasse in exchange of steam. With the increased availability of bagasse, procurement of bagasse is restricted to five nearby sugar mills. The remaining two mills will be operated in the coming years depending on the bagasse availability from the nearby mills. The depithed bagasse stock as on 31st March 2008 was 294805 Mts. equivalent to 421151 mts. of wet whole bagasse. No bagasse shortage is anticipated.

Pulpwood Management

With the commissioning of the new 300 tpd Hardwood Pulp line in May 2008, the pulp wood requirement has increased to 3.5 lakh tons per annum. TNPL has entered into a long term agreement with Tamil Nadu Forest Plantation Corporation Ltd (TAFCON) for procuring pulpwood. To meet the additional requirement of pulp wood, TNPL started pulpwood plantation in 2004-05. In a short span of 4 years, TNPL has raised pulpwood plantation in 29966 acres through farm forestry and captive plantation schemes including 10616 acres added during the year 2007-08. TNPL has set the task of raising the pulpwood plantation in 15000 acres per annum from the current year to reach the target of 1,00,000 acres by the year 2012-13.

TNPL has established a state-of-the-art Clonal Propagation and Research Centre(CPRC) with infrastructure such as Tissue Culture Laboratory, Clonal Mini Garden, Mist Chambers, Hardening Chamber and open nursery for producing about 1.5 crore superior quality Clonal plants per annum. The Research Centre would be a milestone in the history of pulpwood plantation in India as this is the largest Clonal Propagation and Research Centre in a single location in the country with world class infrastructure facilities.

Fuel Management

TNPL uses solid fuel for generation of steam and power. Besides solid fuel, TNPL uses agro fuel such as saw dust, paddy husk, coir pith and coconut shells, both in the main factory and the sugar mills. TNPL uses a judicious mix of imported coal, indigenous coal, lignite and agro fuel depending on the availability and economics.

Water Management

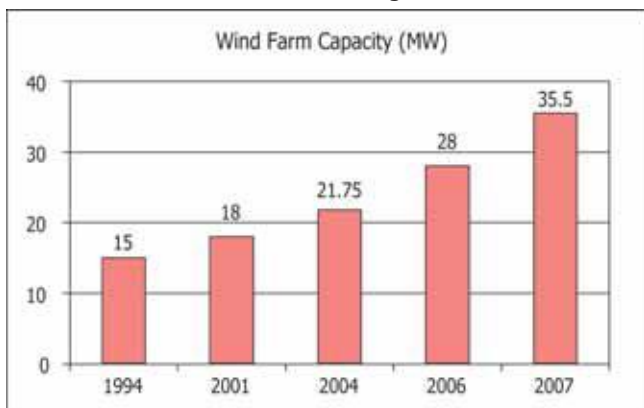
TNPL sources water from river Cauvery. TNPL has optimised the water consumption. TNPL has also installed series of rain water harvesting structures in the factory and colony premises. Fresh water consumption during 2007-08 was 108 kl. per ton of paper, which is one of the lowest in the paper industry. The Mill Development Plan implemented in May 2008 will reduce the fresh water consumption in the pulp mill in the coming months. Consequently, despite expanding the pulping capacity from 520 tpd. to 720 tpd. and increasing the paper production from 230000 tpa to 245000 tpa, water consumption will remain at the current level.

Energy Management

TNPL has five turbo generators with a power generation capacity of 81.12 MW including one new TG of 20 MW added under the Mill Development Plan during the year 2007-08. Power required for process requirement is met from the captive power generation. Surplus power is exported to the State grid. However, with the steep increase in imported coal price, the power export to the State grid has become uneconomical. Hence, since September 2007 TNPL stopped export of TG power except a small quantity.

Wind Farm for Green Power:

TNPL installed its first Wind Farm of 15 MW capacity during 1993-94 at Devarkulam and Perungudi in Tirunelveli District.



Since then, TNPL has increased the Wind Farm capacity to 35.50 MW in stages. The wind power is exported to the State grid.

Two phases of wind farm of a total capacity of 6.75 MW have been registered with UNFCCC and 44672 CERs valuing Rs.3.73 crore have been obtained. The methane gas generated in Bio-Methanation plant from bagasse wash water is used in lime kiln in replacement of furnace oil.

Marketing Management

The Newsprint and Printing & Writing paper market is highly competitive. Taking into account the market factors and the economics of producing newsprint vis-à-vis printing & writing paper, TNPL produced only Printing and Writing paper during the year 2007-08. TNPL products are marketed in all the four regions and in all segments. TNPL has developed many direct customers. TNPL commenced its first export during the year 1994-95. Since then TNPL has been exporting Printing & Writing Paper regularly. TNPL has exported 42492 mts. of PWP during the year. TNPL has increased the copier production to 50133 Mts. during the year 2007-08. The product quality is increased on a continuous basis.

Research and Development & Quality Management

Environment improvement, Development of new products and improvement of existing products are the priority areas under R&D activities. R&D efforts are also made to reduce the cost of production through usage of alternative pulps and chemicals. During the year, TNPL changed over from acid sizing to alkaline sizing. This has improved the machine runnability and reduced the finishing loss considerably.

The biotechnology division has developed mini cutting production protocol for E tereticornis, which was generally believed not amicable for mini cutting process. Protocol for E.eurograndis, commonly used species in countries like Brazil, was also optimized for mini cutting production process. The biotech division is currently engaged in the development of micro propagation technique for other pulp wood species like Causarina, Bamboo and Melia.

Excellence in Corporate Governance

The Institute of Company Secretaries of India(ICSI), New Delhi, has conferred on TNPL, the "ICSI National Award for Excellence in Corporate Governance" for the year 2004 in the category of public sector recognising the company's application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

IV. REVIEW OF OPERATIONS

During the year TNPL has produced 245471 MT paper equivalent to 106.76% of the capacity against 231161 Mt. in the previous year. Entire production was Printing & Writing paper.

During the year 2006-07, the wind farm capacity was increased from 28 MW to 35.5 MW. The wind farm has generated 543.19 lakh units of wind power during the year against 451.81 lakh units in the previous year. The entire power was exported. 4143.98 lakh units of power was generated in the captive power plant against 4492.62 lakh units in the previous year. 610.45 lakh units of captive power was exported against 1057.78 lakh units in the previous year. Total power export during the year was 1153.64 lakh units against 1509.59 lakh units in the previous year.

V. FINANCIAL REVIEW

- During the year TNPL has recorded an all time high turnover of Rs.938.53 crore against Rs.854.84 crore in the previous year, registering a growth of 9.79%. The sales include Rs.34.71 crore relating to the sale of power.
- TNPL has posted an all time high profit during the year. The Gross profit before interest and depreciation is Rs.263.00 crore against Rs. 214.55 crore in the previous year.
- Rs.24.24 crore has been provided for interest and financial charges and Rs.75.54 crore for depreciation.
- Profit before tax is Rs 163.06 crore against Rs. 125.02 Crore in the previous year. Rs.50.23 Crore has been provided for tax.
- Net profit after tax is Rs.112.83 crore, against Rs 86.06 crore in the previous year.
- Debtors outstanding as on 31/03/2008 is Rs.98.56 crore against Rs.105.33 crore as on 31/3/2007.
- The inventory as on 31/3/2008 is Rs.147.26 crore against Rs.156.38 crore in the previous year.
- Total loans outstanding as on 31/3/2008 is Rs.552.43 crore against Rs.559.40 crore in the previous year. The term loan installments were paid on the due dates.
- Addition to the Fixed Assets is Rs.355.08 crore.
- Long term debts outstanding as on 31.3.2008 is Rs.394.67 Crore. Equity capital plus reserves is Rs.639.90 Crore.
- The Debt Equity ratio is 0.62:1 against 0.84:1 in the previous year.
- The financial statement has been prepared in accordance with the requirement of the Companies Act 1956 and the prescribed Accounting Standards. The estimates and judgment to the financial statements has been made on a reasonable basis, in order that the financial statements reflect in a true and fair manner. The forms and substances of transactions are reasonably representing the company's state of affair and the profit for the year.

VI. RESOURCES & LIQUIDITY

The expansion project for doubling the capacity from 90,000 tpa to 1,80,000 tpa implemented during 1993-96 was funded through internal generation, issue of shares and

term loans. The capacity expansion from 1,80,000 tpa to 2,30,000 tpa implemented during 2001-03 was funded through internal generation. The Mill Development Plan implemented during 2006-2008 is funded through internal generation and term loans.

The Mill Expansion Plan for increasing the paper production capacity from 2,45,000 tpa to 4,00,000 tpa will be implemented through internal generation and borrowings. Mini cement plant will be financed through internal generation and borrowings. The above expansions would improve both the topline and the bottomline of the company. The Debt equity ratio at the peak level will be kept below 1:1. The weighted average cost of loan outstanding as on 31.3.2008 is 7.65%

VII. OUTLOOK, OPPORTUNITIES AND CHALLENGES

Newsprint

As the Newsprint import is freely allowed and the import duty on Newsprint was kept low at 5% upto 29.4.08 and reduced further down to 3% effective from 30.4.08, Newsprint price in the domestic market is linked to the imported Newsprint price irrespective of the cost. Over the years, the Newsprint prices have witnessed many ups and downs. The imported Newsprint was available at USD 590 pmt. in April 2005. The price increased to USD 705 in April 2006 and declined to USD 610 in April 2007 and increased to USD 850 in April 2008. In tandem with imported Newsprint price, the domestic Newsprint price registered an increase from Rs.27250/- pmt. in April 2005 to Rs.28500 in April 2006 and declined to Rs.27000/- in April 2007 and increased to Rs.35000 in April 2008.

Against the total consumption of 15.37 lakh mts. of Newsprint, 7.9 lakh mts. constituting 51% of the consumption was imported.

With the closure of uneconomic capacities in North America and other countries, Newsprint global capacity has been reduced from 40.5 million tonnes in 2007 to about 39 million tonnes in 2008. This has reduced the availability and spurred the price.

Printing & Writing Paper

Till 2000-01, Printing and Writing paper was under protection with high import duty. The duty was reduced to 35% in 2001-02. Since then, the duty has been reduced gradually to a level of 10% from 1.3.2007. In the Union Budget 2008-09, Govt. of India has reduced the Excise duty on PWP from 12% to 8%. No excise duty is levied on the first 3500 tonnes of PWP made primarily out of non-conventional raw material. The balance production is subject to excise duty at 8%.

Indian Paper manufacturers have increased the exports in the last few years. During 2007-08, IPMA member mills exported 181426 mts. of Printing and Writing Paper against 241473 tonnes in the previous year. During the year 2007-08, TNPL exported 42492 tonnes of PWP. The demand for cut size paper is growing at about 15% per annum. TNPL has increased the copier production from 19311 Mt. in 2002-03 to 50133 mts. in 2007-08 registering a compounded average growth of 21%.

Pulp prices firmed up since April 2006. This is likely to continue during the current year also. The outlook for Printing and Writing Paper in the domestic market and export is good.

Opportunities and Challenges

The Government considers the paper industry as one of the 35 high priority industries in the country. The per capita consumption in the country at 8.3 Kg. is very low compared to the Asian and World average. With the increasing literacy rate and improving standard of living, the consumption of paper is likely to grow at the rate of 8-9% per annum. Increase in per capita consumption by 1 kg. would require an additional production of 1.1 million tonnes.

All the major paper mills are increasing their production capacity. The capacity addition during the years 2008-09 and 2009-10 is expected to be 2-3 Lakh tonnes and 7-8 lakh tonnes respectively. With the increase in domestic consumption and exports, the additional capacity can be fully absorbed.

VIII. FUTURE PLANS

- TNPL has implemented the Mill Development Plan. Under the Mill Development Plan TNPL has changed the bleaching sequence from conventional chlorine bleaching to environmentally benign Elemental Chlorine Free bleaching and increased the in-house pulp production capacity from 520 tpd to 720 tpd. The paper production capacity has been increased from 230,000 tpa to 245,000 tpa.
- The Life Cycle Extension of paper machine I taken up for implementation during the year will be completed by December 2008.
- Under the Mill Expansion Plan, a state-of-the-art new paper machine of a capacity of 155000 tpa will be installed to increase the paper production capacity to 400000 tpa. The project already taken up for implementation during the current year will be completed in all respects by June 2010.
- The lime sludge and fly ash generated in the process of manufacturing paper causing environmental problems in the neighbourhood will be converted into high grade cement by installing a 400 tpd mini cement plant within the factory. When implemented, TNPL would be the first paper mill in the country producing high grade cement using lime sludge and fly ash. The project will be taken up for implementation during the current year and completed in all respects by June 2010.
- TNPL is in possession of 63.5 grounds of vacant land, centrally located in the Industrial Estate at Ambattur, Tiruvallur District. TNPL is looking at the possibility of taking up of this vacant land for construction of an I.T. Park on BOOT basis.
- TNPL has implemented Farm Forestry and Captive Plantation in 28195 acres and 1771 acres respectively upto 31.3.2008. The scheme will be implemented

in an additional 15000 acres during the current year 2008-09.

IX. RISK MANAGEMENT FRAMEWORK

TNPL has established a Risk Management Framework under which all the risks covering the entire spectrum of operation are listed and categorized into high, medium and low risks. The risk details and mitigation plans for all the risks are placed before the Audit Committee and the Board bi-annually. The Audit Committee monitors the implementation of the risk mitigation plans. All the risks are discussed in the Senior Management Committee meetings periodically to ensure that the risk mitigation plans are implemented and the adverse impact of risks is avoided or kept low.

X. INTERNAL CONTROLS

TNPL has instituted adequate internal control procedures commensurate with the nature of business and size of its operations. TNPL has also prepared an 'Internal Control Procedure Manual' for all the departments to ensure that the control procedures are followed by all departments. Internal controls are supported by internal audit and management reviews. The Board of Directors has an Audit Committee chaired by an Independent Director. The Audit Committee meets periodically the management, external-internal auditors, internal-internal auditors, statutory auditors and reviews the audit plans, internal controls, audit reports and the management response to the observations and recommendations emanated from the audit. All significant observations and follow-up actions are reported to the Audit Committee. The Audit Committee has met six times during the financial year.

XI. ENVIRONMENT

TNPL is committed to save the Environment, uphold Human Safety and Health. TNPL has declared its policies and focus on Environment, Health and Safety, Quality and Energy. The main excerpts are given below:

- Compliance with all relevant legislative requirements
- Reducing Pollution Load in terms of Liquid Discharge, Air Emission and Land Conservation
- Saving Energy & Preserving natural resources like Water, Raw material, Fuels
- Generating Human Awareness in Environment, Safety and Health
- Minimizing the Unsafe Acts & Unsafe working conditions
- Promoting comprehensive programs to propagate Health and Environmental Safety

TNPL's Environmental Management System has been upgraded to 2004 version and certified by M/s TuV India Limited, subsidiary of TuV NORD, Germany.

As part of improving the Environmental performance, two numbers of centrifuge decanters have been installed in the Effluent Treatment plant at a cost of Rs.100 lakhs for handling Biological sludge.

The following facilities taken up for implementation during the year 2007-08 will be completed and commissioned during the current year 2008-09:

- Augmentation of Bio-Methanation Plant at a cost of Rs.500 lakhs.
- Installation of Additional Bagasse Clarifier at a cost of Rs.320 lakhs
- Installation of Additional Primary Clarifier at a cost of Rs.143 lakhs
- Installation of Rotary Drum Dewatering screen at a cost of Rs.30 lakhs

Around 1700 acres of land is irrigated with TNPL's treated effluent water under TNPL Treated Effluent Water Lift Irrigation Scheme (TEWLIS). Efforts are being made to increase the acreage under the scheme.

XII. HUMAN RESOURCES DEVELOPMENT

Training

Training is given top priority for enhancing the skill level of the employees. Training was given for a total of 1911 mandays during the year

Knowledge Management

A system of Knowledge Management is being developed. The key personnel in the Company are encouraged to document the details of critical events handled in their area of work and present them during periodical review meetings.

Industrial Relations

The Company continues to maintain cordial and healthy industrial relations. The wage settlement for workmen valid for a period of four years from 16.5.2006 has been entered into with the Unions. Wage settlement for Chargemen, staff will be entered into with the Unions in the coming months. The pay revision for the officers will also be effected during the current year.

Health

The First Aid Medical Centre has been upgraded as Occupational Health Centre. TNPL conducts Medical Camp every month to attend to the health needs of the neighbourhood population. During the year, TNPL has conducted Special Medical Camps in Gastro Entrology and Eye Camp in association with Gem Hospitals, Coimbatore and Arvind Eye Hospital, Madurai respectively. Several patients have benefited out of these camps. Comprehensive Medical check-up is done for employees twice in their service, above 40 years and above 50 years. In association with State Government, TNPL conducted ICDS Workshop (Integrated Child Development Scheme) during the year 2007-08.

Safety

TNPL has adapted a clearly defined Occupational Health and Safety Policy. Protective Equipments are provided to all employees. Safety Committee with representatives from Management and Workmen have been constituted. Committee meetings are conducted periodically and suggestions are implemented. Accidents and Incidents within the factory are documented and preventive / corrective actions taken. An onsite Emergency Management Plan has been developed. Periodic Mock Drills on major chemical hazards like Chlorine Gas leakage and incidents of fire are conducted. Special training programmes on safe handling of Chlorine, Hazardous Chemicals etc and Fire are conducted regularly. Mill wide Safety Audit, HAZOP study, building stability testing, testing of lifting tackles etc. are carried out and the reports / test certificates are submitted to Chief Inspector of Factories, Tamilnadu. The entire Mill is covered with fire hydrant points with pressurized water mains. All Safety reporting systems, testing procedures, inspection procedures have been brought under ISO 9001-2000 as well as ISO 14001-2004 documentation.

Community Development

TNPL regards the communities around the mill as a major stakeholder and accordingly attends to their needs and concerns to the extent possible. During the year 2007-08, TNPL has implemented several community development initiatives in the field of health, education, sports and infrastructure development. TNPL has set up a Training Centre to impart computer training to the rural youth and to train rural women in tailoring and embroidery. A career development centre has also been set up for providing training for competitive examinations.

TNPL has formed a separate Trust by name, "TNPL ARAKKODAI" with a corpus of Rs.1 Crore to extend financial assistance to the poor for educational and medical purposes. TNPL has spent a sum of Rs.35.75 lakh during the year 2007-08 for community development activities. TNPL has provided a sum of Rs.1.05 Crore for community development activities during the year 2008-09.

AWARDS AND ACCOLADES RECEIVED DURING THE YEAR

- Received the Special Export Award from CAPEXIL for the Ninth consecutive year in recognition of the outstanding export performance.
- Received the best Energy Conservation Award for the year 2007 from the Government of Tamil Nadu.

XIII. CAUTIONARY STATEMENT

The Management Discussion and Analysis Report contains forward looking statements based upon the data available with the Company, assumptions with regard to global economic conditions, the government policies etc. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company in future. Therefore, it is cautioned that the actual results may materially differ from those expressed or implied in the report.

ANNEXURE V

REPORT ON CORPORATE GOVERNANCE

As required by clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance in accordance with the SEBI prescribed format is given below:

A. MANDATORY REQUIREMENTS

1. Company's Philosophy

TNPL's philosophy on Corporate Governance endeavours to achieve highest levels of transparency, integrity and equity, in all its operations and in its dealings with all its stakeholders, including shareholders, employees, the Government and lenders.

2. Board of Directors

a. Composition and Category of Directors

The Composition of Board of Directors is in conformity with the Corporate Governance code.

The Board comprises ten directors, a Part-time Chairman (Non-Executive Director, nominated by Government of Tamil Nadu), Managing Director (nominated by Government of Tamil Nadu), one Executive Director, two non-executive Directors nominated by the Government of Tamil Nadu and five independent, non-executive Directors as on 31.03.2008. 80% are Non-executive directors and 50% are Independent directors.

Board's definition of Independent director

Independent director shall mean Non-executive director of the company who:

- a) Apart from receiving the Director's remuneration, does not have any material or pecuniary relationships or transactions with the company, its promoters, its senior management or its holding company, its subsidiaries and associated companies.
- b) Is not related to promoters, Chairman, Managing Director, Whole-time director, Secretary, CEO or CFO and of any person in the management at one level below the board
- c) Has not been an executive of the company in the immediately preceding three financial years.
- d) Is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the company and has not been a partner or an executive of any such firm for the last three years. This will also apply to legal firm(s) and consulting firm(s) that have a material association with the entity
- e) Is not a supplier, service provider or customer of the company. This should include lessor-lessee type relationships also and
- f) Is not a substantial shareholder of the Company i.e. owning two per cent or more of the block of voting shares

Based on the above test of independence, Tvl. V.R.Mehta, R.R.Bhandari, V.Narayanan, N.Kumaravelu and R.L.Narasimhan are categorized as independent directors.

The Independent Directors on the Board are experienced, competent and highly respected persons from their respective fields. They take active part in the Board and Committee meetings. None of the Directors on the Board is a Member on more than 10 Committees. Necessary disclosures have been made by the Directors in this regard.

Board's functioning and Procedure

The Board plays a pivotal role in ensuring good governance. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the Management towards the set goals and sets accountability with a view to ensure that the corporate philosophy and mission viz. to create long term sustainable growth that translates itself into progress, prosperity and the fulfillment of stakeholders' aspirations is accomplished. It also sets standards of corporate behaviour and ensures ethical behaviour at all times and strict compliance with laws and regulations.

b. Attendance of each Director at the Board of Directors' Meetings held during 2007-2008 and the last AGM is as follows:

Director	Board of Directors' Meetings		Last AGM
	No. of Meetings Held	Attended	(held on 31.8.07) Attended
EXECUTIVE DIRECTORS			
Tvl.			
V Murthy IAS Managing Director (Retired w.e.f.31.1.08)	6	6	Attended
Md.Nasimuddin IAS Managing Director (Appointed w.e.f.21.2.08)	1	1	—
A Velliangiri Deputy Managing Director	7	7	Attended
NON-EXECUTIVE DIRECTORS FROM GOTN			
Shaktikanta Das IAS (Part-time Chairman – Ceased w.e.f.3.11.07)	4	4	Attended
M F Farooqui IAS (Part-time Chairman w.e.f.22.11.07)	3	3	—
Atulya Misra IAS (Appointed w.e.f.25.3.08)	1	1	—
Sandeep Saxena IAS (Ceased w.e.f.25.3.08)	7	3	Attended
K Phanindra Reddy IAS (Ceased w.e.f.6.12.07)	4	3	Not attended
Tmt.Anita Praveen IAS (Appointed w.e.f.6.12.07)	3	3	—
INDEPENDENT NON-EXECUTIVE NOMINEE DIRECTORS FROM IDBI (EQUITY INVESTOR)			
R S Agarwal (ceased w.e.f. 18.6.07)	1	1	—
INDEPENDENT NON-EXECUTIVE DIRECTORS			
V R Mehta	7	7	Attended
V Narayanan	7	7	Attended
R R Bhandari	7	7	Attended
N Kumaravelu	7	7	Attended
R L Narasimhan	7	6	Attended

c) Number of other Company Boards or Board Committees in which each of the Directors of the Company is a Member or Chairperson:

Name of Director	Category	Directorships held in other Companies		Committee Memberships Held in other Companies	
		As Director	As Chairman	As Member	As Chairman
Tvl.					
M F Farooqui IAS	Non-Executive	6	2	—	—
Md.Nasimuddin IAS	Executive	1	—	—	—
Tmt.Anita Praveen, IAS	Non-Executive	6	—	—	—
Atulya Misra IAS	Non-Executive	—	2	—	2
V R Mehta	Non-Executive	5	—	—	—
V Narayanan	Non-Executive	9	2	6	3
R L Narasimhan	Non-Executive	2	—	—	—
R R Bhandari	Non-Executive	—	—	—	—
N Kumaravelu	Non-Executive	2	—	—	—
A Velliangiri	Executive	—	—	—	—

d. Number of Board Meetings held and the dates on which held:

Seven Board Meetings were held during the year 2007-2008 as against the minimum requirement of four meetings. The dates on which the meetings were held are given below:

2.6.07, 18.7.07, 31.8.07, 27.10.07, 6.12.07, 22.1.08, 25.3.08

e. Information placed before the Board of Directors

The Board has complete access to all the information of the company. The following information is regularly provided to the Board:

1. Minutes of the meetings of the Board, the Audit Committee and Investors' Grievances Committee
2. Quarterly, half yearly and annual financial results of the company and its business segments
3. Annual operating plans and budgets and any updates thereon
4. Capital budgets and any updates thereof
5. Cost Audit report / Secretarial audit report
6. Appointment of statutory auditor, secretarial auditor, cost auditor and internal auditor
7. Materially important show cause, demand, prosecution and penalty notices
8. Legal compliance report and certificate
9. Review of foreign exchange exposures and exchange rate movement, if material
10. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any
11. Any material default in financial obligations to and by the company or substantial non-recoveries against sale, if any
12. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company, if any
13. Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc.
14. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer etc.
15. Issues relating to shareholders such as ratification of transfers, demat status, pending grievances, issue of duplicate share certificates etc.
16. Contracts in which Director(s) are deemed to be interested

17. Details of investment of surplus funds available with the company
18. General disclosure of interest

f. Post Meeting Follow-up Mechanism

The guidelines for Board and Committee meetings facilitate an effective post-meeting follow-up, review and reporting process for the decisions taken in the Board and the Committee meetings. The current status of follow up action on the decisions taken is reported to the Board and the Committees thereof in every meeting.

g. Compliance

The Company Secretary is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the rules issued thereunder and to the extent feasible, the Secretarial Standards recommended by the Institute of Company Secretaries of India, New Delhi.

All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial/business plans, financial results, detailed presentations are made. The agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

Particulars of Directors being appointed at the Annual General Meeting and Directors retiring by rotation and seeking reappointment have been given in the Notice convening the 28th Annual General Meeting along with the Explanatory Statement.

3. Audit Committee

a. Terms of reference

The terms of reference of this Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreements as well as in Sec.292(A) of Companies Act and are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
2. Recommending to the Board the appointment, reappointment and if required, the replacement or removal of the statutory auditors and fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Companies with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
8. Discussions with internal auditors any significant finding and follow-up thereon
9. Reviewing the findings of any internal investigations by the internal auditors into matter where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board

10. Discussions with statutory auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern
11. To look into the reasons for substantial default in the payment to depositors, debentureholders, shareholders (in case of non-payment of declared dividend) and creditors
12. Reviewing the company's financial and risk management policies
13. The Audit Committee should have discussions with the auditors periodically about the internal control systems, the scope of audit including the observations of the auditors and review the half yearly and annual financial statements before submission to the board and also ensure compliance of internal control systems.
14. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in this section or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the company and external professional advice, if necessary.
15. To review internal audit programme, to ensure co-ordination between the internal and statutory auditors , to ensure the internal audit function is adequately resourced and has appropriate standing within the company and to request internal audit to undertake specific audit projects, having informed management of their intentions.
16. Review of Cost Audit Report
17. Reviewing any other areas which may be specified as role of the Audit Committee under amendments , if any, from time to time, to the Listing Agreement, Companies Act and other statutes.
18. Considering such other matters as may be required by the Board.

The Audit Committee mandatorily reviews the following information :

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, shall be binding on the Board.

b. Composition, name of members and Chairperson

In TNPL, the Audit Committee was established even before the introduction of the Corporate Governance code. Currently, the following five non-executive Directors are the members in the Audit Committee:

- Thiru V Narayanan, Chairman of the Committee
- Thiru V R Mehta, Member
- Thiru R L Narasimhan, Member
- Thiru R R Bhandari, Member
- Thiru N Kumaravelu, Member

The MD, Dy.Managing Director, Senior Management Executives, Statutory Auditors, External Internal Auditors and Cost Auditors are invited to the Audit Committee meetings.

c. Meetings and attendance during the year

Director	No. of Meetings Held	Attended
Tvl.		
V Narayanan	6	6
V R Mehta	6	6
R L Narasimhan	4	4
R R Bhandari	6	6
N Kumaravelu	6	6
R S Agarwal	1	1

The Audit Committee met 6 times during 2007-08 as against the minimum requirement of 3 meetings.

4. Remuneration Committee

a. Remuneration Policy

Thiru V Murthy IAS, was appointed as Managing Director by the Government on 17.5.06. He was paid remuneration in accordance with the Govt. Rules as applicable to his cadre.

Thiru Md.Nasimuddin IAS, was appointed as Managing Director by the Government on 21.2.08. He is being paid remuneration in accordance with the Govt. Rules as applicable to his cadre.

Thiru A Velliangiri, as Director(Finance) was drawing remuneration as per TNPL Rules applicable to officers of his category till 18.12.2007. Thiru A Velliangiri, as Dy.Managing Director is drawing remuneration as per the Contractual Appointment Order dt.19.12.07, details of which were circulated to all the shareholders vide Notice dt.26.12.07 under Sec.302 of the Companies Act, 1956.

No remuneration except sitting fees for attending the Board/Committee Meetings is paid to other Directors. As such, there has been no need to constitute a Remuneration Committee.

b. Details of remuneration for the year ended 31.3.2008

Executive Directors

(Rs. in lakh)

Name & Position	Pay & Allowances	Reimbursement of medical expenses	Perquisites	Total	Retirement Benefits
Tvl.					
A Velliangiri Dy. Managing Director	23.98	0.79	2.42	27.19	Gratuity and Superannuation as per rules of the company
V Murthy IAS	4.56	0.02	0.91	5.49	As per Govt. rules applicable to his cadre
Md.Nasimuddin IAS	0.59	0.10	0.11	0.80	-do-

Non-Executive Directors

Remuneration by way of sitting fees for attending Board/ Board Committee Meetings are paid only to non-executive Directors. Sitting fees paid to non-executive Directors during the financial year are given below:

Name of the Director	Sitting Fees paid (Rs.)		
	Board	Audit	Investors' Grievances
Tvl.			
Shaktikanta Das IAS	40000*	—	—
M F Farooqui IAS	30000*	—	—
K Phanindra Reddy IAS	30000*	—	—
Tmt.Anita Praveen IAS	30000*	—	—
Sandeep Saxena IAS	30000*	—	—
Atulya Misra IAS	10000*	—	—
R S Agarwal	10000	10000	—
V R Mehta	70000	60000	—
V Narayanan	70000	60000	—
R R Bhandari	70000	60000	10000
N Kumaravelu	70000	60000	10000
R L Narasimhan	60000**	40000	10000
Total	520000	290000	30000

* remitted to Govt. of Tamil Nadu **remitted to LIC

Independent Directors were paid sitting fees of Rs.10000/- per meeting of the Board/ Committee of the Board.

The company has also taken Director's and Officer's (D&O) liability insurance to protect its directors' personal liability for financial losses that may arise out of their unintentional wrongful acts.

Shareholdings of Directors

None of the Directors of the company is holding any shares in the company

5. Shareholders’ Committee

a. Shareholders’/Investors’ Grievances Committee

Shareholders’ complaints/grievances are redressed by the Registrar and Transfer Agent, namely M/s. Cameo Corporate Services Limited. The Board also constituted the Shareholders’/Investors’ Grievances Committee in August 2001. The following three non-executive directors are the members in the Shareholders’/Investors’ Grievances Committee as on 31.3.2008

- 1. Thiru R R Bhandari Chairman of the Committee
- 2. Thiru N Kumaravelu Member
- 3. Thiru R L Narasimhan Member

The Shareholders’/Investors’ Grievances Committee met on 25th March 2008 and reviewed the grievances / complaints received and the action taken on the grievances / complaints.

Terms of reference :

The functioning and broad terms of reference of the Investors’ Grievances Committee as adopted by the Board are as under:

- a. To monitor work related to:
 - transfer and/or transmission of equity shares of the company
 - dematerialisation / rematerialisation of the shares of the company
 - sub-division, consolidation and /or replacement of any share certificate(s) of the company
- b. Approval of issue of duplicate share certificates against the original share certificates
- c. To look into the redressing of shareholders’ and investors’ complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, review of dematerialisation, rematerialisation, shareholding pattern, distribution schedules etc.
- d. To do all other acts or deeds as may be necessary or incidental thereto

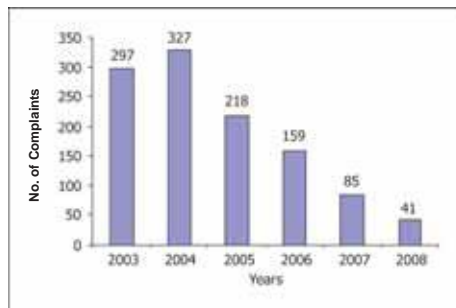
The main object of the Committee is to strengthen investor relations.

The Company Secretary, being the Compliance Officer, is entrusted with the responsibility, to specifically, look into the redressal of the shareholders’ and investors’ complaints and report the same to the Investors’ Grievances Committee.

Complaints Status:1.4.2007 to 31.3.2008

Correspondence in the nature of complaints from	Q1	Q2	Q3	Q4	Total
Securities and Exchange Board of India	–	–	2	–	2
Stock Exchanges	–	1	–	–	1
Shareholders	10	9	9	10	38
Total	10	10	11	10	41

Given below is the trend of share related complaints during last six years:



All the complaints received from the shareholders during the year were duly resolved. There are no complaints remaining unresolved as at the beginning and at the end of the year.

b. Share Transfer Committee

To expedite the process of share transfers, the Board has delegated the powers of share transfers to a Committee comprising of CMD/MD, DMD and Chief General Manager (Finance). The Share Transfer Committee attends to the share transfer formalities thrice a month. The business transacted at the Share Transfer committee meetings is placed before the Board regularly.

All valid share transfers during the year ended 31.3.08 have been acted upon. No share transfer was pending as on 31.3.08.

6. General Body Meetings

a. Last three Annual General Meetings were held as below:

Year	Location	Date	Time	Special Resolution passed in the AGM by shareholders
2004-05	Music Academy Chennai 18	22.8.2005	10.25 AM	Yes
2005-06	-do-	25.8.2006	10.25 AM	No
2006-07	-do-	31.8.2007	10.25 AM	No

Postal Ballot

During the financial year 2007-08, the Special Resolution for seeking shareholders approval for amending the Object Clause of the Memorandum of Association was put through Postal Ballot. The Postal Ballot notice was sent to each shareholder as on the cut off date decided.

The Board appointed Mr.R Sridharan of M/s.R Sridharan & Associates, Practising Company Secretaries as Scrutiniser to conduct the Postal Ballot in respect of the said Special Resolution. Based on the Report submitted by the Scrutiniser, the result of the Postal Ballot was declared on 30th June 2007 and the Special Resolution was passed by a majority of 99.99% of the total valid votes polled.

Number of valid postal ballot forms received	2004
Votes in favour of the resolution	3,56,66,139
Votes against the resolution	5,156
Number of invalid postal ballot forms received	Nil

Circular Resolution

Recourse to circular resolution is made in exceptional and emergent cases that are recorded at the succeeding Board/Committee Meetings. During the year, four circular resolutions were passed which were recorded at the subsequent Board meetings.

Secretarial Compliance Report

a. As a measure of good corporate governance practice, though not legally required, a Secretarial Audit on the compliance of corporate laws and SEBI regulations was conducted by M/s. R Sridharan & Associates, Practising Company Secretaries for the financial year ended 31st March 2008.

b. Secretarial Audit Reports

Quarterly Secretarial Audit Reports on reconciliation of the total admitted capital with NSDL/CDSL and the total issued and listed capital were furnished to the Stock Exchanges on the following dates:

For the quarter ended	Furnished on
30th June 2007	12th July 2007
30th September 2007	12th Oct 2007
31st December 2007	10th Jan 2008
31st March 2008	10th April 2008

Secretarial Standards

The Institute of Company Secretaries of India has issued Secretarial Standards on Board, General Meetings, Dividend and Registers and Records that are presently recommendatory. The company's practices and procedures mostly meet with these prescriptions, wherever applicable.

Quarterly Compliance Report

The Company has submitted for each of the 4 quarters during 2007-08 the Compliance Report on Corporate Governance to stock exchanges in the prescribed format within 15 days from the close of the quarter.

7. Disclosures

- a. There are no significant Related Party Transactions during the year of material nature, with its promoters, the directors or the management or their subsidiaries or relatives etc. potentially conflicting with company's interest at large. Related Party transactions are disclosed in the notes to Accounts forming part of this Annual Report.
- b. As per Clause 49(V) of the Listing Agreement, the Chief Executive Officer i.e. Managing Director and the Chief Financial Officer i.e. Deputy Managing Director certified to the Board on their review of financial statements and cash flow statements for the financial year ended 31st March 2008 in the form prescribed by Clause 49 of the Listing Agreement which is annexed.
- c. There were no instances of non-compliance on any matter relating to the capital market during the last three years
- d. The company has complied with all Mandatory requirements of the Clause 49 of the Listing Agreement. As regards the non-Mandatory requirements, the extent of compliance has been stated in Part B of this report.
- e. Details of information on appointment of new/re-appointment of directors:
A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of the Board forms part of the Notice convening the 28th Annual General Meeting.
- f. Presently, the company does not have whistle blower policy.

Code of Conduct

The Board of Directors has framed the Code of Conduct for Board Members and Senior Management. The code of conduct has been communicated to the Directors and the Members of the Senior Management. The code of conduct has also been posted on the Company's website www.tnpl.co.in. Affirmation of compliance of Code of Conduct for the financial year 2007-08 has been received from the Directors and Senior Management personnel of the company.

8. Means of Communication

- a. Half-yearly report sent to each household of shareholders : No *
- b. Quarterly results :
 - Newspapers published in : Financial Express
Economic Times
Business Standard
Business Line
Dinakaran
 - Website where displayed : www.tnpl.co.in
- c. Whether the website also displays official news releases and presentations to the media, analysts, institutional investors' etc. ? : Yes
- d. Audited financial results :
 - (Newspapers published in) : Economic Times
Business Standard
Dinakaran
- e. Whether MD&A (Management Discussion & Analysis) is a part of Annual Report? : Yes

* As the results are published in newspapers having wide circulation and also displayed on the company's website, half yearly results are not sent separately to each shareholder.

The company also informs by way of intimation to the Stock Exchanges all price sensitive matters and such other matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

All data required to be filed electronically as EDIFAR document pursuant to Clause 51 of the Listing Agreement with the Stock Exchanges such as quarterly financial results, shareholding pattern, are being regularly filed on the EDIFAR website, in addition to the filing of the same with the Stock Exchanges.

9. Risk Management

The company has established risk assessment and minimization procedures, which are reviewed by the Audit Committee and the Board periodically. There is a structure in place to identify and mitigate various identifiable risks faced by the company from time to time. After assessment, controls are put in place with specific responsibility of the concerned officer of the company.

10. SHAREHOLDERS' INFORMATION

(i) Annual General Meeting

- Date and Time : August 29, 2008 at 10.25 a.m.
- Venue : The Music Academy, 168, T.T.K.Road, Chennai-600 014.

(ii) Financial Year Calendar (2008-2009) (Tentative)

- : Results for quarter ending June 30, 2008 Fourth week of July 2008
- : Results for quarter ending September 30, 2008 Fourth week of October 2008.
- : Results for quarter ending December 31, 2008 Fourth week of January 2009.
- : Results for quarter ending March 31, 2009 second week of May 2009.

(iii) Book closure date

- : 20.08.2008 to 29.08.2008 (both days inclusive) on account of AGM and Dividend.

(iv) Dividend payment date

- : 01-09-2008 onwards.

(v) Listing of Equity Shares on

- (a) Stock Exchanges at
- | | |
|--|--|
| <ul style="list-style-type: none"> : (1) National Stock Exchange of India Limited
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051 | <ul style="list-style-type: none"> (2) Mumbai Stock Exchange, Listing Department
Phiroze Jeejeebhoy Towers
25th Floor
Dalal Street
Mumbai 400 001 |
|--|--|

- (b) Depositories
- : 1) National Securities Depository Ltd.
Trade World, 4th Floor
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai - 400 013.

- 2) Central Depository Services (India) Limited
28th Floor, Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai - 400 023.

Listing fee for the year 2008-2009 has been paid to the above Stock Exchanges.

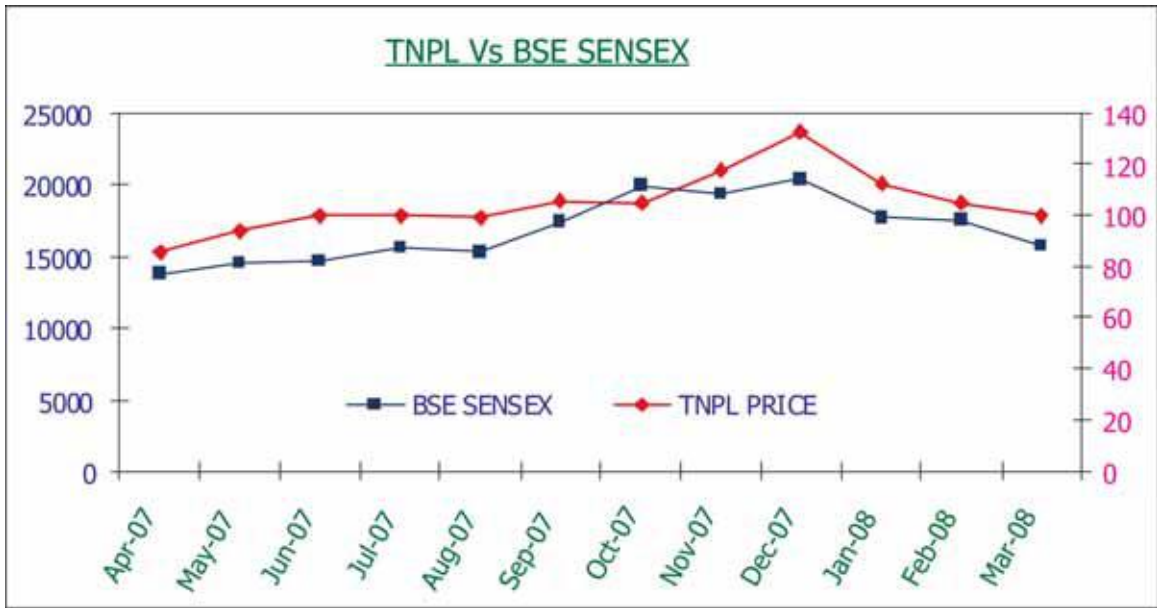
- (vi) Stock Code
- | | |
|--|---|
| <ul style="list-style-type: none"> : Trading Symbol Bombay Stock Exchange : Trading Symbol National Stock Exchange : Trading Symbol National Stock Exchange (Demat Segment) | <ul style="list-style-type: none"> : "TNPL 531426" : "TNPL EQ" : "TNPL AE"/ : "TNPL BE" |
|--|---|

(vii) Market Price Data (In Rs.)

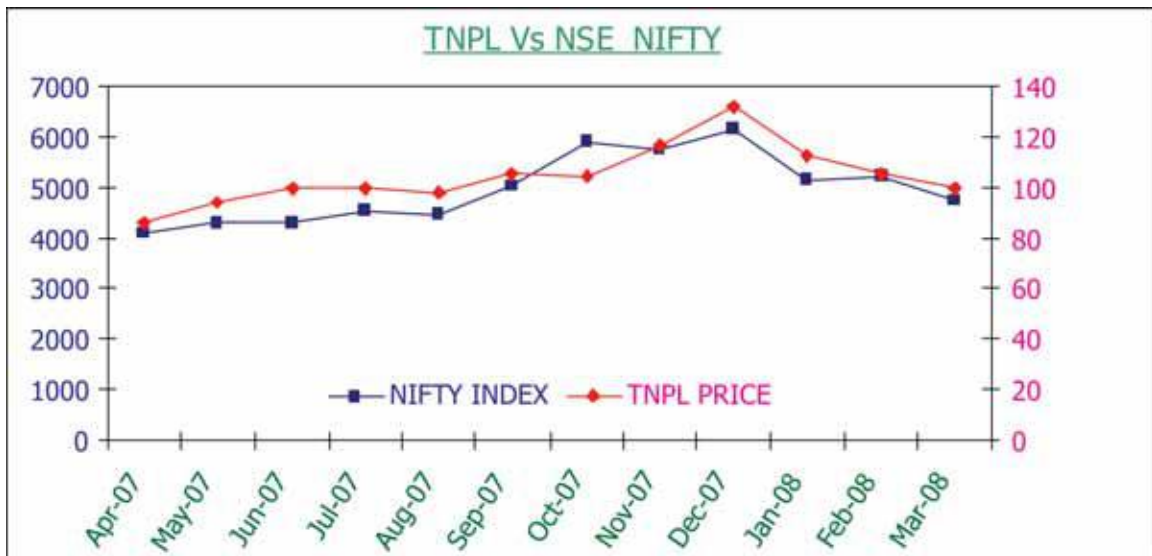
	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High Price	Low Price	Volume	High Price	Low Price	Volume
April 2007	92.20	82.00	265638	91.50	81.00	637693
May 2007	101.00	83.50	2355326	99.40	73.55	3271263
June 2007	103.00	92.05	3310020	103.00	92.00	4538318
July 2007	103.90	96.30	783696	103.90	95.00	1858693
August 2007	103.00	94.70	729496	102.90	94.50	1054275
September 2007	120.00	98.00	912428	118.00	98.60	1669293
October 2007	109.95	95.35	1115771	117.00	94.00	2102021
November 2007	137.00	101.40	2482031	138.90	100.60	2832200
December 2007	137.25	118.00	2176717	150.00	118.80	2830811
January 2008	147.00	87.95	2089569	145.00	88.00	2462707
February 2008	115.50	99.00	437004	116.00	100.00	716956
March 2008	115.00	83.00	729880	110.00	83.50	2305774

(viii) Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty :

Year	BSE Sensex			NSE Nifty		
	% change in TNPL Share Price	% change in Sensex	TNPL reactive to Sensex	% change in TNPL Share Price	% change in Nifty	TNPL reactive to Nifty
1-4-2007 to 31-3-2008	19.77 %	(+) 19.68 %	0.09 %	20.02%	23.89 %	(-) 3.87%
Financial Year 2007-2008	19.77 %	(+) 19.68 %	0.09 %	20.02%	23.89 %	(-) 3.87%



SENSEX and TNPL share prices are based on month end closing rates.



NIFTY and TNPL share prices are based on month end closing rates.

- (ix) Registrar and Transfer Agent : Securities Exchange Board of India (SEBI) has mandated, vide Circular No. D&CC/FITTC/CIR-15/2002 dated December 27, 2002 that all Share Registry work relating to both physical shares and shares held in electronic mode must be maintained at a single point, either in-house or by a SEBI registered Registrar and Transfer Agent.

The Company has already enlisted the services of M/s Cameo Corporate Services Ltd., Chennai to act as Registrar and Transfer Agents to handle all investor services relating to shares held in physical form as well as in electronic mode. Their address is given below :

M/s Cameo Corporate Services Ltd.
V Floor, "Subramanian Building"
No.1 Club House Road
Chennai - 600 002
Tel.No.044-28460390 - 28460394
Fax No.044-28460129
E-mail ID : cameo@cameoindia.com

- (x) Share Transfer System :

- (i) Share Transfers : The shares of the Company, being in the compulsory demat list, are transferable through the depository system. Shares in physical form are processed and the share certificates are generally returned within a period of 7 days from the date of receipt.

As per the Guidelines of SEBI/Stock Exchanges, a Demat Option Letter is sent to the transferees, seeking their option, as to whether the shares transferred in their name, would be demated by them or they would like to hold the shares, in physical form. After 30 days time, if the Demat Request Form is not received alongwith the Demat Option Letter, duly accepted, physical share certificates are despatched to the transferees.

All transfers received are processed and approved by the Share Transfer Committee which normally meets thrice in a month. Shares under objection are returned within two weeks.

- (ii) Nomination facility for shareholding : As per the provisions of the amended Companies Act 1956, facility for making nomination is available for shareholders in respect of shares held by them. Nomination forms can be obtained from the share transfer agent.

- (iii) Payment of dividend through Electronic Clearing Services : The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends through Electronic Clearing Service (ECS) to the Investors wherever ECS and Bank details are available. In the absence of ECS facility the Company is required to print the Bank account details if available on payment instruments for distribution of dividend etc. to the shareholders.

- (iv) Unclaimed dividends : The company is required to transfer dividends which have remained unpaid/unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company will accordingly be required to transfer in the year 2008 the dividend for the year ended March 31, 2001 which have remained unclaimed/unpaid.

- (v) Details of dividend pending to the Unpaid/Unclaimed Dividend Account as on March 31, 2008 :

a. For the year 2000-2001	:	Rs. 6,04,625
b. For the year 2001-2002	:	Rs. 5,71,390
c. For the year 2002-2003	:	Rs. 5,83,960
d. For the year 2003-2004	:	Rs. 5,69,262
e. For the year 2004-2005	:	Rs 5,90,683
f. For the year 2005-2006 (Interim)	:	Rs. 5,59,921
g. For the year 2005-2006 (Final)	:	Rs.3,98,395
h. For the year 2006-2007 (Interim)	:	Rs.4,27,078
i. For the year 2006-2007 (Final)	:	Rs.7,42,265
j. For the year 2007-2008 (Interim)	:	Rs.5,56,156

(vi) Correspondence regarding Change of Address etc. : Shareholders are requested to ensure that any correspondence for change of address, change in Bank Mandates etc. should be signed by the first named shareholder. Shareholders who hold shares in dematerialised form should correspond with the Depository participant with whom they have opened Demat Account/s.

(vii) Pending Investors' Grievances : Any Shareholder whose grievance has not been resolved to his/her satisfaction may kindly write to the Asst. Company Secretary at the Registered Office with a copy of the earlier correspondence.

(xi) Dividend History (Last 10 Years)

Financial Year	Dividend %	Total Dividend (Rs. in Lakhs)
1998-99	12%	835.66
1999-00	12%	835.66
2000-01	25%	1740.95
2001-02	25%	1714.58
2002-03	27.5%	1891.75
2003-04	27.5%	1907.45
2004-05	27.5%	1907.42
2005-06	30%	2078.60
2006-07	40%	2768.42
2007-08	45%	3114.48

(xii) Distribution of Shareholding as on 31st March, 2008.

DISTRIBUTION SCHEDULE AS ON 31ST MARCH 2008

Share holding of Nominal value of	Shareholders		Shares	
	Rs.	Number	In Rupees	% to Total
(1)	(2)	(3)	(4)	(5)
Upto - 5000	22460	90.40	29197050	4.22
5001 - 10000	1166	4.70	10039120	1.45
10001 - 20000	506	2.04	8093940	1.17
20001 - 30000	179	0.72	4661960	0.67
30001 - 40000	107	0.43	3901950	0.56
40001 - 50000	98	0.39	4715440	0.68
50001 - 100000	155	0.62	11521350	1.67
100001 And Above	174	0.70	619975190	89.58
TOTAL	24845	100.00	692106000	100.00

Distribution of Shareholding as on 31.03.2008

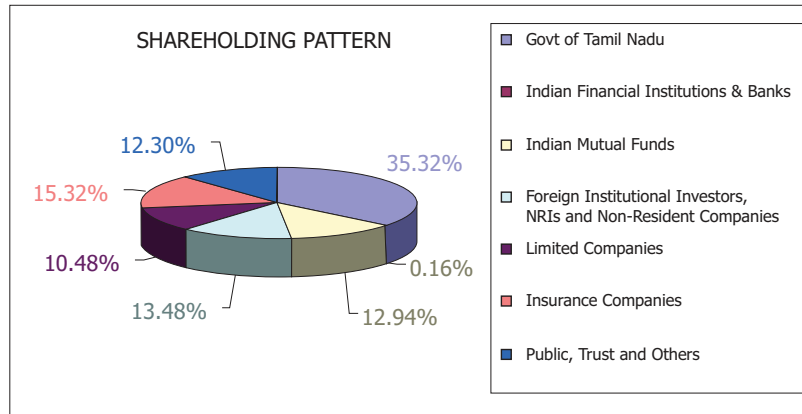
	CATEGORY	NO. OF SHARES	% OF SHARE HOLDING
A	PROMOTER'S HOLDING		
1.	Promoters		
	- Indian Promoters	24444900	35.32
	- Foreign Promoters	Nil	Nil
2.	Persons acting in Concert #	---	---
	SUB-TOTAL	24444900	35.32
B.	NON-PROMOTERS HOLDING		
3.	Institutional Investors		
a.	Mutual Funds and UTI	8952530	12.94
b.	Banks, Financial Institutions, Insurance Companies, (Central/State Govt.Institutions/Non-Government Institutions)	13677718	19.76
c.	Foreign Institutional Investors	9028735	13.04
	SUB-TOTAL	31658983	45.74
4.	Others		
a.	Private Corporate Bodies	4293580	6.20
b.	Indian Public	8483554	12.26
c.	NRI/OCBs	299693	0.43
d.	Others	29890	0.04
	SUB-TOTAL	13106717	18.94
	GRAND TOTAL	69210600	100.00

List of top ten shareholders as on 31.03.2008

Sl.No.	Name of the shareholder(s)	No. of shares	% to Equity
01	Governor of Tamilnadu	24444900	35.32
02	Life Insurance Corporation of India	6891158	9.96
03	Goldman Sachs Investments (Mauritius) I Ltd.	6312007	9.12
04	Reliance Capital Trustee Co.Ltd. A/c Reliance Growth Fund	3636178	5.25
05	General Insurance Corporation of India	2110074	3.04
06	Templeton India Equity Income Fund	1416229	2.04
07	Reliance Capital Trustee Co.Ltd. A/c Reliance Growth Fund	1050000	1.51
08	SBI Mutual Fund A/c Magnum Global Fund	985317	1.42
09	BSMA Limited	961223	1.38
10	Birla Sun Life Trustee Company Pvt. Ltd. A/c Birla Dividend Yield Plus	850000	1.22

Share Holding Pattern

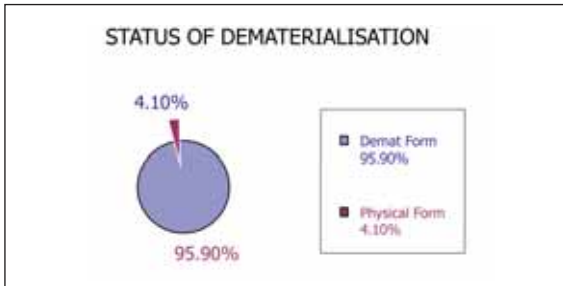
	As on 31-03-2008		As on 31-03-2007	
	No. of Shares	% to shares	No. of Shares	% to shares
Governor of Tamil Nadu	2,44,44,900	35.32	2,44,44,900	35.32
Foreign Institutional Investors	90,28,735	13.05	23,22,232	3.36
Indian Mutual Funds	89,52,530	12.94	1,39,02,857	20.09
Banks	1,13,400	0.16	3,31,828	0.48
Indian Financial Institutions	1,500	0.00	1,500	0.00
Insurance Companies	1,06,01,458	15.32	1,12,42,476	16.24
Non-Resident Companies (OCB)	16,000	0.02	36,000	0.05
Employees	38,900	0.06	40,900	0.06
Limited Companies	72,54,940	10.48	80,43,164	11.62
NRI's	2,83,693	0.41	2,75,645	0.40
Public & Trust	84,44,854	12.20	85,30,320	12.32
Shares Dematerialised/Shares in transit	29,690	0.04	38,778	0.06
Total	6,92,10,600	100.00	6,92,10,600	100.00



(xiii) Dematerialisation of Shares and liquidity : For Dematerialisation of Equity shares, the Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's Equity shares have been included in the list in which trading is compulsory for all investors in dematerialised form, along with other scrips, from 8-5-2000.

Details of Demat shares as at 31st March 2008:

	No. of Shareholders	No. of Shares	% to Capital
NSDL	16305	36091034	52.15
CDSL	4032	30276524	43.75
Physical Form	4508	2843042	4.10
Total	24845	69210600	100.00



As on 31st March 2008, 20,337 shareholders are holding shares in demat form and 6,63,67,558 shares have been dematerialized, representing 95.90% of the total Equity Share capital.

- (xiv) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity : Nil
- (xv) Plant locations : Kagithapuram
Karur District, Tamil Nadu, Pin : 639 136
Tel.No.04324-277001 to 277017
Fax : 04324-277025/277026/277027
- (xvi) Address for correspondence :
- (a) Investor correspondence for transfer/dematernalisation of shares, payment of dividend on shares, and any other query relating to the shares of the Company. : 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.044-28460129
E-mail ID : cameo@cameoindia.com
Contact Person : Thiru D Narasimhan
Executive
- (b) Any query on Annual Report : Shares Department
Tamil Nadu Newsprint and Papers Ltd.
67, Mount Road, Guindy, Chennai - 600 032.
Tel.No.22354417 Fax No. 22350834 & 22354614
e-mail address : response@tnpl.co.in,
sivakumar.v@tnpl.co.in
Contact Person : Thiru V Sivakumar
Asst. Company Secretary

11. REQUEST TO INVESTORS

- Investors are requested to communicate change of address, if any, directly to the share transfer agent of the company at the above address.
- As required by SEBI, investors shall furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.
- The shareholders are requested to dematerialize their physical share certificates, through a depository participant. Shareholders requiring any further clarification/ assistance on the subject may contact the company's share transfer agent.
- Investors who have not availed nomination facility are requested to avail the same by submitting the nomination form. The form will be made available on request.
- Investors holding shares in electronic form are requested to deal only with their depository participant in respect of change of address, nomination facility and furnishing bank account number etc.
- Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will get transferred to "Investors Education and Protection Fund" in terms of Section 205C of the Companies Act, 1956.
- Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2002 and for any financial year thereafter may contact the company and surrender their warrants for payment. Members are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment shall be transferred to Investor Education and Protection Fund (IEPF) in terms of Section 205 C of the Companies Act, 1956.

B. NON-MANDATORY REQUIREMENTS**1. The Board**

- a. Whether Chairman of the Board is entitled to maintain a Chairman's Office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties :

The Chairman is a Non-executive Director in the company. The Chairman does not maintain an office at the Company's expenses.

- b. Independent directors may have a time not exceeding in the aggregate a period of nine years on the Board of the Company.

Presently the company has not adopted the above non-mandatory requirement.

2. Remuneration Committee

The Company has not formed Remuneration Committee.

3. Shareholders' Rights

The half-yearly results of the company are published in more than one English newspaper having a wide circulation and in one Tamil Newspaper. (vide para 8(d) of this Report). The results are not sent to the shareholders individually.

4. Audit Qualification

The Company has ensured to remain in the regime of unqualified financial statement

5. Training of Board Members

Presently the company does not have training programme for Board Members.

6. Mechanism for evaluating non-executive Board Members

Presently the company does not have any mechanism for evaluating the performance of Non-executive Board Members

7. Whistle Blower Policy

Presently the company does not have a Whistle Blower Policy

For and on behalf of the Board

Date: 29th May 2008
Place: Chennai

MD. NASIMUDDIN IAS
MANAGING DIRECTOR

CERTIFICATE BY CEO AND CFO PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

We, Md.Nasimuddin, Managing Director and A Velliangiri, Deputy Managing Director, in our capacity as Chief Executive Officer (CEO) and Chief Financial Officer(CFO) respectively of the company hereby certify that :

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2008 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have been taken to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - a. significant changes in internal control over financial reporting during the year
 - b. significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

For TAMIL NADU NEWSPRINT AND PAPERS LIMITED

MD.NASIMUDDIN IAS
MANAGING DIRECTOR

A VELLIANGIRI
DY.MANAGING DIRECTOR

Place: Chennai

Date : 29th May 2008

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the period ended 31st March 2008.

For **TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

MD.NASIMUDDIN IAS
MANAGING DIRECTOR

Place: Chennai

Date : 29th May 2008

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
TAMIL NADU NEWSPRINT AND PAPERS LIMITED

We have examined the compliance of conditions of Corporate Governance by Tamil Nadu Newsprint and Papers Limited, for the year ended 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that as per the records maintained and certified by the company/Registrars and Transfer Agents of the company, there were no investor grievances remaining unattended/pending for more than 30 days as at 31st March 2008.

We further state such compliance is neither an assurance as the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Maharaj N R Suresh & Co
Chartered Accountants

N R Suresh
Partner
Membership No. 21661

Place : Chennai

Date : 03.06.2008

AUDITORS' REPORT TO THE MEMBERS OF TAMIL NADU NEWSPRINT AND PAPERS LIMITED

1. We have audited the attached Balance Sheet of **TAMIL NADU NEWSPRINT AND PAPERS LIMITED** as at 31st March 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) ***In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except, Accounting Standard AS11 "The Effects of changes in Foreign Exchange Rates", in respect of non recognition of the exchange fluctuation (gain) during construction period on foreign currency transactions to Profit and Loss Account, has resulted in understatement of current years' profit by Rs. 927.69 lacs (previous year Rs. 921.69 lacs) and understatement of Fixed Assets/capital work in progress by Rs. 1873.57 lacs (Previous year Rs. 945.88 lacs) (refer Note No. I(A)(e) & II (D) (e) in Schedule 21)***
- (v) On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors in disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) ***Subject to our remarks in para 4 (iv) on non compliance with Accounting Standard AS-11, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :***
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
 - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Maharaj N R Suresh & Co
Chartered Accountants

N R Suresh
Partner

Membership No. 21661

Place : Chennai
Date : 03.06.2008

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business and assets. No material discrepancies were noticed on verification.
- c) No substantial part of fixed assets have been disposed off during the year.
- ii) a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book stocks have been properly dealt with in the books of accounts and were not material.
- iii) a) The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under that section.
- vi) The company has complied with the provisions of Sections 58A, 58AA or other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regards to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) On the basis of records produced to us, we have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the cost records prescribed have been made and maintained.
- ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable were in arrears, as at 31st March 2008, for a period for more than six months from the date they become payable. The provisions of Employees State Insurance Act are not applicable to the company.
- b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute other than the following :

Sl. No.	Nature of Dues	Amount Rs. lacs	Forum where dispute is pending
1	Income Tax	1659.56	Income Tax Appellate Authorities
2	Wealth Tax	19.46	Income Tax Assessing Authorities
3	Excise Duty	45.94	Honble' Madras High Court
4	Excise Duty	3360.30	Central Excise Appellate Authorities
5	Customs Duty	8.68	Honble' Madras High Court
6	Customs Duty	217.21	Customs Duty Assessing Authorities
	Total	5311.15	

- x) The company has no accumulated losses, as at 31st March 2008. The company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- xi) The company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a chit fund or a nidhi / mutual benefit fund / society.
- xiv) The company deals in Mutual Fund Investments during the year. Proper records have been maintained of the

transactions and contracts and timely entries have been made. The said investments have been held by the company in its own name.

- xv) The company has not given any guarantees for loans taken by others from banks or financial institutions.
 - xvi) The term loans have been applied for the purpose for which they were obtained.
 - xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company as at 31st March 2008, we report that no funds raised on short-term basis have been used for long-term investment.
 - xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix) The company has not issued any debentures during the year.
 - xx) The company has not raised money by public issues during the year.
 - xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Maharaj N R Suresh & Co
Chartered Accountants

N R Suresh
Partner

Membership No. 21661

Place : Chennai
Date : 03.06.2008

C & AG's COMMENTS

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 WILL BE FORWARDED TO THE SHAREHOLDERS SEPARATELY.

**TAMIL NADU NEWSPRINT AND PAPERS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2008**

(Rs. in Lakh)

	Schedule		As at 31/03/08		As at 31/03/ 07
I. SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1	6937.78		6937.78	
Reserves and Surplus	2	57063.20		<u>50712.27</u>	
			64000.98		57650.05
LOAN FUNDS					
Secured Loans	3	48805.95		49586.46	
Unsecured Loans	4	6437.95		<u>6353.48</u>	
			55243.90		55939.94
DEFERRED TAX			18835.00		<u>15284.00</u>
			138079.88		<u>128873.99</u>
II. APPLICATION OF FUNDS					
FIXED ASSETS					
Gross block		186091.03		151436.40	
Less: Depreciation		86800.34		<u>79593.70</u>	
Net Block	5	99290.69		71842.70	
Capital work- in- progress		29070.30		<u>45951.78</u>	
			128360.99		117794.48
INVESTMENTS	6		1715.42		114.05
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	7	14726.46		15638.41	
Sundry Debtors	8	9856.46		10533.06	
Cash and Bank balances	9	2304.42		1900.21	
Loans and Advances	10	12164.11		8719.30	
	A	39051.45		<u>36790.98</u>	
Less:					
CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	11	23450.66		20855.25	
Provisions	12	7597.32		<u>4976.87</u>	
	B	31047.98		25832.12	
NET CURRENT ASSETS	A-B		8003.47		10958.86
MISCELLANEOUS EXPENDITURE					
(to the extent not written off or adjusted)					
Voluntary Retirement Scheme			0.00		6.60
			138079.88		<u>128873.99</u>

Schedules 1 to 12 and Notes in 20 & 21 form an integral part of this Balance Sheet.

Vide our report dated 3, June 2008

M.F. FAROOQUI, IAS
Chairman

Md. NASIMUDDIN, IAS
Managing Director

For MAHARAJ N.R. SURESH & CO.,
Chartered Accountants

Place : Chennai
Date : 29th May 2008

A. VELLIANGIRI
Dy. Managing Director
& Secretary

N.R. SURESH
Partner
M. No. 21661

TAMIL NADU NEWSPRINT AND PAPERS LTD
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

		(Rs. in Lakh)	
		For the Year ended 31/03/2008	For the Year ended 31/03/2007
I	INCOME	Schedule	
	Sales	13	92047.73
	Less:Excise Duty & Cess		6564.00
			<u>85483.73</u>
	Other Income	14	2555.89
		A	<u>88039.62</u>
II	EXPENDITURE		
	Manufacturing expenses	15	53669.14
	Personnel expenses	16	6378.25
	Administration, selling & other expenses	17	6536.93
	Interest and finance charges	18	2052.37
	Depreciation/amortisation	5	6673.48
		B	<u>75310.17</u>
III	PROFIT BEFORE PRIOR PERIOD/EXCEPTIONAL ITEMS	A-B	<u>12729.45</u>
	Prior Period / Exceptional Items	19	(226.92)
IV	PROFIT BEFORE TAX		<u>12502.53</u>
	PROVISION FOR TAXATION		
	- Current Tax		3960.00
	- Earlier years Tax		75.15
	- Deferred Tax		(192.00)
	- Fringe Benefit Tax		53.00
	- MAT Credit		0.00
			<u>3896.15</u>
V	PROFIT AFTER TAX		<u>8606.38</u>
	Balance brought forward		2004.59
VI	PROFIT AVAILABLE FOR APPROPRIATIONS		<u>10610.97</u>
VII	APPROPRIATIONS		
	Transfer to General Reserve		5400.00
	Dividend Adjustments		0.05
	Interim Dividend		1038.16
	Proposed Dividend		1730.27
	Tax on Dividend		439.66
VIII	BALANCE CARRIED FORWARD		<u>2002.83</u>
			<u>10610.97</u>
IX	BASIC & DILUTED EARNINGS PER SHARE (Refer Para No.III-D of Sch., 21)		
	- Before Prior Period / Exceptional Items	Rs	12.76
	- After Prior Period / Exceptional Items	Rs	12.43

Schedules 13 - 19 and notes in 20 & 21 form an integral part of this profit and loss account.

Vide our report dated 3, June 2008

M.F. FAROOQUI, IAS
Chairman

Md. NASIMUDDIN, IAS
Managing Director

For MAHARAJ N.R. SURESH & CO.,
Chartered Accountants

Place : Chennai
Date : 29th May 2008

A. VELLIANGIRI
Dy. Managing Director
& Secretary

N.R. SURESH
Partner
M. No. 21661

SCHEDULES TO BALANCE SHEET
(Rs. in Lakh)

	As at 31/03/2008	As at 31/03/2007
1 SHARE CAPITAL		
Authorized:		
13,50,00,000 Equity Shares of Rs.10/- each	13500.00	13500.00
Issued:		
7,00,00,000 Equity Shares of Rs.10/- each	7000.00	7000.00
Subscribed and Paid up:		
6,92,10,600 Equity Shares of Rs.10/- each fully paid up	6921.06	6921.06
Less: Calls in arrears (from persons other than directors)	0.00	0.00
Add: Shares Forfeited	16.72	16.72
	6937.78	6937.78
2 RESERVES AND SURPLUS		
(a) Capital Reserve :		
Project Investment subsidy	125.00	125.00
(b) Share Premium:		
Opening Balance	17973.11	17973.11
Add: Calls-in-arrears received/adjusted	0.00	0.00
	17973.11	17973.11
(c) General Reserve:		
Opening Balance	30611.33	25211.33
Less : Transitional provision adjusted *	1288.28	0.00
Balance in opening reserve	29323.05	25211.33
Add : Transfer from Profit & Loss Account	7400.00	5400.00
	36723.05	30611.33
(d) Surplus:		
Balance in Profit and Loss Account	2242.04	2002.83
TOTAL (a)+(b)+(c)+(d)	57063.20	50712.27

* Adjustment consequent to recomputation of Defined Benefit plans liability as of 1.4.2007 in accordance with Accounting Standard 15 - Employee Benefits net of deferred tax Rs.663 lakh.

SCHEDULES TO BALANCE SHEET

	As at 31/03/2008	(Rs. in Lakh) As at 31/03/2007
3 SECURED LOANS		
(a) Term Loans:		
From Banks		
- FCNR(B)	8114.88	13174.43
- Rupee Term Loans	23905.94	27500.00
<i>Secured by pari passu first charge on fixed assets (land, buildings, Plant and Machinery and other immovable properties except movable fixed assets given as first charge for ECB Loan / rupee term loans) of the company including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur district, Tamilnadu and pari passu second charge on the current assets of the company viz., stock of raw materials, finished goods, stores and other movables.</i>		
- ECB LOAN	4595.85	3368.39
<i>External Commercial Borrowing (ECB) Loan is secured by the first charge on the company's movable fixed assets pertaining to 26.26 MW Wind Farm facilities.</i>		
- Rupee Term Loans	2850.00	4050.00
<i>Rupee term loans are secured by first charge on fixed assets created out of respective loans</i>		
	39466.67	48092.82
(b) Working Capital from Banks		
Cash Credit	775.36	1043.64
Buyer's Credit - Foreign Currency	763.92	0.00
Post Shipment Credit	7800.00	450.00
<i>Secured by hypothecation of Inventories other than Standing Crops, book debts and a second charge by way of extension of equitable Mortgage on immovable properties of the company in Kagithapuram, Karur District, Tamil nadu.</i>		
	9339.28	1493.64
Total of (a)+(b)	48805.95	49586.46
4 UNSECURED LOANS		
Fixed Deposits#	84.63	481.99
Short Term Loans from Banks		
Pre-Shipment Credit - Foreign Currency	2006.25	721.49
Pre-Shipment Credit	0.00	0.00
Buyer's Credit - Foreign Currency	1047.07	0.00
Rupee Loan	3300.00	5150.00
	6437.95	6353.48
	84.63	408.37

Due for repayment within one year

5. FIXED ASSETS		SCHEDULES TO BALANCE SHEET						(Rs. in Lakh)	
		GROSS BLOCK		DEPRECIATION / AMORTISATION		NET BLOCK			
Description	As at 01/04/2007	Additions (Deletions)	As at 31/03/2008	Upto 31/03/2007	For the period (Deletions)	Upto 31/03/2008	As at 31/03/2008	As at 31/03/2007	
A. TANGIBLE ASSETS									
LAND	778.62	2.20	780.82	0.00	0.00	0.00	780.82	778.62	
BUILDINGS									
ON FREE HOLD LAND	9371.15	2320.71 (288.80)	11403.06	3045.34	315.46 (34.39)	3326.40	8076.66	6325.81	
ON LEASE HOLD LAND	1240.94	4.11 0.00	1245.05	356.47	12.04 0.00	368.51	876.54	884.47	
RAILWAY SIDINGS	201.32	0.00	201.32	201.32	0.00	201.32	0.00	0.00	
PLANT & MACHINERY									
ON FREE HOLD LAND	129256.04	32832.55 (563.27)	161525.32	71141.85	7063.88 (311.35)	77894.40	83630.92	58114.19	
ON LEASE HOLD LAND	9462.79	12.49 0.00	9475.28	4127.75	109.31 0.00	4237.06	5238.22	5335.04	
FURNITURE, FIXTURES & OTHER EQUIPMENTS	705.18	301.38 (1.63)	1004.93	388.10	37.84 (1.18)	424.76	580.17	317.08	
VEHICLES	191.53	34.89 0.00	226.42	116.92	12.90 0.00	129.82	96.60	74.61	
B. INTANGIBLE ASSETS									
COMPUTER SOFTWARE	228.83	0.00 0.00	228.83	215.95	2.12 0.00	218.07	10.76	12.88	
TOTAL	151436.40	35508.33 (853.70)	186091.03	79593.70	7553.55 (346.92)	86800.34	99290.69	71842.70	
PREVIOUS YEAR	143235.13	8280.44 (79.17)	151436.40	72995.94	6673.48 (75.72)	79593.70			
CAPITAL WORK-IN-PROGRESS							29070.30	45951.78	
							128360.99	117794.48	

SCHEDULES TO BALANCE SHEET

	As at 31/03/2008	(Rs. in Lakh) As at 31/03/2007
6 INVESTMENTS		
LONG TERM		
Non-Trade: Quoted Investment stated at cost :		
Industrial Development Bank of India Ltd 142720 fully paid equity shares of Rs.10 each	114.05	114.05
CURRENT INVESTMENTS		
Non-Trade: unquoted		
UTI - Mutual Fund (Liquid Cash Plan) 88380 units of Rs.1019.4457 (NAV).(Previous Year - Nil)	900.99	0.00
LIC - Mutual Fund (Floating Rate Fund)	700.38	0.00
	1715.42	114.05
Aggregate value of Quoted investments		
- Cost	114.05	114.05
- Market Value	127.09	110.75
Aggregate value of Unquoted investments		
- Cost	1601.37	0.00
7 INVENTORIES		
Stores and Spare parts	1097.36	1382.18
Loose Tools	1.99	2.70
Consumables	5224.71	5037.68
Raw materials	7392.96	7291.94
Materials in Transit	182.79	1261.35
Work in process	413.22	373.79
Finished Goods (Stock of Note Books)	109.70	0.00
Standing crops	303.73	288.77
	14726.46	15638.41
8 SUNDRY DEBTORS		
- UNSECURED CONSIDERED GOOD		
Exceeding six months:	6.72	144.36
Other debts	9849.74	10388.70
	9856.46	10533.06
9 CASH AND BANK BALANCES		
Cash balance on hand	3.13	3.93
Bank balances with Scheduled Banks:		
a) in Current accounts	2201.36	1791.07
b) in Savings account	2.89	1.07
c) in Unpaid Dividend accounts	56.04	48.14
d) in Deposit accounts*	41.00	56.00
	2304.42	1900.21

* As required under Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975

SCHEDULES TO BALANCE SHEET
(Rs. in Lakh)

	As at 31/03/2008	As at 31/03/2007
10 LOANS AND ADVANCES		
Secured - Considered good :		
Advances recoverable in cash or in kind or for value to be received	1500.00	1500.00
Unsecured - Considered good:		
Prepaid Expenses *	261.78	221.82
Advances recoverable in cash or in kind or for value to be received	6061.84	3173.87
Advances & Deposits with Government and public bodies	2307.70	1821.25
Balance with:		
- Port Trust/Airport Authority	0.51	0.55
- Central Excise	1064.28	2001.81
MAT Credit Entitlement	968.00	0.00
	12164.11	8719.30
* Includes Rs.19.43 lakh Deferred Premium on Forward Contracts (Previous Year Rs.15.67 lakh)		

11 CURRENT LIABILITIES

Sundry Creditors			
a) Micro and Small Enterprises	0.00		
b) Others (Previous Year Rs. 764.25 lakh)	<u>911.65</u>	911.65	764.25
Security Deposits from customers/contractors		2090.17	1698.41
Investor Education and Protection Fund			
a) Unclaimed Dividend		56.04	48.13
b) Unclaimed Matured Deposits (Due at the end of the year Rs. Nil (Previous year Rs. Nil))		12.95	13.33
Other Liabilities		20082.74	18022.07
Interest accrued but not due		297.11	309.06
		23450.66	20855.25

12 PROVISIONS

Current Tax		1040.83	915.50
Fringe Benefit Tax		65.30	40.36
Proposed Dividend		1730.27	1730.27
Tax on Dividend		294.06	294.06
Employee Benefits		4466.86	1996.68
		7597.32	4976.87

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 31/03/2008	(Rs. in Lakh) For the year ended 31/03/2007
13 SALES (Net of Sales Tax & Sales Returns)		
Printing & Writing Paper:		
- Domestic Sales	86545.49	70799.06
- Export Sales	14661.14	18216.87
	101206.63	89015.93
Newsprint		
- Domestic Sales	0.00	907.48
	101206.63	89923.41
Less: Discounts	3334.18	2957.90
	97872.45	86965.51
Note Books	617.63	431.98
Chemical Bagasse Pulp	85.89	546.51
Sale of Energy	3471.24	4103.73
	102047.21	92047.73
14 OTHER INCOME		
Export Incentive	782.85	594.97
Incentive under CDM	421.22	222.16
Sale of scrap, wastes etc.	775.15	602.25
Interest - Deposits/Advances/OD bills [TDS Rs.28.89 Lakh (Previous Year Rs.73.84 lakh)]	326.09	451.94
Income from Investments	15.06	21.00
Rental - Building [TDS Rs. 22.12 Lakh (Previous Year Rs.19.68 lakh)]	98.29	95.47
Other receipts #	694.09	568.10
	3112.75	2555.89
# Includes foreign exchange gain of Rs.126.73 lakh (Previous Year Rs.297.29 lakh)		
15 MANUFACTURING EXPENSES		
Raw materials consumed *	18915.96	15503.07
Purchase of Note Books	651.54	385.37
Chemicals consumed	8539.40	8762.90
Stores consumed	907.36	961.48
(Increase)/Decrease in Stock of Bagasse	128.70	195.65
(Increase)/Decrease in Stock-WIP	(39.43)	332.81
(Increase)/Decrease in Stock-Finished Goods	(109.70)	0.00
Freight & Handling charges	1429.65	1630.67
Packing Expenses	2446.60	2135.14
Power, Fuel & Water charges	19446.59	18465.41
Repairs and maintenance:		
- Building	349.43	403.33
- Plant and machinery	4698.47	4893.31
	57364.57	53669.14

* Excluding cost of Bagasse procured in lieu of steam/fuel supplied.

SCHEDULES TO PROFIT AND LOSS ACCOUNT
(Rs. in Lakh)

	For the year ended 31/03/2008	For the year ended 31/03/2007
16 PERSONNEL EXPENSES		
Salaries, Wages and Bonus	4490.46	4234.41
Contribution to Provident and Other funds	525.95	497.46
Gratuity, Leave Encashment and Employee Benefit scheme	739.70	607.14
Staff Welfare*	1054.95	1039.24
	<u>6811.06</u>	<u>6378.25</u>
17 ADMINISTRATION, SELLING & OTHER EXPENSES		
Rent	87.75	93.90
Rates and Taxes	284.08	785.72
Insurance	107.22	224.66
Transportation Charges	1377.73	1490.11
Commission & Discount on Sales	2687.85	2222.61
Repairs and Maintenance - Others	73.83	108.65
Travelling & Conveyance	189.72	220.38
Auditors' Remuneration#	6.85	3.65
Printing and Stationery	81.50	70.27
Communication	93.77	82.07
Loss on write off/Sale of Fixed Assets(Net)	167.97	1.19
Advertisement	141.87	157.96
Farm Forestry	142.17	151.90
Bad Debts/Advances w/off (Net)	0.00	80.61
Miscellaneous	1047.71	843.25
	<u>6490.02</u>	<u>6536.93</u>
# Details of Auditors' Remuneration		
Statutory Audit - Current year	3.50	2.25
- Relating to earlier year	1.25	0.00
Tax Audit	0.50	0.50
Limited Review	0.90	0.75
Certification fee	0.70	0.15
18 INTEREST AND FINANCE CHARGES		
Interest on Term Loans	854.49	564.47
Interest on Working Capital	768.34	764.32
Interest on Fixed Deposits	28.36	56.96
Lease Rental	13.82	241.28
Other Interest & Finance Charges#	759.57	425.34
# Includes Loss on foreign exchange fluctuation Rs. 33.41 lakh (Previous year Rs. Nil)		
	<u>2424.58</u>	<u>2052.37</u>
19 PRIOR PERIOD/EXCEPTIONAL ITEMS		
Compensation for Bagasse supply relating to earlier periods	0.00	174.66
Interest on advances	0.00	30.36
Others	15.31	21.90
	<u>15.31</u>	<u>226.92</u>

* Includes amortisation of Voluntary Retirement Compensation of Rs.6.59 lakh (Previous Year Rs.6.59 lakh)

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

20. SIGNIFICANT ACCOUNTING POLICIES

AS - 1 Disclosure of Accounting Policies

The accounts have been prepared using historical cost convention and on the basis of going concern, with revenues recognised, expenses accounted on accrual basis, unless otherwise stated and in accordance with applicable accounting standards.

Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions of some of the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and amounts of revenues and expenses during the period reported. Actual amounts could differ from these estimates.

AS - 2 Valuation of Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Cost for the purpose of valuation of stocks purchased is determined by using the moving weighted average cost, net of taxes and duties eligible for credit except in the following cases: -

a) Raw Materials

Bagasse is valued at the average cost of production of steam/average cost of fuel (excluding interest) supplied to the sugar mills inclusive of freight, handling and other charges

b) Work-in-Process

Work-in-process is valued at cost, which includes the cost of raw materials and overheads on FIFO basis upto the stage of the completion.

c) Finished Goods

Finished Goods are valued at the lower of the cost or net realisable value and are inclusive of excise duty.

d) Standing Crops

Standing Crops are valued at the total amount of expenditure incurred (including land development expenditure) adjusted for failed plantation costs and incidental revenue realised.

AS - 3 Cash Flow Statements

Cash Flow Statement has been prepared under Indirect Method. Cash and Cash Equivalents comprise Cash in Hand, Current and Other Accounts (including Fixed Deposits) held with Banks.

AS - 4 Events occurring after the Balance Sheet Date

- a) Assets and Liabilities are adjusted for events occurring after the balance sheet date that provide additional evidence to assist the estimation of amounts relating to conditions existing at the balance sheet date.
- b) Dividends, which are proposed / declared by the Company after the Balance Sheet date but before the approval of the Financial Statements, are adjusted.

AS - 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

Significant items of Extra-ordinary Items, and Prior Period Incomes and Expenditures, are accounted in accordance with Accounting Standard 5.

AS - 6 Depreciation Accounting

- a) Depreciation on fixed assets is provided on straight-line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- b) Depreciation on additions / deductions in respect of fixed assets are charged pro-rata from / upto the date in which the asset is available for use / disposal

- c) Depreciation on addition to assets (which are to supplement the usage of the parent asset) is provided as detailed below:
 - i) In respect of additions to existing Buildings, Depreciation has been provided from the beginning of the year in which such addition is made.
 - ii) In respect of additions to existing Plant and Machinery, Depreciation has been provided prospectively over the residual useful life of the parent asset from the beginning of the year in which such addition is made.
 - iii) In respect of rebuild / upgrade of machinery leading to substantial capacity expansion, depreciation is provided on straight line basis at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956.
 - iv) Depreciation on account of change in the value of fixed assets acquired out of foreign currency loans is provided prospectively over the residual useful life of the respective assets from the beginning of the year in which the change has occurred.
- d) In respect of modernisation programme leading to replacement of existing assets, depreciation is provided over the remaining useful life of the assets getting replaced.
- e) Assets costing less than Rs.5000/- are charged to revenue in the year of addition.
- f) Pending renewal of agreements with sugar mills, depreciation on fixed assets at such Offsite is provided on straight-line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 considering the continued arrangement for procurement of bagasse from sugar mills.

AS - 9 Revenue Recognition

- a) Sales are accounted net of excise duty, sales tax and sales returns.
- b) Other items of revenue are recognised in accordance with the Accounting Standard (AS-9). Accordingly, where there are uncertainties in the ascertainment /realisation of income such as interest from customers (upon factors such as financial condition of the person from whom the same is to be realised) / Liquidated damages recovered from suppliers / contractors, the same is not accounted for.
- c) Liquidated damages and penalties recovered from suppliers/contractors, in relation to fixed assets are credited to profit and loss account unless the delay has resulted in extra cost of assets, in which case the same are adjusted towards the carrying cost of the respective asset.

AS - 10 Accounting for Fixed Assets

Fixed Assets

- a) Fixed Assets are stated at cost of construction or acquisition less accumulated depreciation. Costs attributable to bring the fixed assets to a working condition are capitalised net of taxes and duties eligible for credit.
- b) Exchange differences due to changes in foreign exchange liabilities relating to acquisition of fixed assets arising out of transactions entered prior to 01.04.2004 are adjusted in the carrying cost of the respective fixed assets.
- c) Additional compensation for lands acquired from farmers under Land Acquisition Act, 1894 is capitalised with the cost of the land in the year of payment based on final award of compensation by appropriate authority.

Capital Work-in-Progress

Advances paid for acquisition of fixed assets and cost of assets (net of taxes and duties eligible for credit) not put to use before the year-end are disclosed under Capital Work-in-Progress.

In respect of identified projects, expenditure during construction period net of related income is included under capital work in progress and the same is allocated to the respective fixed assets that are capitalised.

Exchange differences arising in respect of loan transactions relating to fixed assets entered into after 01.04.2004 are treated as adjustment to the carrying cost of fixed assets till the assets are ready for the intended use and capitalised.

Assets are capitalised when they are ready for use / put to use.

AS - 11 Accounting for Effects in Foreign Exchange Rates

- 1) Foreign currency monetary items such as loans, current assets and current liabilities are initially recognized at the exchange rate on the date of the transaction.
- 2) These items are reported at the closing rate on the balance sheet date.
- 3) Forward exchange contracts or other financial instruments, that are in substance, a forward exchange contracts entered into for hedging the monetary items are initially recognized at the exchange rate on the date of inception of the Forward Contract.
- 4) The Premium or Discount arising at the inception of such a Forward Contract is amortised as expense or income over the life of the contract.
- 5) Forward contracts are reported at the closing rate on the date of the balance sheet.
- 6) Exchange differences arising on reporting the above items at rates different from which they were initially recorded during the period or reported in the previous financial statements are recognized as income / expenditure in the Profit & Loss Account, except for :
 - a) Exchange differences arising in respect of foreign currency liabilities contracted before 01.04.2004 that are adjusted in the carrying cost of the fixed assets
 - b) Exchange differences arising in respect of loans contracted for acquisition of fixed assets after 01.04.2004 that are adjusted against the carrying cost of fixed assets until the fixed assets are capitalized.
- 7) Contingent liabilities denominated in foreign currency at the balance sheet date are disclosed using the closing rate.

AS - 12 Accounting for Government Grants

Capital Grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets and other Capital Grants are treated as Capital Reserve.

Government grants relating to revenue are recognised on accrual and are shown under other income.

AS - 13 Accounting for Investments

- a) Long-term investments are valued at cost. Provision, if any, is made to recognise a decline other than a temporary, in the value of long-term investments. Permanent decline in the value of long-term investments is determined initially ten years from the date of its purchase and thereafter once in a period of five years.
- b) Current investments are valued at lower of cost and fair market value.

AS - 15 Employee Benefits

- a) Short term employee benefits are charged at the undiscounted amount to Profit and Loss Account in the year in which the related service is rendered.

b) Provident Fund

The Company pays fixed contribution to provident fund at pre – determined rates to a separate irrevocable trust approved by the Commissioner of Income Tax, which invests the fund in permitted securities. The contribution to the fund for the period is recognised as expenses and is charged to Profit and Loss Account. While the obligation to the Company is limited to such fixed contribution, as per the rules of Exempt Provident Fund (EPF) any deficiency in the rate of interest on the contribution based on its return on investment as compared to the rate declared for Employees Provident Fund by the Government under para 60 of the Employees Provident Fund Act is to be met by the Company. Also as per the rules, any deficiency in the fair value of plan assets backing the Provident Fund accumulations compared to the amount of such accumulations is to be met by the company.

- c) Defined contribution towards retirement benefits in the form of Pension and Superannuation Fund for the year are charged to Profit and Loss Account.

d) Defined benefit plan / long term compensated absence:

Liabilities in respect of defined benefit plan in the form of gratuity and employee benefit scheme are determined based on actuarial valuation made by an independent actuary using projected credit method as at the balance sheet date and are unfunded. Liabilities for long term compensated absences are recognised in the same manner.

e) VRS Compensation

Payment of compensation to employees who have retired under Voluntary Retirement Scheme (VRS) is amortised over a period of 5 years. The balance amount is carried forward as "Miscellaneous Expenditure" (to the extent not written off or adjusted).

AS - 16 Borrowing cost

Borrowing costs, attributable to qualifying assets, are capitalised up to the date the asset is ready for use / put to use. All other borrowing costs are charged to revenue.

AS – 17 Segment Reporting

- a) The company has identified two business segments viz. Paper and Energy. Revenue and expenses have been identified to respective segments on the basis of operating activities of the Enterprise. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on a reasonable basis has been disclosed as unallocable revenue and expenses.
- b) Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as unallocable assets and liabilities.
- c) Inter segment revenue / expenditure is recognized at cost.
- d) Geographical segments have been considered for Secondary Segment Reporting by treating sales in India and foreign countries as reportable geographical segments.

AS - 18 Related Party Transactions

- a) Remuneration to Key Managerial Personnel, other than Independent Non-executive Directors, is disclosed as 'Related Party Transactions' in the Notes to Accounts.

AS - 19 Leases

Rentals are expensed with reference to lease terms and other considerations.

AS - 20 Earnings per Share

- a) Basic Earnings per Share has been computed with reference to the Weighted Average number of Shares, based on monthly rests.
- b) Diluted Earnings per Share has been computed based on the fully paid-up value of the Shares issued, as if Calls-in-Arrears has been received.

AS - 22 Accounting for Taxes on Income

Income-tax expense is accounted in accordance with AS 22 - "Accounting for taxes on Income" which includes current taxes and deferred taxes. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available.

AS - 26 Intangible Assets

General:

- a) Intangible assets are stated at cost less accumulated amortisation.
- b) Computer software being intangible asset is amortised over a period of four years.

Research and Development:

- a) Expenditure relating to capital items are treated as fixed assets and depreciated at applicable rates.
- b) Expenditure on Research is recognised as an expense under respective natural heads, as and when incurred.

AS - 28 Impairment of Assets

The Company determines the Impairment of Assets based on Cash Generating Units. For this purpose, the Cash Generating Units have been based on segments of operations, viz., 'Paper & Pulp' and 'Energy'.

AS - 29 Provisions, Contingent Liabilities and Contingent Assets

- a) A present obligation, which could be reliably estimated, is provided for in the accounts, if it is probable that an outflow of resources embodying economic benefits will be required for its settlement.
- b) Contingent Liabilities are disclosed by way of notes in the Balance Sheet.
- c) Contingent Assets are neither recognised nor disclosed.

21. NOTES ON ACCOUNTS:
I. BALANCE SHEET:
A. FIXED ASSETS & CAPITAL WORK-IN-PROGRESS:

- a) The Government of Tamil Nadu allotted land to TNPL for construction of Corporate Office building for Rs.44.37 lakh. The transfer of title of the said Land in favour of the company is yet to be done pending completion of necessary formalities.
- b) The Company has acquired an Office Space at Delhi in SCOPE MINAR Building for Rs.62.55 lakh, by way of allotment of membership in the Society, in which only Public Sector Undertakings are members. The transfer of title of the said office space in favour of the company is yet to be done pending completion of necessary formalities.
- c) Capital work in progress includes:-

		2007-2008 Rs.in lakh	2006-2007 Rs.in lakh
A)	Regular Projects (includes advances Rs.364.11 lakh (Previous Year Rs. 94.26 lakh))	2883.78	1376.90
B)	Mill Development Plan (MDP)		
	Buildings	3622.55	1192.05
	Plant and Machinery	40101.73	38980.13
	Materials	5538.79	609.27
	Advances	6095.81	2736.46
	Preoperative Expenses		
	Interest and Financial Charges	3986.75	1719.64
	Exchange Fluctuations	(1873.57)	(945.88)
	Administrative Expenses	115.77	100.68
	Insurance	19.40	134.57
	Others	1246.72	47.96
	Total (a)	58853.95	44574.88
	Less : Transferred to Fixed Assets on capitalisation		
	Buildings	1734.79	
	Plant & Machinery	30927.86	
	Office Equipments	4.78	
	Total (b)	32667.43	
	Balance (a - b) (includes advances Rs.244.39 lakh (Previous Year Rs.2736.46 lakh))	26186.52	44574.88
	Total (A) + (B)	29070.30	45951.78

- d) Estimated amount of contracts remaining to be executed on Capital Account and not provided for is Rs.1424.92 lakh (Previous year Rs.8196.10 lakh).
- e) Includes; Rs. 1873.57 lakh (previous year Rs.945.88 lakh) being the foreign exchange gain relating to Mill Development Plan (MDP) under implementation, incidental and arisen during the construction period, have been adjusted in the carrying cost of fixed assets / capital work in progress. This is being referred to the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India (ICAI) for opinion whether such gain can be adjusted against the MDP assets or to be credited to the Profit & Loss Account. On receipt of opinion from the Expert Advisory Committee, Appropriate Accounting entries would be made in the books, if required.

B. CAPTIVE PLANTATIONS/FARM FORESTRY

- a) The Company has taken over 325.610 hectares of waste land as at 31st March 2008 for captive plantation from the Government of Tamilnadu through lease agreements valid for a period of 22 years to 30 years.
- b) The break-up of Expenditure on Captive Plantation is as under:-

Particulars	(Rs.in lakh)	
	Year ended 31/03/2008	Year ended 31/03/2007
Own Lands including cost of clones	40.53	45.83
Government Leasehold Lands	126.46	110.76
Revenue Sharing Basis	169.39	132.18
Total	336.38	288.77

c) Area under Captive Plantation (in acres): -

(Rs.in lakh)

Particulars	Year ended 31/03/2008	Year ended 31/03/2007
Own Lands	34.00	34.00
Government Leasehold Lands	325.61	325.61
Revenue Sharing Lands	391.12	365.41
Total	750.73	725.02

d) Farm Forestry Expenditure

Farm Forestry Expenditure is charged-off to the Profit and Loss Account, in the year in which it is incurred, since it could not be matched with wood procured from farmers.

C. DEBTORS, CREDITORS AND LOANS & ADVANCES:

- a) Confirmation of balances from Debtors, Creditors and for Loans and Advances, received have been reconciled and suitably adjusted wherever necessary.
- b) The Company has not received any intimation from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the act) and hence disclosure has not been provided regarding:
 - a) Amount due and outstanding to suppliers as at the end of accounting year
 - b) Interest paid during the year
 - c) Interest payable at the end of the accounting year, and
 - d) Interest accrued and unpaid at the end of the accounting year,

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

c) Bad debts / Advances written off (Net) includes

	2007-2008 Rs.in lakh	2006-2007 Rs.in lakh
Bad debts written off during the year	Nil	465.86
Less: Provision for doubtful debts / Advances reversed	Nil	385.25
Total	Nil	80.61

II. PROFIT & LOSS ACCOUNT - SCHEDULE VI PART II DISCLOSURES:
A. CAPACITY & PRODUCTION

Particulars	2007-2008	2006-2007
a) Installed Capacity (tons per annum):		
Newsprint/Printing & Writing Paper	230000	230000
b) Actual Production for the Year (tons):		
Newsprint	0	2950
Printing & Writing paper	245471	228211

B. FINISHED GOODS - TURNOVER, INVENTORY & PURCHASES:

Particulars	2007-2008		2006-2007	
	QUANTITY	VALUE (Rs. In lakh)	QUANTITY	VALUE (Rs. In lakh)
a) Turnover:				
Newsprint MTS	0	0	2950	907.48
Printing & Writing Paper MTS	245432 *	89677.95	228159 *	79494.03
Note Books Nos	3934100**	617.63	3029487**	431.98
Chemical Bagasse Pulp BDMT	404	85.89	2691	546.51
Energy KWH	115354252	3471.25	150818128	4103.73
* Excluding 39 Mts. (Previous Year 52 Mts) of Printing & Writing paper taken for Self-consumption, etc.				
** Excluding 34500 Nos. (Previous Year 13300 Nos.) of Note Books taken for self-consumption, donation etc.,				
b) Inventory:				
Opening Stock:				
Newsprint (MTS)	Nil	Nil	Nil	Nil
Printing & Writing paper (MTS)	Nil	Nil	Nil	Nil
Note Books (Nos)	Nil	Nil	Nil	Nil
Closing Stock:				
Newsprint (MTS)	Nil	Nil	Nil	Nil
Printing & Writing paper (MTS)	Nil	Nil	Nil	Nil
Note Books (Nos)	741400	109.70	Nil	Nil
c) Purchases:				
Note Books (Nos)	4710000	651.54	3042787	385.37

C. RAW MATERIALS CONSUMED:
a) Quantity & Value:

Particulars	2007-2008		2006-2007	
	QUANTITY	VALUE (Rs. In lakh)	QUANTITY	VALUE (Rs. In lakh)
Wood (MT)	180403	4939.02	166628	4337.49
Wood Pulp (ADMT)	46410	13198.08	36451	10223.47
Bagasse@ (ADMT)	693851	9172.35	661049	8897.99

ADMT = Air Dry Metric Tonne

@ The value of bagasse represents the cost of procurement of bagasse from open market and cost of production of steam supplied to Sugar Mills in exchange for bagasse, freight, handling charges etc., which are included in the respective heads of account and is accounted for on depithed basis after stock adjustments.

b) Value of Raw Materials, Components, Spare Parts and Chemicals Consumed:

Particulars	2007-2008		2006-2007	
	Rs. in Lakh	%	Rs. in Lakh	%
i. Raw Materials				
Imported	10174.82	37.25	10199.99	43.48
Indigenous	17134.63	62.75	13258.96	56.52
ii. Components, Spare Parts & Chemicals				
Imported	2045.39	17.52	2338.21	19.16
Indigenous	9630.37	82.48	9865.66	80.84

D. FOREIGN CURRENCY TRANSACTIONS:

Particulars	2007-2008 (Rs. in Lakh)	2006-2007 (Rs. in Lakh)
a) Value of Imports Calculated on CIF basis		
Raw Materials (Pulp)	7839.08	10196.89
Components, Spare parts & Chemicals	1438.76	2391.66
Coal	11841.13	12177.02
Capital goods	1996.31	13387.85
b) Expenditure in Foreign Currency		
Engineering & Supervision Charges	238.13	215.41
Interest	1078.76	710.37
Others	146.02	118.65
c) Dividends remitted in Foreign Currency		
i) Final Dividend	2006-2007	2005-2006
No. of Non-Resident Shareholders	7	7
No. of Shares held by Non-Resident Shareholders	1901	1950
Dividend	0.04	0.03
ii) Interim Dividend	2007-2008	2006-2007
No. of Non-Resident Shareholders	7	8
No. of Shares held by Non-Resident Shareholders	1901	2025
Dividend	0.03	0.03
d) Earnings in Foreign Exchange:		
FOB value of Exports	13821.76	17241.29
e) Effect of Exchange Fluctuations, including Forward Contracts:		
Profit and Loss Account	(93.32)	(297.29)
Capital Account *	(962.11)	(914.33)

* Capital Account includes;

(i) Rs.32.24 lakh exchange gain (Previous year - loss Rs.7.36 lakh) in respect of foreign currency loans contracted before 1.4.2004 and adjusted to the carrying cost of fixed assets in accordance with Schedule VI of the Companies Act, 1956 and AS 11 – The Effects of Changes in Foreign Currency Rates.

(ii) includes;

Rs.927.69 lakh (previous year – gain Rs.921.69 lakh) being the foreign exchange gain relating to Mill Development Plan (MDP) under implementation, incidental and arisen during the construction period, have been adjusted in the carrying cost of fixed assets / capital work in progress. This is being referred to the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India (ICAI) for opinion whether such gain can be adjusted against the MDP assets or to be credited to the Profit & Loss Account. On receipt of Opinion from the Expert Advisory Committee, Appropriate Accounting entries would be made in the books, if required.

Forward Exchange Contracts & Financial Instruments Which Are In Substance Forward Contracts Outstanding					
Particulars	Currency	31.03.08	31.03.07	Nature of Exposure	Underlying Risk Coverage
AMOUNT IN MILLION					
FORWARD CONTRACTS	USD	1.333	1.333	ECB	USD / INR
	USD	8.542	1.500	FCNR(B)	USD / INR
	USD	4.513		Raw Material	USD / INR
	USD	5.000	1.000	PCL – Export	USD / INR
	USD	9.750		Export sales	USD / INR
CURRENCY AND INTEREST RATE SWAPS	JPY	533.056	599.750	ECB	Complete Swap (JPY/INR & JPY LIBOR)
	JPY	474.600		ECB	Currency Swap (JPY/INR)
	USD	16.432		FCNR(B)	Currency Swap (USD/INR)
UNHEDGED FOREIGN CURRENCY EXPOSURE	USD	1.800	1.911	Outstanding Export Bills	USD / INR
	JPY	0.978	0.500	ECB LOAN	JPY / INR
	USD		1.333	ECB LOAN	USD / INR
	USD		0.659	Export Sales	USD / INR
	USD		28.800	FCNR (B)	USD/INR

III. ACCOUNTING STANDARD DISCLOSURES (COVERING SCHEDULE VI REQUIREMENTS ALSO):

A. AS 15 – Employee Benefit

- This being the first year of adoption of AS 15, disclosures for the previous years are not given.
- The fair value of the asset of the provident fund trust including the return on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan, as determined by the actuary and requires no further charge to profit and loss account.
- Other Defined Benefits

(Rs. In Lakh)

TYPE OF PLAN	UNFUNDED		
	GRATUITY	LONG TERM COMPENSATED ABSENCE	EMPLOYEE BENEFIT SCHEME
PERIOD OF DISCLOSURE	01 04 2007 to 31 03 2008	1 04 2007 to 31 03 2008	1 04 2007 to 31 03 2008
CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO) - RECONCILIATION OF OPENING AND CLOSING BALANCES:			
PVO as at the beginning of the period	3020.00	865.00	62.98
Interest Cost	236.82	65.19	5.11
Current service cost	78.36	91.51	3.14
Past service cost - (non vested benefits)	0	0	—
Past service cost - (vested benefits)	0	0	—
Benefits paid	(119.44)	(100.13)	(1.25)
Actuarial loss/(gain) on obligation (balancing figure)	109.26	152.43	(2.12)
PVO as at the end of the period	3325.00	1074.00	67.85

(Rs. In Lakh)

TYPE OF PLAN	GRATUITY	LONG TERM COMPENSATED ABSENCE	EMPLOYEE BENEFIT SCHEME
	01 04 2007 to 31 03 2008	1 04 2007 to 31 03 2008	1 04 2007 to 31 03 2008
EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS ACCOUNT			
Current service cost	78.36	91.51	3.14
Interest Cost	236.82	65.19	5.11
Expected return on plan assets	0	0	0
Net actuarial (gain)/loss recognised in the year	109.26	152.43	(2.12)
Transitional Liability recognized in the year	0	0	0
Past service cost - non-vested benefits	0	0	0
Past service cost - vested benefits	0	0	0
Expenses recognized in the statement of profit and loss account	424.44	309.13	6.13
MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET			
Opening net liability	3020.00	865.00	62.98
Expense as above	424.44	309.13	6.13
Contribution paid	(119.44)	(100.13)	(1.25)
Closing net liability recognized in Balance Sheet	3325.00	1074.00	67.86

TYPE OF PLAN	GRATUITY		LONG TERM COMPENSATED ABSENCE		EMPLOYEE BENEFIT SCHEME	
	01.04.07	31.03.08	01.04.07	31.03.08	01.04.07	31.03.08
PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]						
Discount Rate	8.00%	8.00%	8.00%	8.00%	8.20%	8.00%
Salary escalation rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Attrition rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expected rate of return on Plan Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR Rs. Lakh		103.00		77.61		1.00

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

B. SEGMENT REPORTING: (AS 17)

a) Primary Segments						Rs. In lakh
Particulars	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07
	Paper		Energy		Total	
1 Segment Revenue						
a) External Customers	90381.47	81380.00	3471.24	4103.73	93852.71	85483.73
b) Inter Segment			11986.53	10324.91	11986.53	10324.91
Sub-Total	90381.47	81380.00	15457.77	14428.64	105839.24	95808.64
Less: Inter Segment revenue	0.00	0.00	11986.53	10324.91	11986.53	10324.91
Net Sales / Income from Operations	90381.47	81380.00	3471.24	4103.73	93852.71	85483.73
Add : Other Income attributable to Segments	759.75	817.13	444.32		1204.07	817.13
Total Segment Revenue	91141.22	82197.13	3915.56	4103.73	95056.78	86300.86
2 Segment Results	18078.31	14440.17	1546.39	887.31	19624.70	15327.48
(Profit (+) / Loss (-) before tax and Interest)						
Less:						
i) Interest					2425.05	2052.37
ii) Other unallocable expenditure net of unallocable income					877.97	545.66
iii) Prior period expenses/ extraordinary expenses					15.31	226.92
Profit Before Tax					16306.37	12502.53
Provision for Taxation					5023.37	3896.15
Profit after Tax					11283.00	8606.38
3 Other Information						
Segment Assets	136780.02	128653.77	19591.97	19404.57	156371.99	148058.34
Unallocated Corporate Assets					12755.87	6641.17
Total Assets	136780.02	128653.77	19591.97	19404.57	169127.86	154699.51
Segment Liabilities	19481.65	21513.69	1686.62	1119.21	21168.27	22632.90
Unallocated Corporate Liabilities					9879.71	3199.22
Total Liabilities	19481.65	21513.69	1686.62	1119.21	31047.98	25832.12
Capital Expenditure (excludes unallocated capital expenditure Rs. 29.61 lakh. (previous year Rs. 39.38 lakh)	32783.98	4455.04	2694.74	3786.02	35478.72	8241.06
Depreciation (excludes unallocated capital expenditure Rs. 29.93 lakh. (previous year Rs. 52.13 lakh)	6310.08	5397.43	1213.54	1223.92	7523.62	6621.35
Non cash expenses other than depreciation	6.59	6.59			6.59	6.59

b) Geographical Segment						(Rs. In lakh)
Particulars	India		Rest of the world		Total	
	31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07
Revenue from external customers	79191.57	67266.86	14661.14	18216.87	93852.71	85483.73

C. RELATED PARTY DISCLOSURES (AS 18):

The Company has paid the following remuneration during the year to its Chairman & Managing Director and Whole Time Director/ Deputy Managing Director and is included in Personnel Expenses (Schedule 17): -

(Rs. in lakh)

Particulars	2007-2008			2006-2007		
	MD	WTD/ DMD*	TOTAL	CMD/MD	WTD	TOTAL
Pay and Allowances	5.14	23.98	29.12	5.67	8.40	14.07
Reimbursement of medical expenses	0.12	0.79	0.91	0.25	0.75	1.00
Perquisites	1.03	2.42	3.45	0.00	1.60	1.60
Total	6.29	27.19	33.48	5.92	10.75	16.67
CMD - Chairman and Managing Director MD - Managing Director WTD - Whole Time Director DMD - Deputy Managing Director * includes payment towards gratuity and leave encashment – Rs.9.99 lakh.						

D. EARNINGS PER SHARE (EPS) (AS 20):

Particulars	Units	2007-2008	2006-2007
Weighted Average Number of Shares	Nos.	69210600	69210600
Number of Shares outstanding at year end	Nos.	69210600	69210600

E. ACCOUNTING FOR TAXES ON INCOME (AS 22)

Provision for current tax is made under sec 115 JB of the Income Tax Act, 1961 as the tax under normal computation is less than the Minimum Alternate Tax (MAT).

The depreciation for accounting purposes is estimated to be higher than the depreciation for Income Tax purposes in the succeeding years resulting in the company liable to pay normal Income Tax and therefore MAT credit representing the difference between the MAT tax provided and the Income Tax payable under normal computation is recognised in the Profit and Loss Account and disclosed as an asset under "Loans and Advances".

Deferred Tax comprises of	31/3/2008 Rs. In lakh	31/3/2007 Rs. In lakh
A. Deferred Tax Liability Depreciation	22294.00	16151.00
B. Deferred Tax Assets Timing Difference u/s 43B	3459.00	867.00
DEFERRED TAX (NET) (A) - (B)	18835.00	15284.00

F. INTANGIBLE ASSETS - EXPENDITURE ON RESEARCH AND DEVELOPMENT (AS 26):

Particulars	2007-2008 Rs. In lakh	2006-2007 Rs. In lakh
Salaries and Wages	35.47	35.55
Repairs and Maintenance	13.90	6.57
Depreciation	22.60	21.26
Chemicals	1.47	1.60
Other Expenses	0.36	2.12
Total	73.80	67.10

The above items have been included under the respective natural heads of expenditure in Profit and Loss account.

G. IMPAIRMENT OF ASSETS (AS 28):

The "recoverable amount" is higher than the "carrying amount" of the cash generating units and hence there is no impairment of losses under AS - 28.

H. CONTINGENT LIABILITIES (AS 29):

(Rs. in lakh)

Sl. No.	Description of the Contingent Liability	Estimated Amount		Indication of Uncertainty	Possible Recovery, if liability arises
		As at 31.03.2008	As at 31.03.2007		
a)	Letters of Credit issued by Banks on behalf of Company	11082.09	2636.70	Performance or Non-performance of various parties.	Nil
b)	Guarantees issued by the Banks on behalf of the Company	1701.68	1703.92	-do-	Nil
c)	Claims against the Company not acknowledged as debts relating to Statutory Dues: -			All are disputed before concerned appellate authorities. The company is advised that the cases are likely to be disposed off in favour of the company.	Nil
	i) Income Tax	1659.56	1562.07		
	ii) Wealth-tax	19.46	19.46		
	iii) Customs Duty	271.21	271.21		
	iv) Excise Duty	3416.24	646.96		
d)	Claims against the Company not acknowledged as debts - Others: -			All are disputed before concerned appellate authorities. The company is advised that the cases are likely to be disposed off in favour of the company.	Nil
	i) Corporate Office Land - Penal Interest	22.80	22.80		
	ii) Land Acquisition Claims	90.86	64.00		
	iii) Cess on Land Lease at Perungudi - Wind farm.	55.31	55.31		
	iv) Interest on Water Royalty Paid belatedly	82.48	82.48		
	v) Others	15.06	27.90		
e)	Concession in Customs Duty availed for imports cleared under Export Promotion on Capital Goods Scheme	6598.61	6968.27	Possibilities of not meeting minimum export quantity requirements by the Company.	Nil

IV. GENERAL:

- Figures for the previous year have been regrouped/restated/reclassified wherever necessary to conform to current year's classification.
- Amounts have been rounded off to the nearest two decimal points of lakh of rupees.

Vide our report dated 3, June 2008

M.F. FAROOQUI, IAS
 Chairman

Md. NASIMUDDIN, IAS
 Managing Director

For MAHARAJ N.R. SURESH & CO.,
 Chartered Accountants

 Place : Chennai
 Date : 29th May 2008

A. VELLIANGIRI
 Dy. Managing Director
 & Secretary

N.R. SURESH
 Partner
 M. No. 21661

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	2007-2008 (Rs.in Lakh)	2006-2007 (Rs.in Lakh)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Exceptional Items	16321.68	12729.45
Adjustments for :		
Depreciation Provision	7553.55	6673.48
Interest Income	(107.91)	(272.31)
Dividend Income	(15.06)	(21.00)
Rental Income	(96.39)	(95.47)
(Profit)/Loss on write off/ sale of Fixed Assets	167.97	1.19
Exchange Fluctuations	(93.31)	(297.29)
Interest Expenditure	2424.58	2062.81
Operating Profit before working capital changes	26155.11	20780.86
Decrease(Increase) in Inventories	911.95	(3483.55)
Decrease(Increase) in Sundry Debtors	652.38	2407.93
Decrease(Increase) in Loans and Advances	(4251.59)	(728.79)
Increase(Decrease) in Current Liabilities	3199.24	4747.53
Cash from Operations	26667.09	23723.98
Income Tax paid	(1627.10)	(3577.71)
Deferred Revenue Expenditure	6.60	6.59
Cash from Operating before exceptional Items	25046.59	20152.86
Exceptional Items	(15.31)	(196.56)
Cash from Operating Activities	25031.28	19956.30
B CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds on Sale of Fixed Assets	338.81	2.26
Additions to Fixed Assets & Capital Work-In-Progress	(19519.14)	(41804.61)
Decrease/ (Increase) in Advances	1774.80	1335.99
Decrease/ (Increase) in Investments	(1601.37)	0.00
Interest Income	107.91	272.31
Dividend Income	15.06	21.00
Rental Income	96.39	95.47
Net Cash from Investing Activities	(18787.54)	(40077.58)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Secured & Unsecured)	20117.89	33216.91
Repayment of Borrowings (Secured & Unsecured)	(19885.00)	(8853.77)
Interest paid*	(2436.53)	(2000.00)
Dividend paid	(3114.48)	(2076.32)
Dividend tax paid	(529.31)	(291.20)
Net Cash from Financing Activities	(5847.43)	19995.62
D TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR (A+B+C)	396.31	(125.66)
Cash and cash equivalents at the beginning of the year	1852.07	1977.73
Cash and cash equivalents at the end of the year	2248.38	1852.07

* Exclusive of interest capitalised Rs.2021.06 lakh (Previous year Nil)

Notes:

1. Cash Flow statement has been prepared following Indirect method.
2. Figures of previous year has been regrouped/restated/reclassified wherever necessary.

Vide our report dated 3, June 2008

M.F. FAROOQUI, IAS
Chairman

Md. NASIMUDDIN, IAS
Managing Director

For MAHARAJ N.R. SURESH & CO.,
Chartered Accountants

Place : Chennai
Date : 29th May 2008

A. VELLIANGIRI
Dy. Managing Director
& Secretary

N.R. SURESH
Partner
M. No. 21661

**Information under Part IV of Schedule VI of the Companies Act 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(Accounting year ended 31st March 2008)**

I Company's Registration Details

- Registration No.	7799
- State Code	18
- Balance Sheet Date	31st March 2008

II Capital raised during the year: Rs. in Lakh:

- Public Issue	Nil
- Rights Issue	Nil
- Bonus Issue	Nil
- Private Placement	Nil

III Details of Mobilisation and Deployment of Funds:

(Rs.in Lakh)

- Total Liabilities	138079.88
- Total Assets	138079.88

Sources of Funds

- Paid up Capital	6937.78
- Reserves & Surplus	57063.20
- Secured Loans	48805.95
- Unsecured Loans	6437.95
- Deferred tax	18835.00
	138079.88

Application of Funds

- Net Fixed Assets	128360.99
- Investments	1715.42
- Net Current Assets	8003.47
	138079.88

IV Performance of Company

- Turnover	93852.71
- Total Expenditure (Net of other income Rs.3112.75 Lakh)	77546.34
- Profit before tax	16306.37
- Profit after tax	11283.00

V BASIC & DILUTED EARNINGS PER SHARE (Refer Note No.III-D of Sch., 22)

Rs.

Before Prior Period / Exceptional Items	16.32
After Prior Period / Exceptional Items	16.30

VI Generic names of three principal products/services of Company (as per monetary terms)

Item code No.	Product description
480100.09	Newsprint on rolls or sheets - Others
480252.03	Paper weighing 40g/m2 or more than 150g/m2 - Duplicating paper
480252.09	Paper weighing 40g/m2 or more than 150g/m2 - Others

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No. of Share(s)	
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NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 28th Annual General Meeting of the Company held on Friday, the 29th August, 2008 at 10.25 a.m. at The Music Academy, 168, T.T.K. Road, Chennai - 600 014.

Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.

Note : Please fill attendance slip and hand it over at the Entrance of the Meeting Hall.

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I / We of being a member / members of Tamil Nadu Newsprint and Papers Limited hereby appoint of or failing him..... of as my / our proxy to Vote for me / us on my / our behalf at the 28th Annual General Meeting of the Company to be held on Friday, the 29th August, 2008 at 10.25 a.m. or at any adjournment thereof.

Signed this day of2008.

* Applicable for investors holding shares in electronic form.

Signature

Affix One Re. Revenue Stamp

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting. The Proxy need not be a member of the Company.

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