



Tamil Nadu Newsprint and Papers Limited

29<sup>th</sup> Annual Report  
2008-2009



along the Green Highway...

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“We are built to conquer environment, solve problems, achieve goals, and we find no real satisfaction or happiness in life without obstacles to conquer and goals to achieve.”

- Maxwell Maltz

## Company Information

<b>Board of Directors</b>	Thiru M F Farooqui, I.A.S.	Chairman
	Thiru Md Nasimuddin, I.A.S.	Managing Director
	Thiru A Velliangiri	Deputy Managing Director
	Thiru R Thiagarajan, I.A.S.	Director
	Thiru Dayanand Kataria, I.A.S.	Director
	Thiru V R Mehta	Director
	Thiru V Narayanan	Director
	Thiru R R Bhandari	Director
	Thiru N Kumaravelu	Director
Thiru D Krishnan	Director	

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**Registered Office** 67, Mount Road  
Guindy  
Chennai - 600 032.

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**Factory** Kagithapuram - 639 136  
Karur District, Tamil Nadu.

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

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**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





Thiru Md. Nasimuddin I.A.S., Managing Director, TNPL, receives the IPMA Paper Mill of the Year Award 2007-08 from Shri Ajay Shankar, I.A.S., Secretary to the Government of India, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Govt. of India, on January 09, 2009.



Thiru A. Velliangiri, Deputy Managing Director, TNPL, receives the ICWAI National Award for Excellence in Cost Management - 2008 from Shri Anurag Goel, I.A.S., Secretary to the Govt. of India, Ministry of Corporate Affairs on March 13, 2009.

## Achievements during 2008-09

Highest production and sale of 254903 MT of paper. Both were higher by 9432 MT over the previous year.

Achieved a highest ever turnover of Rs. 1066 Crore.

Copier production reached 55504 MT registering a growth of 11% over the previous year.

“Zero Stock” of finished goods (NP & PWP) at the end of the financial year for the 18th time.

Exported 33461 MT of printing and writing paper during the year.

Implemented Farm Forestry Scheme in 9362 acres and Captive Plantation Scheme in 1209 acres. Covered 40291 acres of land under the schemes upto 31.3.2009. Produced 70.35 lakhs clonal plants in the Clonal Propagation and Research Centre (CRPC) during the year.

Implemented the Mill Development plan in all respects and changed over to ECF bleaching.

Two phases of wind farm with a total capacity of 6.75 MW were registered with UNFCCC. The project has generated 55905 CERs upto 30.6.08.

Achieved the highest Hardwood Pulp production of 84854 MT against 42357 MT in the previous year.

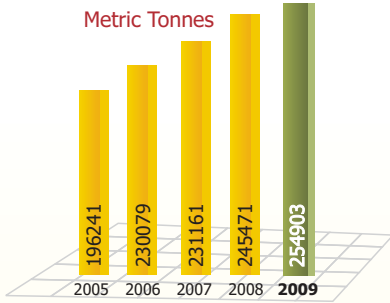
Received the prestigious “IPMA Paper Mill of the year Award 2007-08” for the second time.

Bagged “ICWAI National Award for Excellence in Cost Management - 2008” from the Institute of Cost and Works Accountants of India, Kolkata.

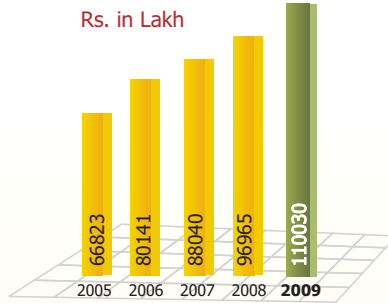
Received the “Supply Chain Performance Excellence Award” from Indian Institute of Materials Management (IIMM), Chennai in recognition of the Company's performance in the area of Inventory Optimisation.

## Financial Highlights - 10 years at a glance

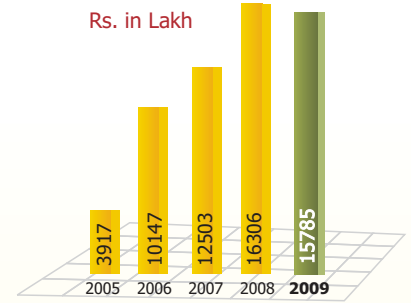
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
<b>REVENUE</b> (Rs. in Lakh)										
Sales & Other Income	50925	58179	55906	52885	58290	66823	80141	88040	96965	110030
PBIDT	11623	17027	15349	14919	14829	11727	18933	21455	26300	30336
Interest	5050	3886	3224	2863	1625	1622	2029	2052	2425	6325
Profit Before Tax	1841	8355	7026	6657	6858	3917	10147	12503	16306	15785
Tax	216	712	3495	1453	1578	122	2092	3897	5023	5046
Profit After Tax	1625	7643	3531	5204	5280	3795	8055	8606	11283	10739
<b>BALANCE SHEET</b> (Rs. in Lakh)										
Net Fixed Asset	69345	68963	68644	78875	76034	72836	81726	117782	128351	148396
Investments	114	114	114	114	815	114	114	114	1715	114
Net Current Asset	17920	13302	17383	10624	11021	15385	16662	10959	8003	20552
Total Capital Employed	87379	82379	86141	89613	87870	88335	98502	128855	138069	169062
Share Holders Fund	43068	48829	38040	41138	44868	46474	52212	57631	63990	66432
Borrowings	44311	33550	32511	31925	25399	25004	30814	55940	55244	80645
Deferred Tax Liability			15590	16550	17603	16857	15476	15284	18835	21985
TOTAL	87379	82379	86141	89613	87870	88335	98502	128855	138069	169062
Return on Net Worth (%)	3.77	15.65	9.28	12.66	11.77	8.17	15.43	14.93	17.60	16.17
Book Value Per Share (Rs.)	61.85	70.12	54.63	59.07	64.43	66.74	75.44	83.27	92.46	95.99
EPS (Rs.)	2.36	11.06	5.15	7.57	7.66	5.47	11.66	12.43	16.30	15.52
Dividend(%)	12	25	25	27.50	27.50	27.50	30	40	45	45
Debt to equity	0.88	0.57	0.69	0.61	0.41	0.32	0.42	0.84	0.62	0.88



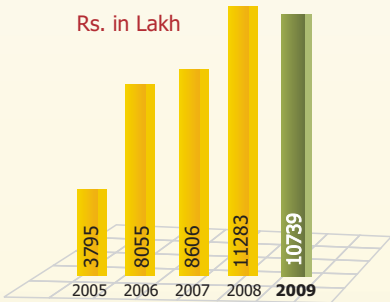
Production



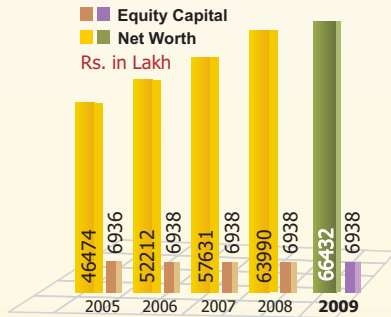
Sales & Other Income



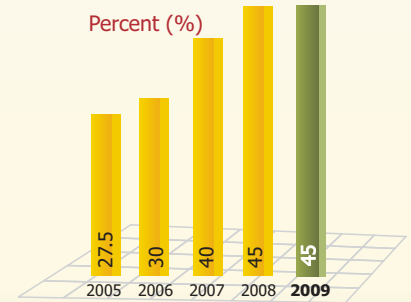
PBT



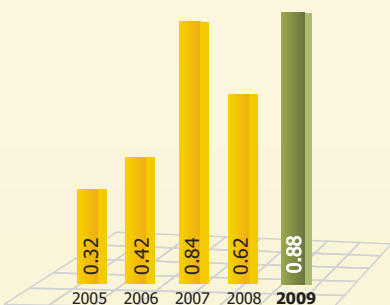
PAT



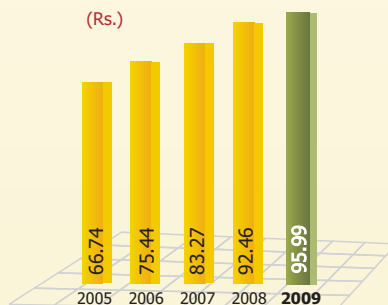
Equity Capital & Net Worth



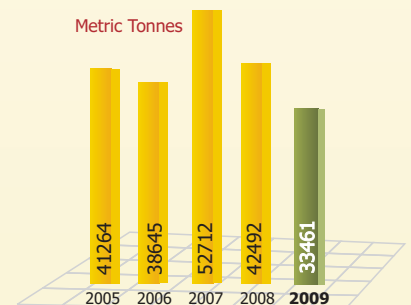
Dividend



Debt-Equity Ratio



Book Value per share



Exports



Paper machine from Voith



Multiple effect evaporator



Chlorine-di-oxide plant



Recovery Boiler



Bielomatik automatic cut-pack system



## Technology and beyond...

TNPL has grown from an initial capacity of 90,000 MT per annum in the year 1985 to the current level of 245,000 MT per annum through capacity expansion and machine upgrades. TNPL has continuously worked towards betterment of its bagasse based paper technology and maintenance of its status as a globally competitive low cost producer.

**Life Cycle Extension:** The Company has implemented the Life Cycle Extension of Paper Machine-I during April 2009. The old head box has been replaced with a new state-of-the-art head box. Improvements have been carried out in press frames, size press, pope reel and winder.

**Mill Development Plan:** The Company has implemented the Mill Development Plan in May 2008. Under the Mill Development Plan, a new 300 tpd state-of-the-art hard wood pulp line with ECF bleaching and a 500 tpd ECF bleach plant for chemical bagasse pulp line have been installed. A new recovery boiler of 1300 tpa, a falling film evaporator of 350 tpd water evaporation capacity, a new 20 MW turbo generator and a fully integrated 15 tpd Chlorine-di-Oxide Plant have also been added as part of the Mill Development Plan.

With the implementation of the Mill Development Plan, the Company has moved over from conventional bleaching to Elemental Chlorine Free (ECF) bleaching. This has made the plant more environmental compliant, operationally efficient and cost effective. This has also facilitated achieving substantial reduction in water consumption besides enhancing the paper production capacity from 230,000 tpa to 245,000 tpa.

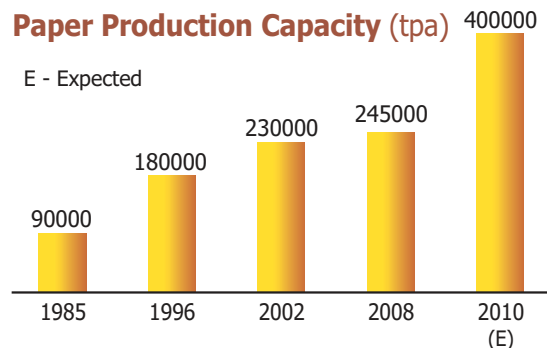
**Mill Expansion Plan:** The Company has embarked upon the Mill Expansion Plan involving a capital outlay of Rs.1000 Crore. The project aims at increasing the paper production capacity from 245,000 tpa to 400,000 tpa. The Mill Expansion Plan involves installation of a state-of-the-art Paper Machine with a production capacity of 155,000 tpa of fine paper, backward integration of chemical bagasse pulp line by installing

high efficient washers for the brown stock pulp with oxygen delignification, closing the brown loop to enhance the environmental performance and installing a multi-fuel boiler with steam generation capacity of 125 tph. The project is expected to be completed by 30.6.2010.

**De-Inking Plant:** Taking into account the additional requirement of pulp post-implementation of Mill Expansion Plan, the Company has planned to install a state-of-the-art De-Inking Plant of a capacity of 300 tpd. The project will be taken up for implementation during the year and completed by September 2011.

**Revamping of Steam and Power System:** To improve the energy efficiency, the Company has proposed to replace three old low pressure boilers of a total capacity of 180 tph with a new 120 tph high pressure boiler. In addition, the Company has proposed to replace two old TG sets of a total capacity of 18 MW with a new high efficient TG of 40 MW capacity to augment the in-house power generation to meet the additional requirement of power. The project will be taken up for implementation during the year and completed by September 2011.

**Lime Sludge Management:** The lime sludge generation from the recovery cycle and the fly ash generated from the power boilers are issues of concern in solid waste management. An innovative solution of combining these two and converting them into high grade cement has been drawn through installation of a mini cement plant within the factory. The procurement action for the machinery has been initiated and the Company is in the process of obtaining the environmental clearance.





TEWLIS irrigated land - coconut trees



TEWLIS irrigated land in Moolimangalam village



Tree Plantation Programme - 50000 saplings planted on a single day on 31.10.2008



Wild sugarcane cultivation



Chemical bagasse pulp ECF Bleach plant

## Environment Protection

Environment Protection and Management are integral part of the Company's activities. The Company has taken several measures for protecting the environment in line with its commitment for sustainable development. In its choice of raw materials, sources of energy and production processes, as well as in product development, the objective is to minimize the impact on environment.

Treated effluent water conforming to the Pollution Control Board norms is utilized for irrigating the once barren lands near the mill. About 1665 acres of arid lands are irrigated with the treated effluent water under TEWLIS scheme. The main crops cultivated in the ayacut area are coconut, sugarcane, sunflower, groundnut, tapioca, etc. The lands which were once dry and parched are now lush green and a perennial source of revenue to the land owners.

159 acres of land in abutting villages are covered under Captive Plantation to grow eucalyptus trees through drip irrigation using treated effluent water.

TNPL was awarded the prestigious TERI Corporate Environmental Award 2008 for the efforts towards environmental management and innovative initiatives among corporates with a turnover of over Rs.500 Crore.

To harness wind energy, TNPL set up a 15 MW windfarm power project at Devarkulam and Perungudi which are backward villages of Tirunelveli District. The initial installed capacity of 15 MW has since been enhanced to 35.5 MW in five phases.

TNPL has registered two CDM projects with UNFCCC, first under Waste Management Sector (Biogas) and second in Renewable Energy Sector (Windfarm). These projects have generated 1,75,129 Certified Emission Reduction (CERs). The Confederation of Indian Industry has recognized the bio-methanation project implemented by the Company as an "Innovative Project". TNPL is in the process of registering three more CDM projects (Chemical Recovery Boiler, Bio-gas-II and 13.75 MW windfarm project) with UNFCCC. These projects are under various stages of registration.

Usage of bagasse as primary raw material preserves over 40000 acres of forest land from depletion every year.

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 planted 50000 trees in and around the factory in a radius of 10 Km on a single day on 31.10.2008 to increase the green cover in the area.

The Company has implemented Non-Condensable Gas incineration system to collect the non-condensable gases generated during pulping and evaporation process and incinerate the same in the lime kilns.

The Mill Development Plan commissioned in May 2008 is focussed on improvement of environmental performance of the Mill. Water consumption and treated effluent water discharge have been reduced substantially from July 2008 onwards. The specific water consumption has been brought down to 62 KL per tonne of paper and the treated effluent discharge to 41 KL per tonne of paper as of June 2009. Post-MEP, this would be further reduced.



Clone ready for planting



Two year old clonal Eucalyptus captive plantation in core area



Casuarina hybrid plantation under research trial at model farm



Women working in the state-of-the-art mist chamber at the Clonal Propagation and Research Centre

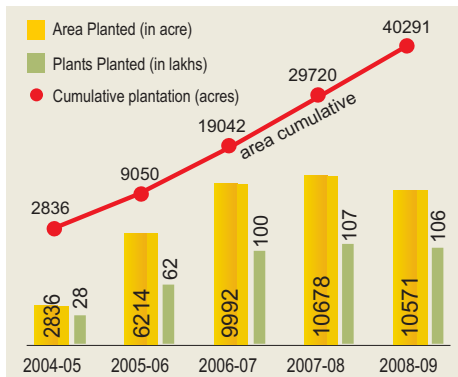


Clones ready for despatch at the Clonal Propagation and Research Centre



# Plantation

To meet the growing raw material requirement and to sub-serve 1988 National Forest Policy Guidelines of the Government of India, TNPL initiated plantation programmes during the year 2004-05. In a span of 5 years, TNPL has raised plantation in 40291 acres and is committed to raise plantation in about 15000 acres every year to attain the target of 1 lakh acres by the year 2012-13.



The plantation programmes comprise two approaches viz. Farm Forestry and Captive Plantation. The above plantation schemes are being implemented throughout Tamil Nadu through 10 Regional Offices providing advice and technical assistance to tree growers.

The major activities carried out under farm forestry programme are motivating the dry land farmers on tree farming and facilitating them to raise the pulpwood plantations. About 37557 acres of pulpwood plantations have been raised so far in

8235 farmers' land with assured market tie-up arrangement. Captive plantations are raised in large land holdings of minimum 25 acres in a single block belonging to the participating farmers either on long term lease or on revenue sharing basis. About 2734 acres of technology based plantations have been raised under Captive Plantation Scheme over a period of five years. This includes 159 acres of land located in the abutting villages to grow Eucalyptus trees through drip irrigation using treated effluent water.

The plantation programmes will have a desired impact on the ecosystem of the area where it is being implemented, in terms of checking soil erosion of lands and thus reducing further degradation of lands. Rational agro forestry systems under the programmes will result in green belt / green cover continuously and thus restore the ecological balance of the operational area. Implementing this programme and achieving the target of 40,000 ha (100,000 acres) of pulpwood plantation outside the forest area by the year 2012 will definitely convert the underutilized degraded wastelands into green cover. Further, by establishing pulpwood raw material outside the forest area, the same amount of natural forest will be protected without disturbance by the people for pulpwood and firewood.

The programmes provide gainful income to farmers from the underutilized lands by which the standard of living and social status of the rural farmers will be improved. The programmes will also provide substantial employment in a sustained manner by which the landless labour and poor people will get regular income and improve their living conditions.

The programmes will generate assured income to the landowner / farmer from sale of pulpwood, firewood and intercropping.



Pongal celebrated as community activity



Medical camp for the rural community



Free cattle welfare camp



Volley ball tournament for rural youth



Tailoring class for rural women



Performers at the Talent Expo

## Corporate Social Responsibility

Corporate Social Responsibility has become an integral part of the Company's corporate strategy. During the year 2008-2009, TNPL has implemented several community development initiatives in the fields of Education, Promotion of sports, Health camps, Cattle camps, Career Development activity, Assistance to otherwise abled persons, Supply of drinking water, Improvement of roads & culverts, Providing of street lights, Improvement of drainage and Improvement of infrastructure in government schools and colleges around the mill premises.

'Talent Expo 2008', a two day event to spot and nurture latent talents in students from schools from the nearby areas was held. 1200 Students from 50 schools participated in 23 events.

TNPL has been sponsoring men and women from rural areas to vocational training programmes, in operation of heavy equipment, servicing of cell phones, computer applications, tailoring, bee keeping, etc. These programmes have enabled the youth to take up employment / self-employment.

As a part of Career Development initiative, the Company has been providing training to rural youth to take part in competitive exams of the State and Central Governments. During the year, 22 candidates have been selected as police constables in the police force of Tamil Nadu Government.

TNPL conducts regular monthly medical camps to take care of the health needs of the neighbourhood population. During the year, the Company has conducted Special Medical Camps in Moolimangalam for the benefit of villages abutting TNPL. An Eye Camp in association with Aravind Eye

Hospital, Madurai was conducted to screen students studying in the Government Schools located in and around the factory. Several persons from the rural population have benefited out of these camps.

Cattle is the backbone for the farming community. While the Government has set up Veterinary clinics and periodically conducts camps, the need being greater, TNPL has stepped in. The Company in association with the Directorate of Animal Husbandry, conducts camps for cattle. Six camps were conducted during the year 2008-09.

The Company sponsors students residing in surrounding villages to study Diploma Course in Paper Technology at Seshasayee Institute of Technology (SIT), Trichy. Vocational training is provided to unemployed youth at SIT, Trichy. The cost of training is fully borne by TNPL.

The Company has instituted a rolling trophy in Kabaddi and Volley ball for rural youth living in villages adjoining the Factory. The tournament expenses are borne by the Company entirely.

A Computer Training Centre has been set up to provide computer literacy to unemployed youth in the neighbouring villages. A Soft Skill Development Center has been set up for young children and youth.

Measures are initiated towards development of rural heritage, culture and literature. Symposiums, workshops and debates are held by inviting eminent persons and Scholars in the field of Tamil Literature.

The Company has spent Rs. 1.60 Crore during 2008-09 on various social welfare measures and has set apart Rs. 2.0 Crore for the year 2009-10.

## TNPL Product mix - the printer's delight

TNPL manufactures a range of high-quality surface sized and non-surface sized papers to suit the requirements of modern high-speed printing machines. TNPL's state-of-the-art technology supported by a team of dedicated professionals ensure that customers always get quality products. Further, 'Online Process Control Systems' in the manufacturing processes help measure and control the critical parameters online.

### **TNPL Ultra White Maplitho**

The whitest in the range of maplitho paper with a high degree of opacity. Has the necessary ingredients to suit high-end multi-colour printing. Best suited for making premium quality diaries, calendars, Annual Reports and general multi-colour printing.

### **TNPL Elegant Printing**

A popular choice of printing houses. 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.

### **TNPL Hi-Tech Maplitho**

An economical paper offering a combination of high brightness, strength and stiffness, with improved optical properties. Suited for quality multi-colour printing and high speed web offset printing.

### **TNPL Superprinting Maplitho**

A product for high speed printing. The smooth surface with an excellent finish gives unique print evenness. This printer friendly product exhibits high degree of runnability and low degree of ink consumption. This new product from TNPL is becoming an ideal choice among printers and publishers.

### **TNPL Radiant Printing**

Non-surface sized paper offering good strength and brightness. This paper is best suited for commercial grade printing, as also for textbooks and brochures. Best suited for Student exercise notebooks.

### **TNPL Offset Printing**

This bright paper has excellent internal bonding strength and is ideal for high speed commercial offset printing and for continuous computer stationery. Also suited for Student exercise notebooks.

### **TNPL CreamWove**

A traditional product by its name with the TNPL stamp of quality. Formulated to offer complete satisfaction to the customers. It is ideal for examination paper, general writing and text books.



## TNPL branded products



### Copy Crown

A high opacity, multi-functional, super bright paper aimed at the office segment, designed to meet all the day-to-day needs of a modern business. This cut sized, packaged paper is marketed in attractive and compact 500 sheet packs of A4 size 80 GSM. Copy Crown is best suited for Laser, Inkjet, Plain Paper Fax printing and Digital copying for sharp contrast and image clarity.

### TNPL Copier

This international standard copier paper has quickly caught the minds of the customers in a discerning market. The 80 GSM and 75 GSM grades come in A4, A3 and Legal sizes. The uniqueness of TNPL Copier is its ability to give clear and hi-speed copies. Excellent dimensional stability and curl resistance capabilities ensure "absolute copying freedom".



### TNPL Commander

A new A4 cut-size economy paper with improved sheet properties for multi-purpose office application. Packed with high brightness coupled with enhanced visual efficiency. Uniquely designed for high speed-high volume photocopying and for common desktop printers.

### Eezee Write

TNPL's ready-to-use, packaged writing paper. Marketed in Academy and Double Foolscap sizes, cut packed in protective packs. Its bright, smooth surface is excellent for writing.



### Eco-Friendly Exercise Notebooks

Premium quality soft-bound notebooks popular among students for the attractive and trendy designs, durable binding and smoothness in writing. These rightly-priced notebooks come in popular sizes to match student needs.



A view of TNPL factory

## NOTICE

NOTICE is hereby given that the Twentyninth Annual General Meeting of the Members of Tamil Nadu Newsprint and Papers Limited will be held on Wednesday the 9th September 2009 at 10.30 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 audited Profit and Loss Account for the year ended 31st March 2009, the Balance Sheet as at that date and the Reports of the Board of Directors and the Statutory Auditors and the comments of the Comptroller and Auditor General of India, thereon.
2. To declare dividend
3. To appoint a Director in the place of Thiru R R Bhandari, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Thiru N Kumaravelu, 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)/62 dt.31.7.2008

### 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 D Krishnan 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 Thiru Dayanand Kataria 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 R Thiagarajan IAS be and is hereby appointed as Director of the Company.

BY ORDER OF THE BOARD

Place : Chennai

Date : 21st July 2009 **A VELLIANGIRI**  
DY.MANAGING DIRECTOR & SECRETARY

### 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, 7 and 8 are annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from 1.9.09 to 9.9.09 (both days inclusive).
- 5) The dividend for the year ended 31st March 2009 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 9th September 2009 . 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, 2006-07 and 2007-08 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 R R Bhandari  
 Age : 76 years  
 Qualification : B.Sc.Engineering(Mech.) from Banaras Hindu University

Experience : Consultant/Advisor of Tribeni Tissues, Kanoi Paper & Industries Ltd. Thiru R R Bhandari has 50 years of experience and expertise in a wide range of fields in the operation of pulp and paper mills. At both Tribeni Tissues & Pudumjee, Thiru R R Bhandari was closely involved in major expansion, modernisation, upgradation projects involving new & old paper machines, pulp mills, diesel & steam power plants, effluent treatment plants, waste paper treatment plant and introduction of high degree of computerised process control systems and automation.

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

#### ITEM NO. 4

Name : Thiru N Kumaravelu  
 Age : 54 years  
 Qualification & Experience

Thiru N Kumaravelu is a Commerce Graduate and a fellow member of the Institute of Chartered Accountants of India. He had been a member of the British Institute of Management,U.K.

Thiru N Kumaravelu is a practicing Chartered Accountant. He has rich experience in Management Accounting, Tax Laws and Company Law spanning over three decades.

Thiru N Kumaravelu is associated as Director with companies in financial services engaged in debt and capital market operations thereby providing valuable guidance to them from his good understanding of these markets.

Thiru N Kumaravelu was Chairman, Audit Committee, Tamil Nadu State Apex Co-op. Bank Ltd. (TNSC Bank) having assets of over Rs.2000 crore from 2005 to 2008. His recommendations made in those three years to tone up the functioning of the bank were lauded by none other than NABARD, one of the two regulators.

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

Company	Position	Committee Membership
Kapri Financial Services Ltd.	Director	Nil
Matha Vara Nidhi Ltd.	Director	

#### ITEM NO. 6

Name : Thiru D Krishnan  
 Age : 62 years  
 Qualification : M.A.(Economics)

Experience : Thiru D Krishnan was a direct recruit officer in LIC in the 1969 batch. Thiru D Krishnan had served LIC for over 37 years in many centres all over the country. Thiru D Krishnan rose to the position of Executive Director and held the position till retirement in 2006. Thiru D Krishnan held the position of CEO of LIC Housing Finance Ltd. Held the position of Senior Consultant to Reliance Capital for 2 years after retirement.

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

#### ITEM NO. 7

Name : Thiru Dayanand Kataria IAS  
 Age : 46 years  
 Qualification : B.A.LLB, Cert. in Pub. Admn. (Maxwell School USA)

Experience : Thiru Dayanand Kataria IAS belongs to the 1989 batch of Indian Administrative Service. Thiru Dayanand Kataria IAS has 19 years of service in various departments of Government of Tamil Nadu. Thiru Dayanand Kataria IAS presently holds the position of Commissioner of Sugar.

Thiru Dayanand Kataria IAS does not hold any shares in TNPL. His Directorships and Committee Memberships of other companies are as below:

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

#### ITEM NO. 8

Name : Thiru R. Thiagarajan IAS  
 Age : 58 years  
 Qualification : M.A.(Eng.), MBA(Fin.)

Experience : Thiru R Thiagarajan IAS belongs to the 1994 batch of Indian Administrative Service. Thiru R Thiagarajan IAS has 24 years of service in various departments of

Government of Tamil Nadu. Thiru R Thiagarajan IAS presently holds the position of Special Secretary to Govt., Finance Department.

Thiru R Thiagarajan IAS does not hold any shares in TNPL. His Directorships and Committee Memberships of other companies are as below:

Company	Position	Committee Membership
SIPCOT	Director	Member
Transport Development Finance Corporation	Director	—
ELCOT	Director	—

Company	Position	Committee Membership
Tidel Park	Director	—
Tidel Park Coimbatore Ltd.	Director	—
Arasu Cable TV Corpn.Ltd.	Director	—
TN Cements Corpn.	Director	—
Metropolitan Transport Corpn.Ltd.	Director	Member
TN State Transport Corpn.Ltd., Coimbatore	Director	—

## 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 D Krishnan as an Additional Director with effect from 11.12.2008. As an Additional Director Thiru D Krishnan 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 of Thiru D Krishnan for Directorship. 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 D Krishnan is interested or concerned in the resolution.

### ITEM NO.7

The Board of Directors of your Company have appointed Thiru Dayanand Kataria IAS as an Additional Director with effect from 26.6.2009. As an Additional Director Thiru Dayanand Kataria 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 of Thiru Dayanand Kataria IAS for Directorship. 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 Dayanand Kataria IAS is interested or concerned in the resolution.

### ITEM NO.8

The Board of Directors of your Company have appointed Thiru R Thiagarajan IAS as an Additional Director with effect from 26.6.2009. As an Additional Director Thiru R Thiagarajan 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 of Thiru R Thiagarajan IAS for Directorship. 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 R Thiagarajan IAS is interested or concerned in the 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 & SECRETARY

## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors have pleasure in presenting the Twentyninth Annual Report and the Audited Accounts of your Company for the financial year ended 31.3.2009.

### 1. FINANCIAL RESULTS

Particulars	(Rs. in crore)	
	2008-09	2007-08
Sales	1066.46	938.53
Other income	33.84	31.13
Operating Profit (PBIDT)	303.36	263.00
Interest and Finance charges	63.25	24.24
Gross Profit (PBDT)	240.11	238.76
Depreciation	100.80	75.54
Profit before Prior Period/ Exceptional items	139.31	163.22
Prior Period/Exceptional items	18.54	(0.15)
Profit before tax	157.85	163.06
Provision for tax	50.46	50.23
Profit after tax	107.39	112.83
Balance brought forward	22.42	20.03
<b>Profit Available for appropriation</b>	<b>129.81</b>	132.86
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	68.00	74.00
Debenture Redemption Reserve	3.60	0.00
Interim Dividend	0.00	13.84
Proposed Dividend	31.14	17.30
Tax on Dividend	5.30	5.30
Balance carried forward	21.77	22.42
	<b>129.81</b>	<b>132.86</b>

### 2. DIVIDEND

Your Directors are pleased to recommend dividend of 45% for the financial year ended 31.3.2009. The dividend, if approved by the shareholders, will be paid to all the equity shareholders whose names appear in the Register of Members as on 9.9.2009. The dividend of 45% for the year 2008-09 would absorb Rs.31.14 crore.

### 3. PERFORMANCE HIGHLIGHTS OF THE YEAR

- Sales crossed Rs.1000 crore for the first time in the company's history
- Despite the adverse economic environment, the company's operating profit improved by 15%. However,

PBT was marginally lower than last year because of (i) higher interest costs and (ii) higher depreciation

- The dividend has been maintained at 45%
- The Mill Development Plan(MDP) costing Rs.619.52 crore has been implemented in all respects. The investment in MDP accounts for the higher interest costs and higher depreciation in the current year. The completion of MDP makes TNPL one of the most ecofriendly companies in the Global Paper Industry.
- The company has begun investments under the Mill Expansion Plan (MEP) to increase capacity from 2,45,000 tpa to 4,00,000 tpa. The project will be completed by June 2010 and will cost Rs.1000 crore.
- The company has achieved a record production of 2,54,903 Mts - 9432 tonnes over the previous year. Copier production recorded a new high of 55,504 tonnes. Hardwood Pulp production was 84,854 Mts. against 42357 Mts. in the previous year.
- 33,461 Mts. of Printing & Writing Paper were exported during the year
- Your company has achieved "zero stock" of finished goods at the end of the financial year. This is the 18th successive year in which your company has achieved "zero stock".
- The wind farm has earned a profit of Rs.63.44 lakh during the year through the generation of 526.60 lakh units of windpower. Two phases with a total capacity of 6.75 MW has been registered with UNFCCC. 55905 CERs have been generated upto 30.6.08.
- Your company has cumulatively covered 40,291 acres of land under its Farm Forestry Scheme and Captive Plantation Scheme, benefiting about 8235 farmers.
- The Bio-methanation Plant generated 46.89 lakh cubic metres of methane gas during the year enabling the company to reduce consumption of 2790 KL of furnace oil in the lime kilns.
- Steps have been taken to set up a 400 tpd mini cement plant at a cost of Rs.45 crore. This project will make TNPL even more eco friendly as it will use the lime sludge and fly ash generated by the paper mill.
- The company spent over Rs.160 lakh for community development under the Company's Corporate Social Responsibility Programme(CSR). The expenditure in 2009-10 will be increased to Rs.2 crore. Besides building up community assets, your company has participated in alleviating poverty, providing health care and imparting children education in the Kagithapuram area where the TNPL factory is located.
- The company received the prestigious "IPMA Paper Mill of the year award for the year 2007-08". Your company has won this award for the second time.

- The Institute of Cost & Works Accountants of India, Calcutta awarded to TNPL "the ICWAI National Award for excellence in Cost Management 2008" (category-Public Sector - Manufacturing – Organisation - Medium (turnover less than Rs.1000 crore)).

#### 4. OVERALL PERFORMANCE - OTHER HIGHLIGHTS

The production and capacity utilization are given hereunder:

(Figures in MTs)

Particulars	2008-09			2007-08		
	PM I	PM II	Total	PM I	PM II	Total
Newsprint	1514	1514	1514	-	-	-
PWP	112556	140833	253389	116284	129187	245471
Total	112556	142347	254903	116284	129187	245471
Capacity Utilisation (%)	105.37%			106.76%		

Your company has achieved an overall capacity utilization of 105.37%. Your company's strategy of keeping the product mix flexible between newsprint and printing & writing paper has improved the sales revenue and the profit.

With the steep rise in coal price during the year, generation of power through condensation becomes uneconomical. Hence, power export was restricted to the barest minimum at 208.93 lakh units against 610.45 lakh units in the previous year. Total power generation during the year was 3994.88 lakh units against 4143.98 lakh units in the previous year. During the year, your company has drawn 8.73 lakh units of power from the State grid, equivalent to 0.23% of the total consumption.

Bagasse availability during the year was good. Bagasse stock at the end of the year was 356942 MT. There was no water shortage during the year. With the implementation of Mill Development Plan and switching over to ECF bleaching and implementation of various water conservation measures, your company has reduced the water consumption to an average of about 62 kl. per MT of finished production since May 2009 against 108 kl. per MT of finished production during the year 2007-08. Water consumption would be further reduced during the current year.

Your company had set up a bio-methanation plant during 2003-04. 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 commissioned the second Bio-methanation Plant during February 2009.

#### 5. MARKET TRENDS

##### Newsprint

With the closing down of sizeable capacity of newsprint manufacturing facilities overseas, newsprint price in the international market increased from USD 650-750 per MT during January-March 2008 to USD 750-800 per MT during April-June 2008 and USD 880-920 per MT during July-September 2008. Consequently, newsprint price in the domestic market rose to about Rs.35000 per MT. at its peak. With the global economic slowdown, newsprint consumption declined sharply and the newsprint price fell to about USD 550 per MT. in March 2009 and the newsprint price in the domestic market tumbled to about Rs.25000 per mt. The Govt. of India has brought the newsprint and Light Weight Coated (LWC) paper under zero duty effective from 11.2.2009. This has made newsprint imports further cheaper.

##### Printing and Writing Paper

The global economic slow down has impacted adversely the printing and writing paper demand and prices across all grades. Printing & Writing Paper prices declined from USD 900-950 per MT to about 700-750 per MT during October-December 2008. This has affected exports of the company since October 2008. During the year 2008-09, TNPL has exported 33461 Mts of PWP against 42492 Mts in the previous year.

In the domestic market, the prices of Printing & Writing Paper were varying from Rs.38,000/- to Rs.45,000/- depending on the variety and GSM. The import duty on printing and writing paper remained at 10% during the year. In the Union Budget 2008-09, Excise duty on PWP was reduced from 12% to 8%. With effect from 7<sup>th</sup> December 2008, the Govt. of India have reduced the excise duty from 8% to 4% to improve the paper consumption. No excise duty is levied on the first 3500 tonnes of PWP produced primarily out of non-conventional raw material.

TNPL Copier has become a household name in the copier segment. During the year 2008-09 the company produced and sold 55504 Mts of Copier. This is the sixth year in a row in which your company has increased the copier production. However, this segment would also likely to see less growth as competition is at a peak as more players, including recycled paper manufacturers, have entered this market.

The domestic market has seen capacity additions of about 4 lakh Mts, over the last one year and is to see more capacities being added in the coming months. The addition is estimated at about a fifth of the annual demand for printing and writing paper in the domestic market. However, no big capacity addition is likely to take place beyond June 2010 for the next 2-3 years.

#### 6. OUTLOOK

Newsprint consumption is expected to grow by 4-5% per annum and printing & writing paper by 7-8% per annum. Within the printing & writing paper segment, the demand for the non-surfaced paper is expected to grow

by 6-7%, surface sized paper by 7-8% and copier paper by 15%.

With capacity additions taking place within the country and declining exports, paper prices are likely to be under pressure for most part of the current year.

Your company has completed the Life Cycle Extension Project in Paper Machine I on 16th April 2009 as per schedule. The machine was shut for 30 days during March and April 2009 for Life Cycle Extension. The performance of Recovery boiler, Evaporator, Hard wood pulp line, ECF bleaching in chemical bagasse pulp lines and the auxiliary equipments added under Mill Development Plan has improved. Your company will get the full benefits of the Mill Development Plan and Life Cycle Extension of Paper Machine I during the current year (2009-10).

## 7. FIXED DEPOSITS

Your company has stopped accepting fresh deposits from 1.6.2002 and renewals from 1.8.2005. The outstanding deposits as on 31.3.2009 was Rs.6.44 Lakhs against Rs.97.58 Lakhs in the previous year. Number of depositors as on 31.3.2009 was 39 against 310 depositors in the previous year. The outstanding deposits will be repaid to depositors on due dates.

## 8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred a sum of Rs.7,06,665/- to the Investor Education and Protection Fund, the dividend 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.

## 9. 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).

## 10. 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.

## 11. DIRECTORS

Thiru D.Krishnan, Executive Director (Retd.), LIC of India has been co-opted as an Additional Director w.e.f.11.12.2008 in place of Thiru R.L. Narasimhan, who resigned w.e.f.14.9.08. Thiru D. Krishnan 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 Dayanand Kataria IAS and Thiru R Thiagarajan IAS have been appointed as Additional Directors in the place of Thiru Atulya Misra IAS and Tmt.Anita Praveen IAS, respectively. The above Directors will hold office upto the date of forthcoming Annual General Meeting and are eligible for appointment as Directors in the General Meeting.

Tvl R.R. Bhandari and N. Kumaravelu, Directors retire by rotation and are being eligible for re-appointment as Directors in the forthcoming Annual General Meeting.

## 12. 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 2008-2009.

## 13. STATUTORY AUDITORS

The Comptroller and Auditor General of India has appointed M/s. Maharaj N R Suresh & Co., Chartered Accountants, Chennai as the Auditors of your Company for the year 2008-2009.

## 14. SECRETARIAL AUDITOR

Secretarial Audit of the company for the financial year ended March 31, 2009 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.

## 15. 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.

## 16. 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 2009 on a going concern basis.

#### **17. 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.

#### **18. 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, 2009 has been duly signed by the Managing Director and Deputy Managing Director.

#### **19. 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, Financial Institutions, the Depositors, Sugar Mills, the indentors and the customers.

For and on behalf of the Board

**M F FAROOQUI**  
CHAIRMAN

Date: 24.7.2009

Place: Chennai 600 032

## ANNEXURE - I

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

#### **REPORT ON ENERGY CONSERVATION DURING THE YEAR 2008-09**

##### **I. (A) ENERGY CONSERVATION MEASURES TAKEN DURING THE YEAR 2008-09**

1. Re-utilisation of soft water in ECF Plant results in retaining the heat and thereby bringing savings to the tune of Rs.148.00 lakhs per annum.
2. Effective utilisation of 960M<sup>3</sup> Hot water from the precondenser, in the lime mud washer brought about savings of Rs.8.80 lakhs per annum.
3. Restricting the usage of Mud Storage tank agitator without affecting process parameters resulted in savings of Rs.1.54 lakhs per annum.
4. Utilising the Evaporator booster pump in place of a separate pump for generating the required high pressure water resulted in savings of Rs.0.47 lakhs.
5. The introduction of the concept of recovering the Gland Steam from TG#5 has resulted in savings of Rs.2.10 lakhs per annum.
6. Interconnecting the header of Deaerator pumps of all the Boilers has resulted in stopping the operation of one pump bringing a consequent power saving of Rs.1.71 lakhs per annum.
7. Down sizing of Pith screw and Air compressor motors at offsites has resulted in savings of Rs.0.23 lakhs per annum.
8. Switching off lights/fans/AC whenever there is no occupant in the office rooms at factory is expected to result in savings of Rs.0.73 lakhs per annum.
9. Replacement of vapour compression air conditioning with steam based vapour absorption system has resulted in power savings to the tune of Rs.6.30 lakhs per annum.
10. Replacing incandescent lamps with CFL lamps in the colony is expected to bring in savings of Rs.1.03 lakhs per annum.
11. Regulations on AC Plant operations, lighting systems and introduction of CFL are bringing in a savings of about Rs.3 lakhs per annum at Corporate Office.
12. Utilization of waste effluent sludge in Power Boiler equivalent to 1301 Mts of imported coal has resulted in savings of Rs.58.15 lakhs.
13. Total Annual Energy Savings works out to Rs.232.06 lakhs.
14. The savings in the cost of production is Rs.91 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**

##### **DIGESTER ADDITIVES FOR SHIVE REDUCTION IN BAGASSE PULPING**

Laboratory studies were carried out to study the effect of surfactant based digester additives on the shive removal in bagasse pulping. As the results were encouraging, studies were extended to the plant and digester additive addition was optimized in the plant to achieve a 30% shive reduction at the digester outlet.

##### **BLEACHING**

Total Chlorine Free (TCF) bleaching of bagasse pulp was carried out using Oxygen and Peroxide, to ascertain the suitability of the same. Brightness achieved was only around 80% ISO.

##### **NEW PRODUCT DEVELOPMENT**

SUPER PRINT MAPLITHO - a maplitho grade of paper with 86% ISO brightness was developed to cater to the multicolor offset printing segment.

The company has also developed TNPL Multi Print Paper during the year.

##### **PRODUCT IMPROVEMENT**

The particle size distribution of Precipitated Calcium Carbonate, suitable for bagasse furnish, with regard to overall improvement in bulk, porosity, opacity, brightness was arrived. The specification of the desired PCC for onsite manufacture was formulated from the studies.

The effect of Cobb on offset printing paper was studied through printing trials at customers' end and the modification to ink formulation for faster drying with bagasse based papers was also taken up on trial basis. The results showed improvement. Further studies are being continued.

##### **PROCESS IMPROVEMENTS**

Casuarina and Subabul are received with bark. R&D studies were carried out to assess the effects of Debarking of Casuarina and Subabul before pulping with respect to the impact of bark on non-process elements in black liquor, pulp yield and properties in comparison to Debarked Eucalyptus.

Causes of scaling in ECF bleach plant were studied and as an outcome, use of soft water in washing and the use of descalant were suggested.

Effective utilisation of excess hot water available in hardwood line by diverting to bagasse bleach plant thereby evolving considerable savings on steam was recommended.

Effects of introduction of pigment dyes - Pigment violet and Pigment blue - was studied and gainfully implemented in the plant. The replacement of methyl violet and Rhodamine with the pigment dyes resulted in significant improvement in light fastness of the shade of paper.

The low bright China clay was replaced with high bright Soap stone powder of low abrasion, which resulted in improved brightness of paper, lower whitening agent consumption and reduced AKD consumption for sizing.

Laboratory studies were carried out with alkaline sizing using Alkenyl Succinic Anhydride (ASA), with bagasse furnish.

### ENVIRONMENT RELATED R&D

Effluent decolorisation studies were carried out on lab scale and on continuous pilot plant scale with Ozone. The results were encouraging and Ozone decolorisation of final effluent has been recommended for plant scale implementation in a phased manner. The findings of the color removal studies were presented in IPPTA technical conference.

As a step towards color reduction at source, recycling of the extraction stage effluent in hardwood in the brown loop was carried out. The same has resulted in color reduction, TDS reduction and Sodium reduction in effluent. The effect of recycling on build up of Non-Process Elements such as Chlorides, silica in the system is being studied.

Recycle of decker filtrate generated during pulp thickening back into the brown stock washing system has resulted in reduction of the volume of effluent, its color and sodium content.

Recommended implementation of replacement of soft water makeup in cooling towers with process water in conjunction with chemical treatment.

### BIOTECHNOLOGY - TISSUE CULTURE

About 2,00,000 Wild sugarcane seedlings were developed by tissue culture technique for plantation in 50 acres, in order to study the cane yield and plantation management.

1,20,000 nos of Eucalyptus clonal seedlings were also developed using tissue culture technique for plantation.

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

- New product introduced to cater to multi color offset printing segment.
- Introduction of high bright soapstone powder in place of china clay has resulted in improved brightness, lower OBA consumption and reduced AKD consumption for sizing.
- The Precipitated Calcium Carbonate particle size distribution arrived at provides overall improvement in bulk, brightness, porosity and scattering coefficient.
- Introduction of Pigment dyes has improved color stability of the paper shade substantially and reduced dye bleeding in effluent.
- Dosage of surfactant based digester additives in bagasse pulping has resulted in 30% reduction in rejects from the digester.
- Reuse of extractions stage filtrate in brown loop of Hardwood Street has resulted in reduced color, TDS and Sodium in effluent in addition to savings in Sodium.

### III. Future plan of action

- Trials with Precipitated Calcium Carbonate for establishing an onsite production plant
- Alkaline sizing with ASA (Alkenyl Succinic anhydride)

- Increasing filler loading of paper
- Plantation and harvesting trials of Wild sugarcane variety
- Color reduction of effluent using Ozone - plant optimization
- Evaluation of Alternative raw materials 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	59.50
Recurring	109.33
Total	168.83
Total R&D expenditure as 0.16% on turnover	

### I (C) FOREIGN EXCHANGE EARNINGS

#### a. Activities relating to Exports

During the year, the company exported 33461 Mts. of Printing and Writing Paper valued at Rs.136.12 crores to Armenia, Bulgaria, Ecuador, Egypt, Iran, Kenya, Malaysia, Nigeria, Oman, Romania, Sri Lanka, Sudan, Syria, Turkey, UAE. Continuous efforts are being taken to increase exports by exploring new markets.

#### b. Foreign Exchange Earnings

	Rs. In lakh
Export of PWP (C&F value)	13612.01

### I (D) FOREIGN EXCHANGE OUTGO

#### a. Imports (on CIF basis)

	(Rs. In lakh)
Raw materials	3797.09
Components, Spare parts & Chemicals	2129.12
Imported coal	17415.76
Capital goods	17592.68
Total	<u>40934.65</u>

#### b. Other than imports

	(Rs. In lakh)
Engineering & Supervision charges	92.44
Interest & Commitment charges	1138.07
Repayment of foreign currency loan	4873.28
Others	132.56
Total	<u>6236.35</u>

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

S.NO	PARTICULARS	UOM	2008-2009 Current year	2007-2008 Previous year
(a)	Purchased			
	Unit	Lakh KWH	<b>8.73</b>	24.31
	Energy Charges	Rs.in lakhs	<b>32.09</b>	89.68
	MD & Other Charges	"	<b>567.61</b>	378.65
	Total Charges	"	<b>599.70</b>	468.33
	Rate/Unit (Excluding MD&Other Charges)	Rupees	<b>3.68</b>	3.69
(b)	Own Generation			
(i)	Through Steam Turbine/ Generator			
	Units generated	Lakh KWH	<b>3994.88</b>	4143.98
	Cost / Unit (Variable Cost)	Rupees	<b>2.53</b>	1.86
	Units Consumed	Lakh KWH	<b>3785.95</b>	3533.53
	Cost / Unit (Variable Cost)	Rupees	<b>2.44</b>	1.82
	Units Exported to TNEB	Lakh KWH	<b>208.93</b>	610.45
	Cost / Unit (Variable Cost)	Rupees	<b>4.06</b>	2.12
(ii)	Through Wind Turbine/ Generator *	Lakh KWH	<b>526.60</b>	543.19
	Cost / Unit (Total Cost)	Rupees	<b>2.67</b>	2.67

\* Generation net of imports

**2. Fuel Consumed #**

S. NO.	PARTICULARS	2008-2009			2007-2008		
		Qty. (MT)	Total cost Rs.lakh	Avg. rate Rs.	Qty (MT)	Total cost Rs.lakh	Avg. rate Rs.
	<b>Fuel Purchased</b>						
A	Indigenous Coal	<b>62629</b>	<b>1356.21</b>	<b>2165</b>	14814	297.18	2006
B	Imported Coal	<b>210045</b>	<b>9630.11</b>	<b>4585</b>	270203	8535.22	3159
C	Raw Lignite	<b>40277</b>	<b>723.34</b>	<b>1796</b>	52074	854.93	1642
D	Furnace Oil (Kilo Litre)	<b>13813</b>	<b>3375.82</b>	<b>24440</b>	7562	1483.73	19622
E	Agro Fuel	<b>6034</b>	<b>185.01</b>	<b>3066</b>	22171	490.03	2210
	<b>Fuel - Internal Generation</b>						
F	Pith	<b>95193</b>			61385		
G	MLSS Pith	<b>6880</b>			15500		
H	Wood Bark/Dust	<b>2988</b>			1576		
I	Black Liquor Solids	<b>346437</b>			227371		
J	Bio Methane Gas - 000 M <sup>3</sup>	<b>4650</b>			5705		

# 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	1344	1519		1421
(b)	Ind.Coal	Kg	182	245		60
(c)	Imp.Coal	Kg	560	755		943
(d)	Raw Lignite	Kg	117	157		212
(e)	Furnace Oil	Ltr	33	54		31
(f)	Agro Fuel	Kg	18	24		97
(g)	Pith	Kg	276	372		250
(h)	MLSS Pith	Kg	20	27		63
(i)	Black Liquor Solids	Kg	934	1354		925
(j)	Bio-Methane Gas	000 M <sup>3</sup>	11	18		23

**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 31.3.2009:**

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 & Secretary        |
| 3. | Remuneration received                           | : | Rs.34,68,204/-                              |
| 4. | Qualification                                   | : | B.Com.,FCA, FCS, FICWA, MBA, DMA (ICA)      |
| 5. | Experience of employee (Years)                  | : | 36 years                                    |
| 6. | Date of commencement of Employment              | : | 19.12.2007                                  |
| 7. | Last employment held, designation /organization | : | Director(Finance) & Company Secretary, TNPL |
| 8. | Age (years)                                     | : | 59 years                                    |

**Notes :**

- Sri A.Vellaingiri is not a relative to any Director.
- Remuneration includes Salary, Allowances, arrears of salary revision in respect of the previous years and contribution to Provident Fund, Superannuation Fund and Gratuity Fund.
- The employment of Sri A.Velliangiri is contractual.

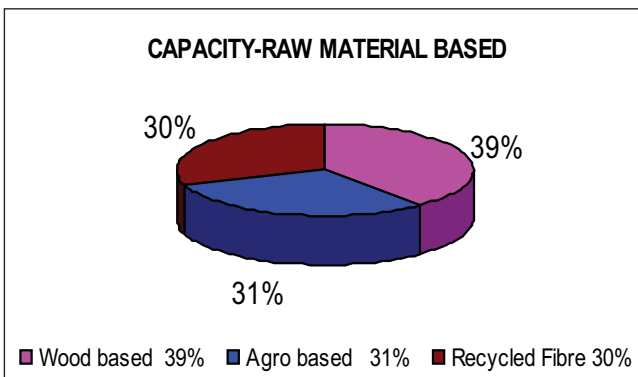
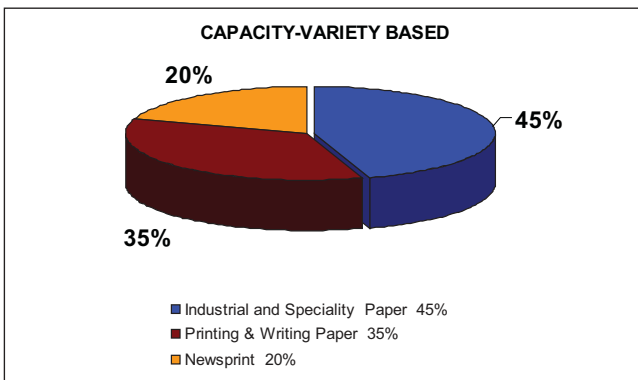
## ANNEXURE IV MANAGEMENT DISCUSSION AND ANALYSIS

### I. INDUSTRY SCENARIO

Globally India ranks 15th among the paper producing countries. The industry is highly fragmented with about 700 units spread across the country with capacity ranging from 3 tpd to over 700 tpd. Total installed capacity is 8.5 Million tonnes with production of 7.30 Million tonnes. The consumption is estimated to be about 8.5 Million tonnes.

The product segments in the paper industry can be broadly classified as below: Newsprint, Printing & Writing Paper, Industrial Paper and other paper. TNPL has its presence in the Newsprint and Printing & Writing Paper segments. Based on the primary raw material used, the companies in the Paper Industry can be divided into wood-based, agro-based and waste paper based (Recycled fibre) companies. While a majority of the large mills are wood based mills with the raw materials source from captive plantations or from suppliers with whom these companies have long term supply contracts, TNPL stands out as a unique enterprise predominantly using agro based renewable raw material viz. bagasse for manufacturing both Newsprint and Printing & Writing Paper.

Of the total consumption in India, Printing and Writing paper accounts for about 35%, Newsprint 20% and Industrial and Speciality Papers 45%. Per capita consumption is 8.5 Kg. against the world average of 55 Kg. and Asian average of 45 Kg. Of the total capacity, 39% is wood based, 31% Agro 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 continuous growth in the GDP and improvements in literacy rate and standard of living, the demand for paper and paper products is growing at the annual rate of 7 - 8%. The demand growth in the next three years is likely to be about 4 - 5% in newsprint, 6 - 7% in non-surface sized paper, 7 - 8% in surface sized paper, 15% in cut size copier paper and 5% in speciality paper. India is considered as the fastest growing paper 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. Many "A" Grade Mills and some major "B" Grade Mills are expanding the capacity. Small mills not complying with environmental regulations may close down their operation in course of time

The Government of India have brought Newsprint and Light Weight Coated (LWC) Paper under Zero Duty with effect from 11.2.2009. The import duty on Printing and Writing paper has been reduced from 35% in 2001-02 to 10% effective from 1.3.2007. With the above reduction in import duty, 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. Since December 2008, the excise duty was further slashed down to 4% to improve the consumption. No excise duty is levied on the first 3500 tonnes of PWP made primarily out of non-conventional raw material. IPMA Member Mills have exported 215200 Mts of printing & writing paper during 2008-09. Imports during 2008-09 was 869135 Mts including 850000 Mts of Newsprint.

### II. STRATEGY

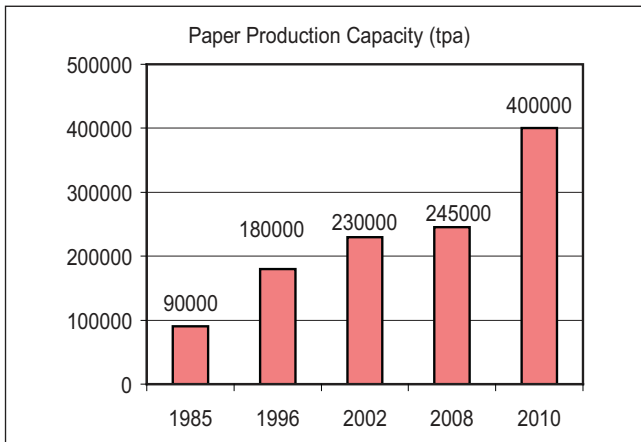
In a market driven economy where the price is determined in a competitive environment by market forces only low cost high quality products can sustain in the long run. Taking this into account, TNPL is focusing its strategy to impart to it the ability to meet the adverse conditions and be a producer of quality products at competitive rates. The strategies adopted in this regard are:

1. Sustainable growth
2. Efficient cost management
3. Financial re-engineering,
4. Customer centric approach
5. Innovation
6. Optimum utilization of Human resources

#### Sustainable Growth:

TNPL has grown from an initial capacity of 90000 Mts per annum in 1985 to 245000 Mts 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 has been implemented.

Under the Mill Expansion Plan taken up for implementation, a new state-of-art Paper Machine with a capacity of 155000 Mts per annum will be added for increasing the production capacity to 400000 Mts per annum. The new Paper Machine will become operational from June 2010. Every phase of growth is supported by latest technology and installation of the state-of-the-art machineries. Now the company has planned to add a new Deinking line to produce deinked pulp through recycling of waste papers. The Company has also planned to replace three old boilers installed during 1984 with a new single boiler and install a new TG of a capacity of 40 MW in replacement of two old TGs. The above replacement would make the Company productive on energy front. These two projects would be taken for implementation during the current year.



**Efficient Cost Management**

TNPL has implemented several cost reduction measures to keep the cost of production low. Hard wood pulp production was increased from 42357 Mts. in 2007-08 to 84854 MTs. in 2008-09. This is the 9th year in which the Hardwood Pulp production has been raised in a row. Change over from Acid Sizing to Alkaline sizing 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 practised 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.

Besides, the Company has also taken several cost cutting measures resulting in one time and recurring savings.

**Financial re-engineering**

Swapping the multi-currency world bank loan of USD 45 million into US Dollar denominated FCNR(B) loan and reducing the loan repayment period from 10 years to 5 years had resulted in a saving of Rs.39.95 crore to the Company upto 7th December 2007, the last date of payment of the entire loan.

Opting for fixed rate of interest for rupee loan during 2004-05 when the interest rates were low and availing FC loan with interest rate linked to LIBOR for the Mill Development Plan has enabled the company to keep the interest and financial charges low.

The company is also availing short term loans at highly competitive rates to keep the interest rates low. The financial closure for the Mill Expansion Plan for availing term loan of Rs.666 Crore has been done. TNPL will be availing ECA credit of Euro 60 Million as part of the MEP loan at a highly competitive interest rate. All Foreign Currency loans are hedged for currency risk on the date of availing of loan.

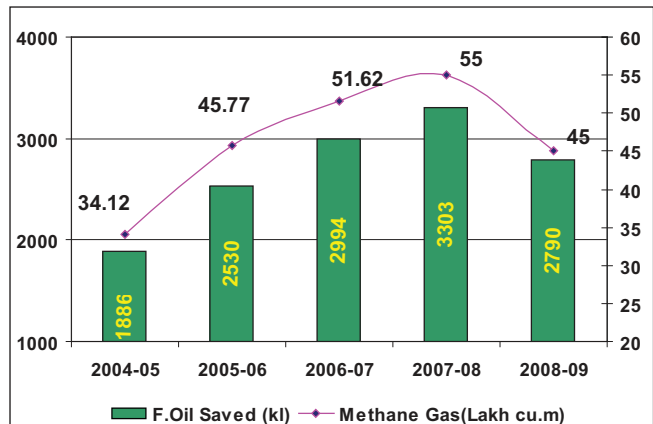
The average cost of the long term loan availed as on 31.3.2009 works out to 8.17%.

**Customer Centric Approach**

TNPL keeps the product mix in line with the market demand. Copier production has been increased from 19311 Mts. in 2002-03 to 55504 Mts. in 2008-09 registering a compounded average growth of 19%. 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 34160 Mts. in 2008-09. TNPL has exported 33461 Mts. of uncoated Printing & Writing Paper during the year 2008-09. TNPL has introduced superprint maplitho paper during the year. This has become a printer's choice with considerable flow of orders. TNPL also introduced 50 gsm papers during the year. An optimum mix of market sales, direct sales and exports has enabled the company to obtain the best value for its products. TNPL has framed a "Customer Care Policy". TNPL would be introducing 47 gsm papers in creamwove and radiant paper and 70 gsm copier paper during the current year.

**Innovation:**

The bio-methanation plant commissioned during the year 2003-04 for generating methane gas from bagasse wash water has generated 278.39 lakh m<sup>3</sup> of methane gas till 31.3.2009. The methane gas used in lime kiln in replacement of furnace oil facilitated a savings of Rs.30.39 Crore upto 31.3.2009. The project has been registered with UNFCCC as the country's first CDM Project in the waste management sector.



Two phases of Wind Farm with a total capacity of 6.75 MW have been registered with UNFCCC and 11233 CERS valuing Rs.1.00 crore have been obtained during July 2007 to June 2008. The project has generated 55905 CERS upto 30.06.08. 11500 CERS are likely to be received for the period from July 2008 to June 2009. 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.

### Optimum utilization 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. Senior Executives are being sent to Management Institutes for specific training programme for development of leadership skills. A number of projects have been carried out under TQM. TNPL has also evolved a periodical performance appraisal system. TNPL will be implementing Balance Scorecard during the current year 2009-10. KPIs have been set for the organisation, all the departments and all the senior executives, for monitoring the achievement.

## III. THE SUCCESS DRIVERS

### Environment Management

Environment performance improvement has also been an area of focus of the R&D and studies were undertaken to improve the quality of effluent. Decolorisation studies of final effluent and other colored streams with Ozone were undertaken in laboratory scale and on continuous pilot plant scale. The results were encouraging and a plant scale Ozone decolorisation programme has been drawn up. Compliance to pollution control norms and CREP regulations has been strictly adhered to.

### Bagasse Management

TNPL requires around 11.6 lakh tonnes of wetwhole bagasse for producing 2,45,000 Mts of Newsprint and Printing & Writing Paper. To ensure that adequate quantity of bagasse is generated, TNPL has entered into firm tie-up arrangements with seven sugar mills for procuring bagasse on substitution basis. The depithed bagasse stock as on 31st March 2009 was 356942 Mts. equivalent to 509917 Mts. of wetwhole bagasse. No bagasse shortage is anticipated during 2009-10. Depending on the requirement, additional tie-up arrangements would be made at appropriate time.

### Pulpwood Management

With the commissioning of a new 300 tpd Hardwood Pulp line in May 2008, the pulp wood requirement has increased to 3.5 lakh tonnes per annum. TNPL has entered into a long term agreement with Tamil Nadu Forest Plantation Corporation Ltd (TAF CORN) for procuring pulpwood. In addition, in order to become self-sufficient, as per the Guidelines laid down in the National Forest Policy of 1988, TNPL started pulpwood plantation during the year 2004-05 through two flagship schemes, namely, Farm Forestry and Captive Plantation.

Within a very short span, the Company has established pulpwood plantation in about 40,291 acres of land involving 8235 farmers as below:

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	Total
Area planted (in acre)	2836	6214	9992	10678	10571	40291
Plants planted (in lakh)	28	62	100	107	106	403
Farmers involved	480	1475	2107	2182	1991	8235

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

To supply quality plants and enhance productivity, TNPL has established a state-of-the-art Clonal Propagation and Research Centre (CPRC) to propagate and provide site-specific high-yielding pulpwood clonal plants to the farmers. 70.35 lakhs plants were produced in the CPRC during the year 2008-09.

### 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 optimized the water consumption. TNPL has also installed series of rain water harvesting structures in the factory and colony premises. The Mill Development Plan implemented in May 2008 has reduced the fresh water consumption to a considerable extent. The fresh water consumption has been reduced to 62 Kl per tonne of paper production post stabilization of MDP. Continuous action is taken to further reduce the water consumption. The reduction in water consumption has brought down the treated effluent discharge considerably.

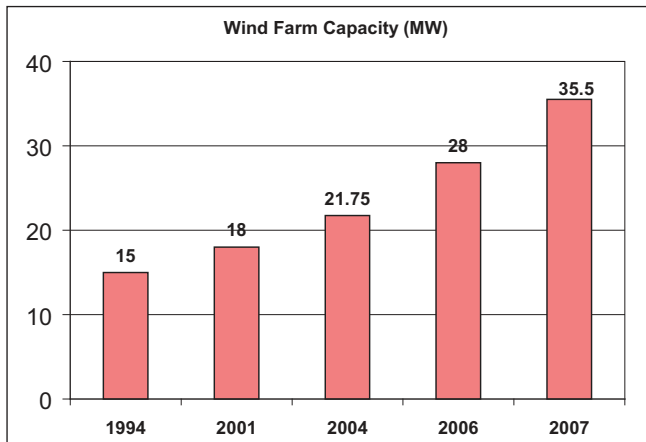
### Energy Management

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 increase in imported coal price, the power export to the State grid has become uneconomical. Hence, TNPL has suspended export of TG power since September 2007 except a small quantity due to operational reasons.

### 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 with a total capacity of 6.75 MW have been registered with UNFCCC and 11233 CERs valuing Rs.1.00 crore have been obtained during July 2007 to June 2008. The project has generated 55905 CERS upto 30.06.08. 11500 CERS are likely to be received for the period from July 2008 to June 2009. Steps are being taken to register Phase IV & Phase V expansion of wind farm of total capacity of 13.75 MW with UNFCCC. The methane gas generated in Bio-Methanation plant is used in lime kilns 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 has produced 253389 Mts of Printing and Writing Paper equivalent to 99.40% of the total production. Newsprint production 1514 Mts account for 0.60% of the total production during the year 2008-09. 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 33461 Mts. of PWP during the year. TNPL has increased the copier production to 55504 Mts. during the year 2008-09. The product quality is increased on a continuous basis. During the year 2008-09, TNPL has introduced two new products viz. Superprint Maplitho Paper and TNPL Multiprint Paper.

### Research and Development

Enhancing Customer satisfaction and Customer needs through sustained R&D efforts has been the motto of TNPL. Product development and product improvement to meet multicolor offset printing segment and copier segments with bagasse pulp have been the areas of focus.

The R&D has been working towards making world class paper with bagasse pulp in various grades, focussing on the eco friendliness of the product. The R&D has been recognized by the Department of Scientific and Industrial Research (DSIR) New Delhi. Product improvement has been another area of focus of the R&D. The usage of Precipitated Calcium Carbonate (PCC), available in the market, as filler for bagasse based papers was tried successfully on plant scale giving benefits of bulk, improved porosity and

brightness. Studies were made to identify a suitable PCC for our grades of paper. As a continual improvement, Pigment dyes were introduced for improved shade permanence.

Lot of work is being done towards improvement in the raw material sources. Accordingly, in the biotechnology division, screening of 37 improved clones from the Institute of forest genetics and tree breeding were completed as part of ongoing research to identify suitable eucalyptus clones based on fibre and pulp quality. The biotech division has developed micro propagation technique for other pulp wood species like Casuarina and Melia and is currently engaged in identification of suitable genetic materials for pulp wood breeding work.

### Quality Management

Quality Control is one of the focus areas of TNPL as the same plays an important role in customer satisfaction. Hence, foolproof system of quality check is in place. In case of any quality related complaint from any customer, a team of officials are sent immediately to the customer and remedial measures taken.

The ISO 9001 and ISO 14001 certifications have ushered in systems leading to uniform quality and a firm platform for continued improvement.

Having an online integrated information system to all the branches provides easy access to the customers for interactive communication with the officers designated for order processing and quality issues. Customer care mobile numbers are provided to indentors and end users which help them in interacting with technical officers and obtaining instant support in terms of performance of the products on printing machines. TNPL officers are trained at the Print Media Academy of Heidelberg located in Chennai. Besides, TNPL gets its products assessed for printing performance in the Print Media Academy. This has enhanced the confidence level of the customers in the company.

The availability of licence to use "Ecomarking" on 75 gsm A4 Copier from Bureau of Indian Standards, permission from the Worldwide Fund for Nature, India, to use 'Panda' Logo on TNPL branded products, are some of the pointers to the company's pursuit to quality management.

### 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 recognizing 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. 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 was funded through internal generation and term loans. The Life Cycle Extension of Paper Machine I was carried out thro' internal generation.

The Mill Expansion Plan for increasing the paper production capacity from 2,45,000 tpa to 400000 tpa is being implemented through internal generation and borrowings. Mini cement plant proposed to be set up under the lime sludge management will be financed through internal generation and borrowings. The above expansions would improve both the topline and bottomline of the company. The weighted average cost of loan outstanding as on 31.3.2009 is 8.17%.

**V OUTLOOK, OPPORTUNITIES AND CHALLENGES**

**Newsprint**

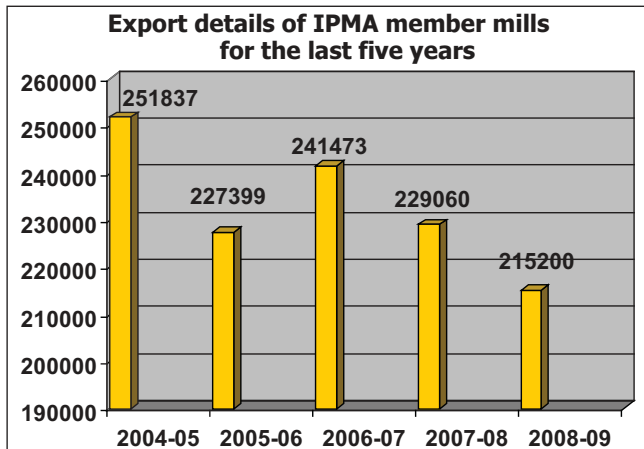
Newsprint import is freely allowed. Govt. of India has brought the Newsprint and Light Weight Coated (LWC) paper under zero duty effective from 11.2.2009. This has made the Newsprint imports further cheaper.

The domestic Newsprint price moves in tandem with the imported price as the major Newsprint consumers in the country source large quantity of their Newsprint requirement from abroad. Currently, in the domestic market, Newsprint is sold at about Rs.26,000/- PMT. About 10 lakh tonnes of Newsprint constituting 50% of total consumption of Newsprint is imported. With the Newsprint price ruling low and production of Newsprint is uneconomical, TNPL's interest in this segment is therefore low.

**Printing & Writing Paper**

Till the year 2000-2001, import of Printing & Writing Paper was subject to high import duty. The duty was reduced to 35% in the year 2001-02. Since then, the Govt. of India has reduced the import duty on PWP gradually. The current rate is at 10% effective from 1.3.2007. In the Union Budget 2008-09, excise duty on PWP was reduced from 12% to 8%. With effect from 7.12.2008, the Govt. of India has reduced the excise duty from 8% to 4% to improve the paper consumption. No excise duty is levied on the first 3500 tonnes of PWP produced primarily out of non-conventional raw material.

Indian Paper Manufacturers' Association (IPMA) member mills have exported 215200 Mts of PWP against 229060 Mts in the previous year.



With the economic recession, PWP price in the global market declined to about USD 700-750 PMT. since October 2008. Global producers entertained bulk contracts even at USD 650-660 PMT. The steep drop in the prices have affected the export of paper from the country. During the year 2008-09, TNPL exported 33461 Mts. of paper against 42492 Mts. of paper in the previous year.

The demand for cut size copier paper is growing at 15% p.a. TNPL has increased the copier production year on year. The copier production has increased from 19311 Mts. in 2002-03 to 55504 Mts. in 2008-09, registering a compounded average growth of 19%.

**Opportunities**

The paper industry is considered as one of the high priority industries in the country. India is considered as the largest growing market for paper. The per capita consumption of paper in the country at 8.5 kg. is very low compared to the Asian average at 45 kg. and world average at 55 Kg. With the increase in literacy rate and improvement in the standard of living, the paper consumption is likely to grow @ 7-8% per annum. An increase of 1 kg. in the per capita consumption would absorb an additional production of 1.1 million tonnes. The internet and other electronic modes of communication has improved the consumption of cut size papers. It is hoped that paper price in the global market may register a marginal rise in the ensuing months.

The industry uses different fibres for paper making viz. hardwood, bamboo, bagasse, agri residues and recycled paper. The country is deficient in all the fibres. Almost all the major mills in the country using pulpwood as the raw material have started pulpwood plantation. As the average land holding of farmers in the country is only about 3-4 acres, paper mills have to involve large number of farmers in their effort to increase pulpwood plantation.

Since Govt. of India is encouraging sugar mills to set up bagasse based co-generation and these mills use bagasse as fuel for generation of power, the availability of bagasse in the open market is dwindling. In the circumstances, henceforth the paper mills can procure bagasse only through long term tie-up arrangements with sugar mills with terms and conditions advantageous to both the paper mills and the sugar mills.

Recycled paper is increasingly used worldwide for paper making. The usage of recycled paper as raw material would further increase in the coming years. The paper mills are now taking steps to improve the mechanism for collecting used papers in a more systematic manner.

Paper manufacturing is energy intensive using coal as a major fuel. During 2008-09, the imported coal price increased to about USD 135-140 PMT. Currently, the price has softened to about USD 70-75 PMT.

**VI. FUTURE PLANS**

- 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 December 2010.
- TNPL has implemented Farm Forestry and Captive Plantation in 37556 acres and 2735 acres respectively upto 31.3.2009. The Company has planned to increase the plantation area by about 15000 acres every year with a view to reach the target of 1 lakh acres by the year 2012-13.
- **Deinked Pulp Line:**  
TNPL is embarking on a Mill Expansion Plan involving installation of a new paper machine (PM 3) with a capacity of 155,000 tpa. With completion of this project, the total paper production will be 400,000 Mts. per annum. Besides the production of CBP and HWP, around 56,000 Mts. of pulp will have to be procured. As the purchased pulp is expensive, TNPL proposes to install a captive Deinked Pulp line of capacity 300 tpd at a capital outlay of Rs.174 crore. The project is expected to be completed by September 2011.

Deinking is the process of removing ink and various types of contaminants from waste paper and makes reusable pulp for paper making. The raw material used for the DIP line consists of sorted office waste, mixed office waste and coated book stock.

## VII. 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 adverse impact of risks is avoided or kept within manageable proportions.

## VIII. 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 in 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 emanating from the audit. All significant observations of the Audit Committee are acted upon. The Audit Committee has met seven times during the financial year.

## IX. ENVIRONMENT

TNPL is totally committed to save the Environment, uphold Human Safety and Health. TNPL has declared policies on Environment, Health and Safety, Quality and Energy. The main excerpts of the above policies are given hereunder:

- 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

Surveillance Audit of TNPL's Environmental Management System (ISO 14001:2004) was carried out by M/s TuV India Limited, a subsidiary of TuV NORD, Germany during March 2009 and M/s TuV India Limited have recommended continuance of certification.

To improve the Environmental performance, the following additional facilities were commissioned during 2008-09 as part of Effluent Treatment Plant:-

- Bio-Methanation Plant II at a cost of Rs.700 lakhs.
- Additional Bagasse Clarifier at a cost of Rs.320 lakhs
- Additional Primary Clarifier at a cost of Rs.143 lakhs

## X. HUMAN RESOURCES DEVELOPMENT

### Training

The company considers its human resource as a valuable asset. The company endeavours to harness this resource through structured training programmes. With the company currently implementing the expansion programmes, training of its personnel assumes greater significance. During the year 2008-09, 118 Programmes were conducted on various topics and 2308 mandays of training was given.

To meet the manpower requirements post-MDP, the company has recruited 67 officers and 54 workmen during the year. A comprehensive induction and orientation training is given to the freshers to enable them to take up positions of responsibility. Programmes focus on honing their current skills and imparting additional skills required for manning new equipment and processes. Besides, they are being gradually integrated into the company fold and guided into the company's culture through a well structured "Mentorship" programme.

### **Knowledge Management**

Knowledge Management is recognized as a strategic asset in the company. Knowledge Management efforts are focussed towards sharing valuable organizational insights and retaining intellectual capital as employees leave the company. The critical trouble shooting incidences encountered in various departments and the corrective actions taken, form the core for the Knowledge Management. Considering the significance of these events, these are documented for future guidance. To spread this information across the company, a portal is being developed in the company's intranet with codified access.

### **Industrial Relations**

The company takes pride in its record in maintaining congenial and healthy industrial relations. Wage settlements for workmen in Chargemen cadre and Staff cadre have been entered into. Pay revision in respect of Executives has been finalized and implemented. Elections to elect employees' representatives to TNPL PF Trust, workmen representatives to Canteen Managing Committee and Recognized Trade Unions have been conducted. Sample survey conducted to assess employees' satisfaction indicates the satisfaction level at 8 on a scale of 10 which is a positive indication of the strong commitment level of the employees.

### **Health**

Occupational Health Centre has been functioning in the housing colony catering to the health needs of the employees and their family members. The company's concentration on health and welfare goes beyond its employees by reaching out to the community around. Medical camps are conducted in the neighbourhood every month to take care of the health needs of the local public in the area. In addition, special medical camps are also organised every quarter for the public. The company endears well with the public and the camps received overwhelming response. Comprehensive medical check-up is done for employees twice in their service, above 40 years

and above 50 years to identify any occupational health hazards. A pamphlet giving the tips for good health has been distributed amongst employees and villagers in the neighbourhood.

### **Safety**

TNPL has adopted a clearly defined Occupational Health and Safety Policy. Personal protective equipments are provided to all employees. Safety training programs on various safety aspects are conducted regularly to improve safety awareness and compliance among the employees. Periodical medical checkups are organized for the employees to identify occupational health hazards. 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 are taken. Mill wide Safety Audit and Hazop study are carried out through safety experts and the recommendations are implemented. As part of Statutory requirement, testing of Pressure Vessels, Lifting tackles, Conveyor System, Building Stability etc, are carried out regularly. An On-site Emergency Preparedness Plan has been developed and employees are trained to handle any emergencies. Periodic Mock drills on major chemical hazards like chlorine leakage and incidents of fire are conducted. Special Training programmes on safe handling of chlorine, hazardous chemicals etc. and fire are conducted periodically. Two mobile fire tenders are available in the mill.

### **XI. 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 31.03.2009. 80% are Non-executive directors and 50% are Independent directors.

###### Independent director

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

- 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.
- 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
- Has not been an executive of the company in the immediately preceding three financial years
- 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
- Is not a supplier, service provider or customer of the company. This should include lessor-lessee type relationships also and
- Is not a substantial shareholder of the Company i.e. owning two percent 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 D Krishnan 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 guides the Management in achieving the set goals and sets accountability to ensure that the corporate philosophy and mission viz. to create long term sustainable growth that translates itself into progress, prosperity and the fulfilment 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 2008-2009 and the last AGM is as follows:**

Director	Board of Directors' Meetings		Last AGM
	No. of Meetings Held	Attended	(held on 29.8.08) Attended
<b>EXECUTIVE DIRECTORS</b>			
Tvl.			
Md.Nasimuddin IAS Managing Director	8	8	Attended
A Velliangiri Deputy Managing Director	8	8	Attended
<b>NON-EXECUTIVE DIRECTORS FROM GOTN</b>			
M F Farooqui IAS (Part-time Chairman)	8	8	Attended
Atulya Misra IAS	8	7	Attended
Tmt.Anita Praveen IAS	8	7	Attended
<b>INDEPENDENT NON-EXECUTIVE DIRECTORS</b>			
V R Mehta	8	7	Attended
V Narayanan	8	7	Attended
R R Bhandari	8	8	Attended
N Kumaravelu	8	7	Attended
R L Narasimhan (ceased w.e.f. 18.9.2008)	5	3	Attended
D Krishnan (appointed w.e.f. 11.12.2008)	3	3	–

**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	5	4	–	–
Md.Nasimuddin IAS	Executive	1	–	–	–
Tmt.Anita Praveen, IAS	Non-Executive	6	–	2	–
Atulya Misra IAS	Non-Executive	–	2	2	–
V R Mehta	Non-Executive	1	–	1	–
V Narayanan	Non-Executive	8	1	5	3
D Krishnan	Non-Executive	–	–	–	–
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:**

Eight Board Meetings were held during the year 2008-2009 as against the minimum requirement of four meetings. The dates on which the meetings were held are given below:

29.5.08, 26.6.08, 29.7.08, 29.8.08, 23.10.08, 11.12.08, 22.1.09, 17.3.09

**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 29th 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 R Bhandari, Member

Thiru N Kumaravelu, Member

Thiru D Krishnan, 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	7	7
V R Mehta	7	6
R L Narasimhan	3	2
R R Bhandari	7	7
N Kumaravelu	7	6
D Krishnan	1	1

The Audit Committee met 7 times during 2008-09 as against the minimum requirement of 4 meetings. The dates on which the meetings were held are given below:

29.5.08, 29.7.08, 28.8.08, 23.10.08, 11.12.08, 22.1.09, 17.3.09

**4. Remuneration Committee**

**a. Remuneration Policy**

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 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 31.3.2009**
**Executive Directors**

(Rs. in lakh)

Name & Position	Pay & Allowances	Reimbursement of medical expenses	Perquisites	Total	Retirement Benefits
Tvl. Md.Nasimuddin IAS Managing Director	8.53	0.38	1.08	9.99	As per Govt. rules applicable to his cadre
A Velliangiri Dy. Managing Director	28.70	1.48	4.50	34.68	Gratuity and Superannuation as per rules of the company

**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. M F Farooqui IAS	80000*		—
Tmt.Anita Praveen IAS	70000*		—
Atulya Misra IAS	70000*		—
V R Mehta	70000	60000	—
V Narayanan	70000	70000	—
R R Bhandari	80000	70000	10000
N Kumaravelu	70000	60000	10000
R L Narasimhan	30000**	20000	—
D Krishnan	30000	10000	10000
Total	570000	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 31.3.2009

1. Thiru R R Bhandari Chairman of the Committee
2. Thiru N Kumaravelu Member
3. Thiru D Krishnan Member

The Shareholders'/Investors' Grievances Committee met on 17th March 2009 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

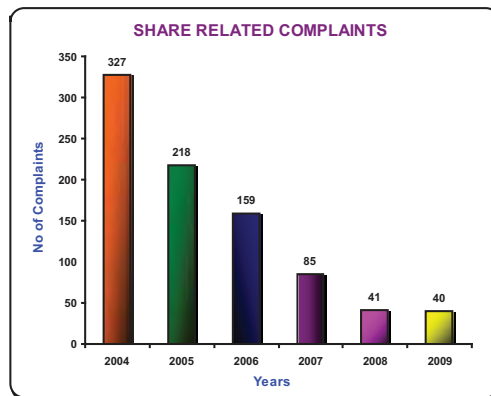
The main object of the Committee is to strengthen investor relations.

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:1.4.2008 to 31.3.2009**

Correspondence in the nature of complaints from	Q1	Q2	Q3	Q4	Total
Securities and Exchange Board of India	4	–	–	–	4
Stock Exchanges	–	–	3	1	4
Shareholders	8	11	2	11	32
Total	12	11	5	12	40

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 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 & Accounts). The Share Transfer Committee attends to the share transfer formalities twice 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 31.3.09 have been acted upon. No share transfer was pending as on 31.3.09.

**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
2005-06	Music Academy Chennai - 18	25.8.2006	10.25 AM	No
2006-07	-do-	31.8.2007	10.25 AM	No
2007-08	-do-	29.8.2008	10.25 AM	Yes

**Postal Ballot**

No special resolution was put through postal ballot last year nor is any proposed for this year

**Special Resolution**

The contents of Special Resolution passed by the members in the last Annual General Meeting:

AGM held on 29.8.2008

Consent of the company was accorded to the Board of Directors under Section 293(1) (d) of the Companies Act, 1956 to borrow upto Rs.1500 crore comprising of both rupee loan and foreign currency loan

**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 2009.

b. Secretarial Audit Reports

As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services(India) Limited and the total issued and listed capital. The Audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held by NSDL and CDSL) and total number of shares in physical form.

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 2008	14th July 2008
30th September 2008	21st Oct 2008
31st December 2008	13th Jan 2009
31st March 2009	8th April 2009

**Secretarial Standards**

The Institute of Company Secretaries of India (ICSI) is one of the premier professional bodies in India. ICSI has issued Secretarial Standards on important aspects like Board Meetings, General Meetings, payment of Dividend, Maintenance of Registers and Records, minutes of meetings and transmission of shares and debentures. Though these standards are recommendatory in nature, the company adheres to the standards voluntarily.

**Quarterly Compliance Report**

The Company has submitted for each of the 4 quarters during 2008-09 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 2009 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 29th 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.com](http://www.tnpl.com). Affirmation of compliance of Code of Conduct for the financial year 2008-09 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   | : | Economic Times<br>Business Standard<br>Business Line<br>Daily Thanthi |
| Website where displayed   | : | <a href="http://www.tnpl.com">www.tnpl.com</a>                        |
| 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)   | : | Business Standard<br>Economic Times<br>Business Line<br>Daily Thanthi |
| 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) 29th Annual General Meeting**

<b>Day, Date and Time</b>	Wednesday, 9th September 2009 at 10.30 a.m.
<b>Venue</b>	The Music Academy, 168, T.T.K.Road, Chennai-600 014.

- (ii) Financial Year Calendar  
Financial (2009-2010) (Tentative)
- The Company follows the period of 1st April to 31st March, as the financial Year. For the Financial year 2009-10, Financial Results will be announced as per the following tentative schedule.

1st quarter ending June 30, 2009	Fourth week of July 2009
2nd quarter ending September 30, 2009	Fourth week of October 2009
3rd quarter ending December 31, 2009	Fourth week of January 2010
4th quarter ending March 31, 2010	Second week of May 2010

- (iii) Book closure date : 01.09.2009 to 09.09.2009 (both days inclusive) on account of AGM and Dividend.

- (iv) Dividend payment date : 10-09-2009 onwards

- (v) Listing of Equity Shares on

(a) *Stock Exchanges at* :

- |  |   |
|--|---|
| (1) National Stock Exchange of India Limited<br>Plot No.C/1, G Block<br>Bandra-Kurla Complex<br>Bandra (E)<br>Mumbai 400 051 | (2) Mumbai Stock Exchange,<br>Listing Department<br>Phiroze Jeejeebhoy Towers<br>25th Floor<br>Dalal Street<br>Mumbai 400 001 |
|--|---|

(b) *Depositories* :

- |  |  |
|--|--|
| 1) National Securities Depository Ltd.<br>Trade World, 4th Floor<br>Kamala Mills Compound<br>Senapati Bapat Marg<br>Lower Parel, Mumbai - 400 013. | 2) Central Depository Services (India) Limited<br>28th Floor, Phiroze Jeejeebhoy Towers<br>Dalal Street, Fort, Mumbai - 400 023. |
|--|--|

- Listing fee for the year 2009-2010 has been paid to the above Stock Exchanges.
- The annual custodial fees for the Financial Year 2009-10 has been paid to National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd. (CDSL)

- (vi) Stock Code

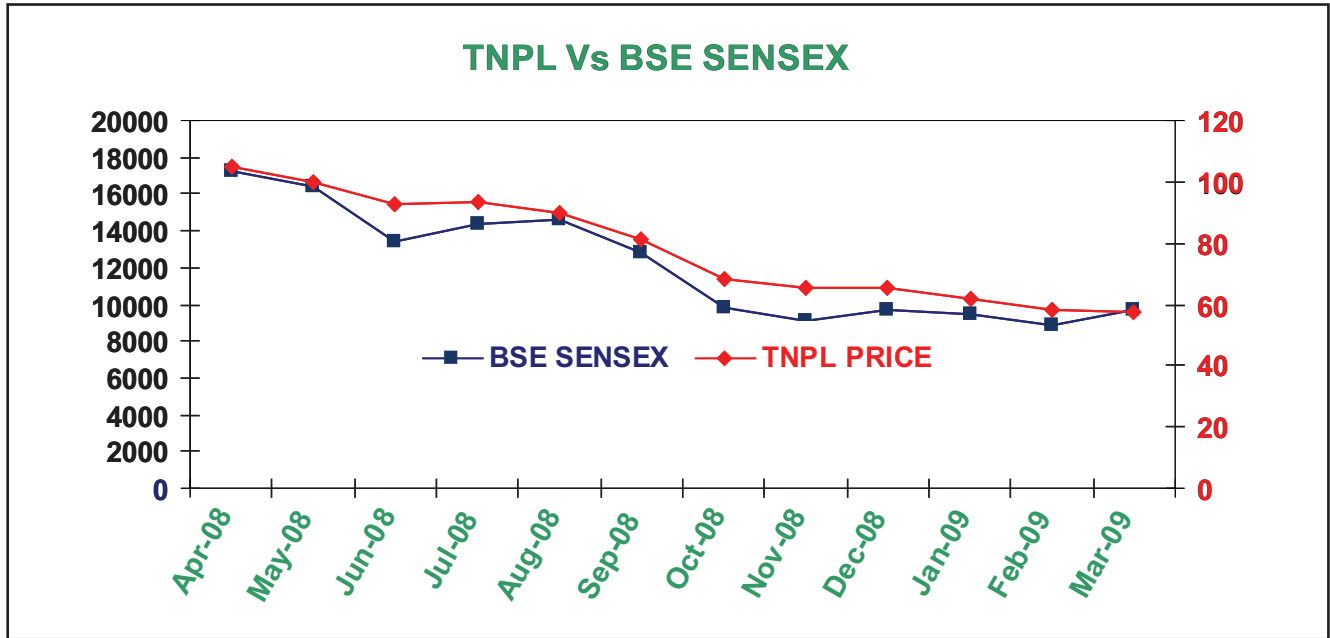
1. BSE	"TNPL 531426"
2. NSE	"TNPL EQ"
3. International Securities Identification No.	INE 107A01015
4. Corporate Identity Number (CIN) allotted by The Ministry of Corporate Affairs	L22121TN1979PLC007799

- (vii) Market Price Data (In Rs.)

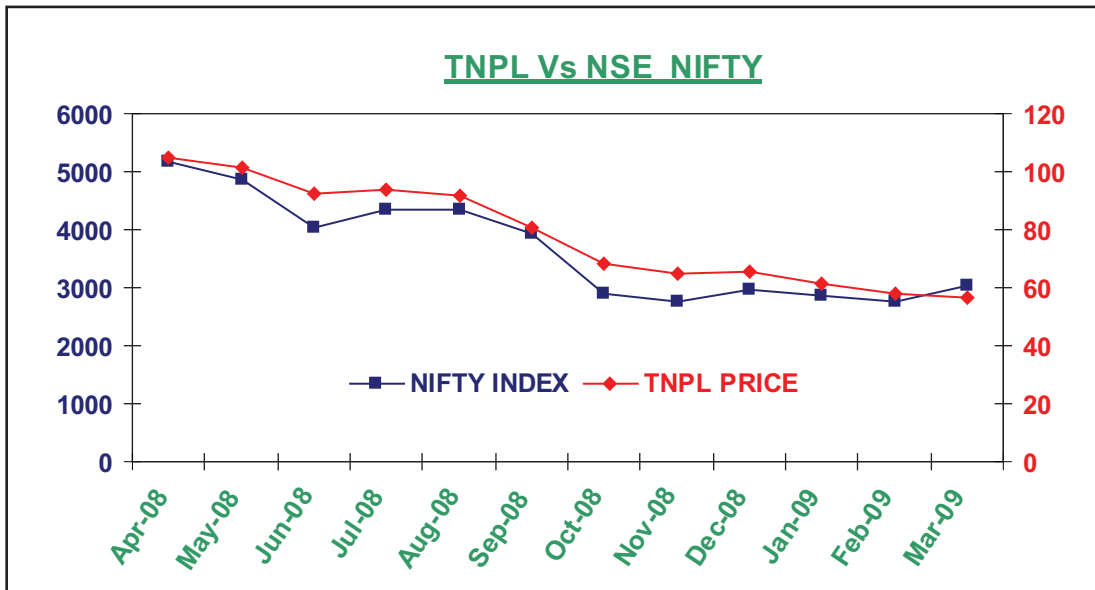
	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High Price	Low Price	Volume	High Price	Low Price	Volume
April 2008	112.00	97.05	482122	111.90	95.25	961196
May 2008	110.85	97.50	481954	110.00	98.00	1352102
June 2008	102.90	91.35	644624	105.00	92.00	769589
July 2008	96.40	84.25	121535	96.50	84.80	309159
August 2008	99.00	89.25	142179	106.95	89.10	300746
September 2008	95.50	74.00	134445	93.25	68.30	266055
October 2008	81.80	55.05	195537	81.55	56.50	454313
November 2008	73.00	63.25	1195155	72.25	63.60	356564
December 2008	73.80	62.00	247423	73.00	62.05	571044
January 2009	74.70	60.20	143446	74.00	60.05	402469
February 2009	64.00	55.00	97808	64.90	55.50	221849
March 2009	58.80	51.30	122305	58.55	50.75	306786

(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	% change in TNPL Share Price	% change in Nifty
1-4-2008 to 31-3-2009				
Financial Year 2008-2009	(-) 42.50%	(-) 37.94%	(-) 42.96%	(-) 36.19%



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 Agent 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 15 days from the date of receipt. All transfers received are processed and approved by the Share Transfer Committee which normally meets twice 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 2009 the dividend for the year ended March 31, 2002 which have remained unclaimed/unpaid.

- (v) Details of dividend pending to the Unpaid/Unclaimed Dividend Account as on March 31, 2009 :

a. For the year 2001-2002	:	Rs. 5,69,943
b. For the year 2002-2003	:	Rs. 5,82,860
c. For the year 2003-2004	:	Rs. 5,66,925
d. For the year 2004-2005	:	Rs. 5,85,665
e. For the year 2005-2006 (Interim)	:	Rs. 5,54,634
f. For the year 2005-2006 (Final)	:	Rs. 3,93,318
g. For the year 2006-2007 (Interim)	:	Rs. 4,21,829
h. For the year 2006-2007 (Final)	:	Rs. 7,07,760
i. For the year 2007-2008 (Interim)	:	Rs. 5,20,308
j. For the year 2007-2008 (Final)	:	Rs. 6,64,173



(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 dematerialized 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)
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
2008-09	45%	3114.48

(xii) Distribution of Shareholding as on 31st March, 2009.

**DISTRIBUTION SCHEDULE AS ON 31ST MARCH 2009**

Share holding of Nominal value of	Shareholders		Shares		
	Rs. (1)	Number (2)	% to Total (3)	In Rupees (4)	% to Total (5)
Upto - 5000		24363	90.73	30283930	4.38
5001 - 10000		1258	4.69	10736580	1.55
10001 - 20000		512	1.91	8114430	1.17
20001 - 30000		207	0.77	5350110	0.77
30001 - 40000		92	0.34	3309180	0.48
40001 - 50000		107	0.40	5129580	0.74
50001 - 100000		140	0.52	10416170	1.51
100001 And Above		172	0.64	618766020	89.40
<b>TOTAL</b>		<b>26851</b>	<b>100.00</b>	<b>692106000</b>	<b>100.00</b>

**Distribution of Shareholding as on 31.03.2009**

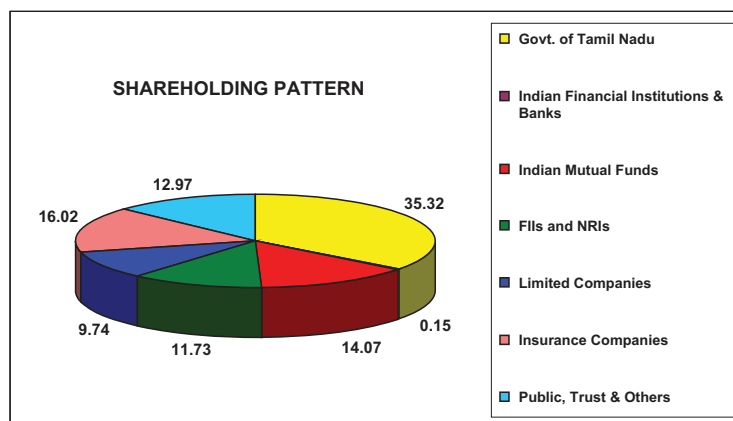
	<b>CATEGORY</b>	<b>NO. OF SHARES</b>	<b>% OF SHARE HOLDING</b>
<b>A</b>	<b>PROMOTER'S HOLDING</b>		
1.	Promoters		
	- Indian Promoters	24444900	35.32
	- Foreign Promoters	Nil	Nil
2.	Persons acting in Concert #	---	---
	<b>SUB-TOTAL</b>	<b>24444900</b>	<b>35.32</b>
<b>B.</b>	<b>NON-PROMOTERS HOLDING</b>		
3.	Institutional Investors	---	---
a.	Mutual Funds and UTI	9738334	14.07
b.	Banks, Financial Institutions, Insurance Companies, (Central/State Govt.Institutions/Non-Government Institutions)	14151555	20.45
c.	Foreign Institutional Investors	7766136	11.22
	<b>SUB-TOTAL</b>	<b>31656025</b>	<b>45.74</b>
4.	Others		
a.	Private Corporate Bodies	3779526	5.46
b.	Indian Public	8502004	12.28
c.	NRIs/OCBs	350906	0.51
d.	Others	477239	0.69
	<b>SUB-TOTAL</b>	<b>13109675</b>	<b>18.94</b>
	<b>GRAND TOTAL</b>	<b>69210600</b>	<b>100.00</b>

**List of top ten shareholders as on 31.03.2009**

<b>Sl.No.</b>	<b>Name of the shareholder(s)</b>	<b>No. of shares</b>	<b>% to Equity</b>
01	Governor of Tamilnadu	24444900	35.32
02	Life Insurance Corporation of India	6891158	9.96
03	Goldman Sachs Investments (Mauritius) I Ltd.	5350570	7.73
04	Reliance Capital Trustee Co.Ltd. A/c Reliance Growth Fund	4975510	7.19
05	General Insurance Corporation of India	2110074	3.04
06	Templeton India Equity Income Fund	1416229	2.04
07	SBI Mutual Fund A/c Magnum Global Fund	985317	1.42
08	Birla Sun Life Trustee Company Pvt. Ltd. A/c Birla Dividend Yield Plus	860000	1.24
09	IFB Automotive Private Ltd.	788260	1.13
10	CLSA (Mauritius) Limited	654226	0.95

**Share Holding Pattern**

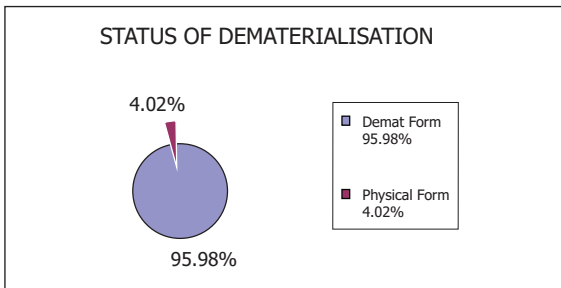
	As on 31-03-2009		As on 31-03-2008	
	No. of Shares	% to shares	No. of Shares	% to shares
Governor of Tamil Nadu	2,44,44,900	35.32	2,44,44,900	35.32
Foreign Institutional Investors	77,66,136	11.22	90,28,735	13.05
Indian Mutual Funds	97,38,334	14.07	89,52,530	12.94
Banks	1,00,400	0.15	1,13,400	0.16
Indian Financial Institutions	1,400	0.00	1,500	0.00
Insurance Companies	1,10,88,395	16.02	1,06,01,458	15.32
Non-Resident Companies (OCB)	16,000	0.03	16,000	0.02
Employees	36,600	0.05	38,900	0.06
Limited Companies	67,40,886	9.74	72,54,940	10.48
NRIs	3,34,906	0.48	2,83,693	0.41
Public & Trust	89,10,927	12.87	84,44,854	12.20
Shares Dematerialised/Shares in transit	31,716	0.05	29,690	0.04
<b>Total</b>	<b>6,92,10,600</b>	<b>100.00</b>	<b>6,92,10,600</b>	<b>100.00</b>



- (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 2009:**

	No. of Shareholders	No. of Shares	% to Capital
NSDL	17757	35714631	51.60
CDSL	4709	30711920	44.38
Physical Form	4385	2784049	4.02
Total		69210600	100.00



As on 31st March 2009, 22,466 shareholders are holding shares in demat form and 6,64,26,551 shares have been dematerialized, representing 95.98% 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  
Sr. 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, shares@tnpl.co.in  
sivakumar.v@tnpl.co.in, secretarial@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
- To avoid the incidence of fraudulent encashment of dividend warrants, members are requested to intimate the company under the signature of the Sole/First Joint holder, the following information so that the bank account number and name and address of the bank can be printed on the dividend warrants:
  - i) Name of Sole/First Joint holder and Folio number
  - ii) Particulars of bank account viz.
    - > Name of bank
    - > Name of branch
    - > Complete address of bank with PINCODE
    - > Account type, whether Savings Bank(SB) or Current Account(CA)
    - > Bank account number
- 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
- The amended provisions of the Companies Act, 1956, provide for Nomination facility to Members. Members are requested to write to the RTA for more information, if any, needed on Nomination facility and/or to get a copy of Nomination Form.

The mandate, if given by the Members in respect of shares held in physical form will not be applicable to the dividend payable on shares held by them in demat mode and vice versa. Members holding shares in demat mode must, therefore give instructions regarding the bank account in which they wish to receive dividend to their DPs.

- The shareholders are advised to avail 'Electronic Clearing Service(ECS)' available in all RBI Centres for receiving the dividend by direct electronic credit to the bank account. ECS provides protection against fraudulent interception and encashment of dividend warrants or damage to dividend warrants in transit or problem of revalidation/ issuance of duplicate dividend warrants and there is no extra cost. Option of availing the facility may be informed to the RTA in respect of the shares held in physical form and to the respective Depository Participant (DP) in respect of shares held in electronic form.
- Members holding shares in demat form are requested to incorporate the DP Id number and Client Id Number in the Attendance Slip/ Proxy form for easy identification of attendance at the meeting.
- 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. Yearwise details of the amount to be transferred to IEPF are given below:

Year	Dividend type	Dividend %	Date of declaration	Due for transfer to IEPF
2001-02	Final	25	2.8.2002	7.10.2009
2002-03	Final	27.25	13.8.2003	18.10.2010
2003-04	Final	27.5	20.8.2004	25.10.2011
2004-05	Final	27.5	22.8.2005	27.10.2012
2005-06	Interim	15	17.10.2005	22.12.2012
2005-06	Final	15	25.8.2006	30.10.2013
2006-07	Interim	15	12.10.2006	17.12.2013
2006-07	Final	25	31.8.2007	5.11.2014
2007-08	Interim	20	27.10.2007	2.01.2015
2007-08	Final	25	29.8.2008	3.11.2015

## 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

- a. The quarterly financial results are announced within one month from the close of the respective quarter. However, in case of the last quarter, the quarterly results and the annual results are announced within three months from the close of the quarter. The results are published in leading newspapers. The financial results, press releases and other major events/ developments concerning the company are also posted on the company's website [www.tnpl.com](http://www.tnpl.com)
- b. 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: 24.7.2009

Place: Chennai

**M.F. FAROOQUI IAS**  
CHAIRMAN

### **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 2009 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 : 24.7.2009

### **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 2009.

For **TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

**MD.NASIMUDDIN IAS**  
MANAGING DIRECTOR

Place: Chennai

Date : 24.7.2009

## 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 2009, 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 2009.

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 : 27.5.2009

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

1. We have audited the attached Balance Sheet of **TAMILNADU NEWSPRINT AND PAPERS LIMITED** as at 31st March 2009, 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 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 mis-statement. 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 this 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 purpose of the audit.
    - (ii) In our opinion, proper books of accounts 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 subsection (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (vi) 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 the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
    - (b) in the case of the Profit & 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 : 24.07.2009



## 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 assets have not been physically verified by the management during the year but there is a regular programme 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 the fixed assets has been disposed of 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 inventory 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 records 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 with regard to 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 regard 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 its 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, Custom 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 2009 for a period of more than six months from the date they became 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, Sale 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	1711.93	Income Tax Appellate Authorities
2	Wealth Tax	19.46	Wealth Tax Assessing Authorities
3	Excise Duty	47.34	Honble' Madras High Court
4	Excise Duty	13202.32	Central Excise Appellate Authorities
5	Customs Duty	8.68	Madras High Court
6	Customs Duty	262.53	Customs Assessment Authorities
	<b>Total</b>	<b>15252.26</b>	

- x) The Company has no accumulated losses, as at 31st March 2009. 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 was dealing 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 guarantee for loans taken by others from bank 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 31.03.2009, 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) According to the information and explanations given to us, the Company has issued Rs 100.00 Crores Debenture

during the year. The company has since created securities/charges in respect of debenture issued, in April 2009.

- xx) The Company has not raised money by public issue 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 : 24.07.2009

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER  
SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF  
TAMIL NADU NEWSPRINT AND PAPERS LIMITED  
FOR THE YEAR ENDED 31 MARCH 2009**

The preparation of financial statements of Tamil Nadu Newsprint and Papers Limited for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24 July 2009.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Tamil Nadu Newsprint and Papers Limited for the year ended 31<sup>st</sup> March 2009. This supplementary audit has been carried out independently without access to the working papers (in case of non-review of working papers) of the statutory auditors and is limited primarily to inquiries of the statutory auditors and the company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No. I(E) of the Notes forming part of Accounts (Schedule No. 22), I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the  
Comptroller & Auditor General of India**

**(S. RAJANI)  
ACCOUNTANT GENERAL**

Place : Chennai-18

Date : 05.08.2009

**BALANCE SHEET AS AT 31ST MARCH 2009**
**(Rs. in Lakh)**

	Schedule	As at 31/03/2009	As at 31/03/2008
<b>I. SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	1	6937.78	6937.78
Reserves and Surplus	2	59493.75	57063.20
		<b>66431.53</b>	64000.98
<b>LOAN FUNDS</b>			
Secured Loans	3	68504.26	47060.39
Unsecured Loans	4	12140.83	8373.43
		<b>80645.09</b>	55433.82
DEFERRED TAX (NET) (Refer Para No IV-E of Sch., 22)		<b>21985.00</b>	18835.00
		<b>169061.62</b>	138269.80
<b>II. APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross block		217719.62	186091.03
Less: Depreciation		95593.83	86800.34
Net Block	5	122125.79	99290.69
Capital Work-in-Progress		26269.74	29070.30
		<b>148395.53</b>	128360.99
<b>INVESTMENTS</b>	6	<b>114.05</b>	1715.42
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	19639.21	14726.46
Sundry Debtors	8	16973.83	9856.46
Cash and Bank balances	9	1767.15	2304.42
Loans and Advances	10	14368.87	12164.11
	A	52749.06	39051.45
Less:			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	22105.65	23260.74
Provisions	12	10091.37	7597.32
	B	32197.02	30858.06
<b>NET CURRENT ASSETS</b>	A-B	<b>20552.04</b>	8193.39
		<b>169061.62</b>	138269.80

Schedules 1 to 12 and Notes in 21 &amp; 22 form an integral part of this Balance Sheet.

Vide our report of even date

**M.F. FAROOQUI, IAS**  
Chairman

**Md. NASIMUDDIN, IAS**  
Managing Director

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

 Place : Chennai  
Date : 24th July 2009

**A. VELLIANGIRI**  
Dy. Managing Director  
& Secretary

**N.R. SURESH**  
Partner  
M. No. 21661

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

		(Rs. in Lakh)	
		For the Year ended 31/03/2009	For the Year ended 31/03/2008
	Schedule		
<b>I</b>	<b>INCOME</b>		
	Sales	111957.42	102047.21
	Less: Excise Duty & Cess	5311.11	8194.50
		<b>106646.31</b>	93852.71
	Other Income	3383.96	3112.75
		<b>110030.27</b>	96965.46
<b>II</b>	<b>EXPENDITURE</b>		
	Manufacturing expenses	64966.87	57364.57
	Personnel expenses	8140.75	6811.06
	Administration, selling & other expenses	6586.60	6490.02
	Interest and finance charges	6325.16	2424.58
	Depreciation/amortisation	10079.53	7553.55
		<b>96098.91</b>	80643.78
<b>III</b>	<b>PROFIT BEFORE PRIOR PERIOD/ EXCEPTIONAL ITEMS</b>	<b>13931.36</b>	16321.68
	Prior Period / Exceptional Items	1699.74	(15.31)
	Extra-ordinary Items	154.09	0.00
<b>IV</b>	<b>PROFIT BEFORE TAX</b>	<b>15785.19</b>	16306.37
	<b>PROVISION FOR TAXATION</b>		
	- Current Tax	1859.00	
	- MAT credit availed	610.00	
	- Deferred Tax	1798.00	1840.00
	- Fringe Benefit Tax	74.71	57.75
	- Earlier years Tax	7.97	(120.38)
	- Deferred Tax - Earlier Year	1352.00	
	- MAT Credit - Earlier Year	(655.17)	
		<b>696.83</b>	(968.00)
<b>V</b>	<b>PROFIT AFTER TAX &amp; EXTRA ORDINARY ITEMS</b>	<b>5046.51</b>	5023.37
	Balance brought forward	10738.68	11283.00
<b>VI</b>	<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>	<b>2242.08</b>	2002.87
<b>VII</b>	<b>APPROPRIATIONS</b>	<b>12980.76</b>	13285.87
	Transfer to General Reserve	6800.00	7400.00
	Debenture Redemption Reserve	360.00	0.00
	Interim Dividend	0.00	1384.21
	Proposed Dividend	3114.48	1730.27
	Tax on Dividend	529.31	529.31
<b>VIII</b>	<b>BALANCE CARRIED FORWARD</b>	<b>2176.97</b>	2242.08
<b>IX</b>	<b>BASIC &amp; DILUTED EARNINGS PER SHARE</b>	<b>12980.76</b>	13285.87
	(Refer Para No.IV-D of Sch., 22)		
	- Before Prior Period / Exceptional Items	Rs 12.84	16.32
	- After Prior Period / Exceptional Items	Rs 15.52	16.30

Schedules 13 - 20 and notes in 21 & 22 form an integral part of this profit and loss account.

Vide our report of even date

**M.F. FAROOQUI, IAS**  
Chairman

**Md. NASIMUDDIN, IAS**  
Managing Director

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

Place : Chennai  
Date : 24th July 2009

**A. VELLIANGIRI**  
Dy. Managing Director  
& Secretary

**N.R. SURESH**  
Partner  
M. No. 21661

**SCHEDULES TO BALANCE SHEET**
**(Rs. in Lakh)**

	As at 31/03/2009	As at 31/03/2008
<b>1 SHARE CAPITAL</b>		
<b>Authorised:</b>		
13,50,00,000 Equity Shares of Rs.10/- each	<b>13500.00</b>	13500.00
<b>Issued:</b>		
7,00,00,000 Equity Shares of Rs.10/- each	<b>7000.00</b>	7000.00
<b>Subscribed and Paid up:</b>		
6,92,10,600 Equity Shares of Rs.10/- each fully paid up	<b>6921.06</b>	6921.06
Add: Shares Forfeited	<b>16.72</b>	16.72
	<b>6937.78</b>	6937.78
<b>2 RESERVES AND SURPLUS</b>		
<b>(a) Capital Reserve :</b>		
Project Investment subsidy	<b>125.00</b>	125.00
<b>(b) Share Premium:</b>		
Opening Balance	<b>17973.11</b>	17973.11
<b>(c) Debenture Redemption Reserve</b>		
Transfer from Profit & Loss account	<b>360.00</b>	0.00
<b>(d) General Reserve:</b>		
Opening Balance	<b>36723.05</b>	30611.33
Less : Transitional provision adjusted	<b>0.00</b>	1288.28
Balance in opening reserve	<b>36723.05</b>	29323.05
Add : Transfer from Profit & Loss Account	<b>6800.00</b>	7400.00
	<b>43523.05</b>	36723.05
<b>(e) Surplus:</b>		
Balance in Profit and Loss Account	<b>2176.97</b>	2242.04
<b>(f) Hedging Reserve Account</b>	<b>(4664.38)</b>	0.00
TOTAL (a)+(b)+(c)+(d)+(e)+(f)	<b>59493.75</b>	57063.20

**SCHEDULES TO BALANCE SHEET**

		(Rs. in Lakh)
		As at
		31/03/2009
		As at
		31/03/2008
<b>3 SECURED LOANS</b>		
<b>(1) Non-Convertible Debenture</b>		
From Life Insurance Corporation of India	<b>10000.00</b>	0.00
<p>Secured by first charge on all the fixed assets of the company situated at Kagithapuram, Karur Dist., (movable &amp; immovable) on <i>pari passu</i> basis both present and future except Wind Mill &amp; Bielomatic Cutter which are under specific charge to the respective term lenders including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur district, Tamilnadu</p> <p>Debentures are redeemable in 18 quarterly instalments commencing from March 2011</p>		
<b>(2) From Banks</b>		
<b>(a) Term loans</b>		
Mill Development Plan		
- FCNR(B)	<b>9156.88</b>	10046.20
- Rupee Term Loans	<b>16540.12</b>	22108.99
Mill Expansion Plan		
- External Commercial Borrowing (ECB) Loan	<b>11743.96</b>	0.00
<p>Secured by first charge on all the fixed assets of the company situated at Kagithapuram, Karur Dist., (movable &amp; immovable) on <i>pari passu</i> basis both present and future except Wind Mill &amp; Bielomatic Cutter which are under specific charge to the respective term lenders including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur district, Tamilnadu</p>		
Mill Expansion Plan		
- Rupee Term Loans	<b>5072.44</b>	0.00
<p>Secured by first charge on all the fixed assets of the company situated at Kagithapuram, Karur Dist., (movable &amp; immovable) on <i>pari passu</i> basis both present and future except Wind Mill &amp; Bielomatic Cutter which are under specific charge to the respective term lenders including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, Tamilnadu and <i>pari passu</i> second charge on the current assets of the company viz., stock of raw materials, finished goods, stores and other movables.</p>		
Wind Mill - ECB Loan	<b>3966.56</b>	4595.85
<p>Secured by a first charge on the company's movable fixed assets pertaining to 26.25MW Wind Farm facilities</p>		
Wind Mill / Bielomatic Cutter - Rupee Term Loans	<b>1654.73</b>	2865.47
<p><i>Secured by a first charge on fixed assets created out of respective loans</i></p>		
Sub-Total of 2 (a)	<b>48134.69</b>	39616.51

**SCHEDULES TO BALANCE SHEET**
**(Rs. in Lakh)**
**(b) Working Capital Loans**

	<b>As at 31/03/2009</b>	<b>As at 31/03/2008</b>
Cash Credit	<b>2492.12</b>	775.36
Buyer's Credit - Foreign Currency	<b>7877.45</b>	1535.91
Short Term Loan	<b>0.00</b>	5132.61
Secured by a first charge on current assets of the company, namely raw materials, stock-in-process, semi-finished goods, finished goods, consumable stores & spares and receivables and a second charge by way of extension of equitable mortgage on immovable properties of the company in Kagithapuram, Karur District, Tamil nadu and second charge on the entire fixed assets of the company		
Sub-Total of 2 (b)	<b>10369.57</b>	7443.88
Total of (2)	<b>58504.26</b>	47060.39
Total of (1) + (2)	<b>68504.26</b>	47060.39

**4 UNSECURED LOANS**

Fixed Deposits	<b>0.00</b>	84.63
Short Term Loans from Banks		
Pre-Shipment Credit - Foreign Currency	<b>608.64</b>	2006.25
Buyer's Credit - Foreign Currency	<b>2532.19</b>	275.08
Rupee Loan	<b>9000.00</b>	6007.47
	<b>12140.83</b>	8373.43



5 FIXED ASSETS		SCHEDULES TO BALANCE SHEET						(Rs. in Lakh)	
		GROSS BLOCK		DEPRECIATION / AMORTISATION		NET BLOCK			
Description	As at 01/04/2008	Additions (Deletions)	As at 31/03/2009	Upto 31/03/2008 (Deletions)	For the period (Deletions)	Upto 31/03/2009	As at 31/03/2009	As at 31/03/2008	
<b>A. TANGIBLE ASSETS</b>									
LAND	780.82	0.00	<b>780.82</b>	0.00	0.00	<b>0.00</b>	<b>780.82</b>	780.82	
BUILDINGS									
ON FREE HOLD LAND	11632.63	1828.64	<b>13461.27</b>	3316.74	537.45	<b>3854.19</b>	<b>9607.08</b>	8315.89	
ON LEASE HOLD LAND	1015.48	609.91	<b>1625.39</b>	378.17	57.53	<b>435.70</b>	<b>1189.69</b>	637.31	
RAILWAY SIDINGS	201.32	0.00	<b>201.32</b>	201.32	0.00	<b>201.32</b>	<b>0.00</b>	0.00	
PLANT & MACHINERY									
ON FREE HOLD LAND	161750.16	29642.41 (1013.58)	<b>190378.99</b>	77677.66	8969.77 (954.25)	<b>85693.18</b>	<b>104685.81</b>	84072.50	
ON LEASE HOLD LAND	9250.44	627.18 (343.06)	<b>9534.56</b>	4447.42	443.92 (331.29)	<b>4560.05</b>	<b>4974.51</b>	4803.02	
FURNITURE, FIXTURES & OTHER EQUIPMENTS	1004.93	262.85 (0.47)	<b>1267.31</b>	424.76	67.88 (0.20)	<b>492.44</b>	<b>774.87</b>	580.17	
VEHICLES	226.42	36.84 (23.47)	<b>239.79</b>	129.82	15.55 (17.21)	<b>128.16</b>	<b>111.63</b>	96.60	
<b>B. INTANGIBLE ASSETS</b>									
COMPUTER SOFTWARE	228.83	1.34	<b>230.17</b>	224.45	4.34	<b>228.79</b>	<b>1.38</b>	4.38	
TOTAL	186091.03	33009.17 (1380.58)	<b>217719.62</b>	86800.34	10096.44 * (1302.95)	<b>95593.83</b>	<b>122125.79</b>	99290.69	
PREVIOUS YEAR	151436.40	35508.33 (853.70)	186091.03	79593.71	7553.55 (346.92)	86800.34	<b>26269.74</b>	29070.30	
CAPITAL WORK-IN-PROGRESS (Refer Note no : Schedule 22 of I-A(c))							<b>148395.53</b>	128360.99	

\* Includes Prior Period Depreciation of Rs. 16.91 Lakh.

**SCHEDULES TO BALANCE SHEET**
**(Rs. in Lakh)**

			As at 31/03/2009	As at 31/03/2008
<b>6 INVESTMENTS</b>				
LONG TERM				
Non-Trade - Quoted at cost :				
IDBI Bank Limited				
142720 equity shares of Rs.10 each, fully paid			<b>114.05</b>	114.05
CURRENT INVESTMENTS				
Non-Trade - Unquoted				
UTI - Mutual Fund (Liquid Cash Plan)	Units	Rs. in lakh		
Opening Balance	88380	900.99		
Add: Purchase during the year	309531	3155.50		
	<u>397911</u>	<u>4056.49</u>		
Less: Redemption during the year	397911	4056.49	<b>0.00</b>	900.99
LIC - Mutual Fund (Floating Rate Fund)				
Opening Balance	6889901	700.38		
Add: Purchase during the year	45107715	4609.93		
	<u>51997616</u>	<u>5310.31</u>		
Less: Redemption during the year	51997616	5310.31	<b>0.00</b>	700.38
			<b>114.05</b>	1715.42
Aggregate value of Quoted investments				
- Cost			<b>114.05</b>	114.05
- Market Value			<b>64.79</b>	127.09
Aggregate value of Unquoted investments				
- Cost			<b>0.00</b>	1601.37
<b>7 INVENTORIES</b>				
Stores and Spare parts			<b>1313.59</b>	1097.36
Loose Tools			<b>6.68</b>	1.99
Consumables			<b>4084.88</b>	5224.71
Raw materials			<b>10357.11</b>	7392.96
Materials in Transit			<b>2349.55</b>	182.79
Work in process			<b>754.86</b>	413.22
Stock-in-Trade - Note Books			<b>267.79</b>	109.70
Stock of Seedlings			<b>1.13</b>	15.37
Standing crops			<b>503.62</b>	288.36
			<b>19639.21</b>	14726.46
<b>8 SUNDRY DEBTORS</b>				
UNSECURED CONSIDERED GOOD				
- Exceeding six months			<b>757.55</b>	6.72
- Other debts			<b>16216.28</b>	9849.74
			<b>16973.83</b>	9856.46

**SCHEDULES TO BALANCE SHEET**

	<b>As at 31/03/2009</b>	<b>(Rs. in Lakh) As at 31/03/2008</b>
<b>9 CASH AND BANK BALANCES</b>		
Cash balance on hand	2.53	3.13
Cheques on hand	1.25	0.00
Bank balances with Scheduled Banks:		
a) in Current accounts	1671.03	2201.36
b) in Savings account	26.67	2.89
c) in Unpaid Dividend accounts	55.67	56.04
d) in Deposit accounts	10.00	41.00
	<b>1767.15</b>	<b>2304.42</b>
<b>10 LOANS AND ADVANCES</b>		
<b>Secured - Considered good :</b>		
Advances recoverable in cash or in kind or for value to be received	900.00	900.00
Inter-Corporate Loan	300.00	333.33
<b>Unsecured - Considered good:</b>		
Advances recoverable in cash or in kind or for value to be received	6245.36	5663.77
Inter-Corporate Loan	50.00	75.00
Advances & Deposits with Government and public bodies	2447.49	2307.70
Balance with:		
- Port Trust/Airport Authority	0.23	0.51
- Central Excise	534.91	1064.28
Prepaid Expenses	208.98	242.35
Deferred Premium on Forward Contracts	2668.73	609.17
MAT Credit Entitlement	1013.17	968.00
	<b>14368.87</b>	<b>12164.11</b>
<b>Unsecured - considered doubtful</b>	<b>22.46</b>	<b>0.00</b>
Less: Provision for doubtful advances	<b>(22.46)</b>	<b>0.00</b>
	<b>14368.87</b>	<b>12164.11</b>

**SCHEDULES TO BALANCE SHEET**
**(Rs. in Lakh)**

	<b>As at 31/03/2009</b>	As at 31/03/2008
<b>11 CURRENT LIABILITIES</b>		
Sundry Creditors		
a) Micro and Small Enterprises	<b>54.05</b>	0.00
b) Others	<b>17612.44</b>	20775.79
	<b>17666.49</b>	20775.79
Security Deposits from customers/contractors	<b>2382.42</b>	2090.17
Investor Education and Protection Fund		
a) Unclaimed Dividend	<b>55.67</b>	56.04
b) Matured Deposits - Unclaimed (Due at the end of the year Rs. Nil (Previous year Rs. Nil))	<b>13.05</b>	12.95
Other Liabilities	<b>1882.49</b>	218.60
Interest accrued but not due	<b>105.53</b>	107.19
	<b>22105.65</b>	23260.74
<b>12 PROVISIONS</b>		
Current Tax	<b>1328.96</b>	1040.83
Fringe Benefit Tax	<b>87.29</b>	65.30
Proposed Dividend	<b>3114.48</b>	1730.27
Tax on Dividend	<b>529.31</b>	294.06
Employee Benefits	<b>5031.33</b>	4466.86
	<b>10091.37</b>	7597.32

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	<b>For the year ended 31/03/2009</b>	<b>(Rs. in Lakh)</b> For the year ended 31/03/2008
<b>13 SALES (Net of Sales Tax &amp; Sales Returns)</b>		
Printing & Writing Paper:		
- Domestic Sales	<b>98613.63</b>	86545.49
- Export Sales	<b>13612.01</b>	14661.14
	<b>112225.64</b>	101206.63
Newsprint		
- Domestic Sales	<b>527.28</b>	0.00
	<b>112752.92</b>	101206.63
Less: Discounts	<b>3508.56</b>	3334.18
	<b>109244.36</b>	97872.45
Note Books	<b>790.75</b>	617.63
Pulp	<b>157.81</b>	85.89
Energy	<b>1764.50</b>	3471.24
	<b>111957.42</b>	102047.21
<b>14 OTHER INCOME</b>		
Export Incentive	<b>725.25</b>	782.85
Incentive under CDM	<b>100.94</b>	421.22
Sale of scrap, wastes etc.	<b>928.94</b>	775.15
Interest - Deposits/Advances/OD bills [TDS Rs.34.32 Lakh (Previous Year Rs.28.89 lakh)]	<b>317.49</b>	326.09
Dividend - Non-trade:		
a) Long Term Investments	<b>2.85</b>	2.14
b) Current Investments	<b>15.43</b>	12.92
Rental - Building [TDS Rs. 16.20 Lakh (Previous Year Rs.22.12 lakh)]	<b>118.23</b>	98.29
Profit on Sale of Assets	<b>212.82</b>	0.00
Other receipts #	<b>962.01</b>	694.09
	<b>3383.96</b>	3112.75
# Includes foreign exchange gain - Nil (Previous Year Rs.126.73 lakh)		

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

	<b>For the year ended 31/03/2009</b>	For the year ended 31/03/2008
<b>15 MANUFACTURING EXPENSES</b>		
Raw materials consumed *	<b>16589.45</b>	18915.96
Purchase of Note Books	<b>875.02</b>	651.54
Chemicals consumed	<b>10228.42</b>	8539.40
Stores consumed	<b>935.25</b>	907.36
(Increase)/Decrease in Stock of Bagasse	<b>(3182.72)</b>	128.70
(Increase)/Decrease in Stock-WIP	<b>(341.64)</b>	(39.43)
(Increase)/Decrease in Stock-Finished Goods	<b>(158.09)</b>	(109.70)
Freight & Handling charges	<b>1654.55</b>	1429.65
Packing Expenses	<b>2596.63</b>	2446.60
Power, Fuel & Water charges	<b>29632.62</b>	19446.59
Repairs and maintenance:		
- Building	<b>821.61</b>	349.43
- Plant and machinery	<b>5063.61</b>	4495.75
- Non-moving stores - Written off	<b>252.16</b>	202.72
	<b>64966.87</b>	57364.57
* Excluding cost of Bagasse procured in lieu of steam/fuel supplied.		
<b>16 PERSONNEL EXPENSES</b>		
Salaries, Wages and Bonus	<b>5223.00</b>	4490.46
Contribution to Provident and Other funds	<b>766.78</b>	525.95
Gratuity, Leave Encashment and Employee Benefit scheme	<b>947.69</b>	739.70
Staff Welfare	<b>1203.28</b>	1054.95
	<b>8140.75</b>	6811.06
<b>17 ADMINISTRATION, SELLING &amp; OTHER EXPENSES</b>		
Rent	<b>82.29</b>	87.75
Rates and Taxes	<b>281.92</b>	284.08
Insurance	<b>115.61</b>	107.22
Transportation Charges	<b>1171.96</b>	1377.73
Commission & Discount on Sales	<b>2955.11</b>	2687.85
Repairs and Maintenance - Others	<b>105.92</b>	73.83
Travelling & Conveyance	<b>267.67</b>	189.72
Auditors' Remuneration#	<b>5.50</b>	6.85
Printing and Stationery	<b>110.24</b>	81.50
Communication	<b>101.18</b>	93.77
Loss on write off/Sale of Fixed Assets(Net)	<b>0.00</b>	167.97
Advertisement	<b>138.41</b>	141.87
Farm Forestry	<b>267.47</b>	142.17
Provision for Doubtful Advances	<b>22.46</b>	0.00
Miscellaneous	<b>960.86</b>	1047.71
	<b>6586.60</b>	6490.02
# Details of Auditors' Remuneration		
Statutory Audit - Current year	<b>3.50</b>	3.50
- Relating to earlier year	<b>0.00</b>	1.25
Tax Audit	<b>0.50</b>	0.50
Limited Review	<b>0.90</b>	0.90
Certification fee	<b>0.60</b>	0.70

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	<b>For the year ended 31/03/2009</b>	<b>(Rs. in Lakh)</b> For the year ended 31/03/2008
<b>18 INTEREST AND FINANCE CHARGES</b>		
Interest on Term Loans	<b>2515.75</b>	854.49
Interest on Working Capital	<b>1410.68</b>	768.34
Interest on Fixed Deposits	<b>6.22</b>	28.36
Lease Rental	<b>0.00</b>	13.82
Other Interest & Finance Charges#	<b>2392.51</b>	759.57
# Includes Loss on foreign exchange fluctuation Rs. 1398.12 lakh (Previous year Rs. 33.41 lakh)		
	<b><u>6325.16</u></b>	<u>2424.58</u>
<b>19 PRIOR PERIOD/EXCEPTIONAL ITEMS</b>		
Gain on foreign exchange fluctuation relating to earlier years (Project construction period)	<b>(1848.77)</b>	0.00
Depreciation relating to earlier year	<b>16.91</b>	0.00
Others	<b>132.12</b>	15.31
	<b><u>(1699.74)</u></b>	<u>15.31</u>
<b>20 EXTRA ORDINARY ITEMS</b>		
Purchase and Sale of Coal	<b>(154.09)</b>	0.00
	<b><u>(154.09)</u></b>	<u>0.00</u>

## SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

### 21. 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 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 consumption is accounted on FIFO basis and stock is valued at respective year average cost of production of steam / cost of fuel supplied / year average purchase cost from open market. Cost includes freight, handling and other charges but excludes interest.

##### b) Work-in-Process

Paper in process is valued at cost which includes cost of inputs (net of taxes and duties) and overheads upto the stage of completion while other items of stock in process are valued at variable cost.

##### c) Finished Goods

###### i) Paper

Newsprint and Printing & Writing Paper are valued at the lower of the cost and net realisable value and are inclusive of excise duty.

###### ii) Note Book

Stocks of different varieties of note books are valued at lower of cost and net realisable value on FIFO Basis.

##### 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.

##### e) Power Banked

Power Banked (net of banking charges) is valued at lower of cost and net realisable value.

##### f) Non Moving Stores & Spares

Stores and spares not drawn for user for more than three years as at the end of the year are charged to revenue. Such stores and spares are carried at nil value in the books and in the year of issue, charged to revenue at nil value.

#### 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 prospectively over the residual life of the parent asset from the beginning of the year in which such additions are 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.
- 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) In respect of Individual Assets costing less than Rs.5000/-, full depreciation has been provided in the year of addition.
- f) In respect of specific spares:

Machinery spares specific to an item of fixed asset are treated as addition to fixed asset and depreciation provided over the remaining useful life of the parent asset. In the year of issue, written down value of such spares are charged as depreciation. Spares acquired during the year and issued for use during the year is treated as addition to fixed asset and 100% depreciation is provided.
- g) Pending renewal of agreements with some of the 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. Liquidated damages / penalties are credited to profit and loss account in the financial year in which the project is completed/assets are capitalised.

**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) 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.
- c) Operating software is capitalised with the related fixed assets.
- d) Machinery spares specific to an item of fixed asset are treated as addition to fixed asset.

**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.

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

**AS - 11 Accounting for Effects in Foreign Exchange Rates**

- a) 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. These items are reported at the closing rate on the balance sheet date.
- b) 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. The company does not enter into any forward contracts for trading or speculative purposes.
- c) 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.
- d) Forward contracts are reported at the closing rate on the date of the balance sheet.
- e) 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.
- f) 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 Employees 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 unit 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 have 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 currency as reportable geographical segments.

**AS - 18 Related Party Transactions**

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 is computed with reference to the Weighted Average number of Shares, based on monthly rests.
- b) Diluted Earnings per share is computed based on 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.

**AS - 30 Accounting of Derivative Financial Instruments**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments : Recognition and measurement" (AS – 30).

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in hedge reserve account and the ineffective portion is recognized immediately in profit and loss account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in profit and loss account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in hedge reserve account is transferred to profit and loss account for the period.

The gain / loss on the hedging instrument in respect of a forecasted transaction / firm commitment in respect of a non financial asset / liability is recognized in the hedge reserve account. Upon the forecast transaction / firm commitment subsequently resulting in the recognition of a non financial asset / liability, the associated gain / loss recognized in the hedge reserve account is transferred to the initial cost / carrying cost of the non financial asset / liability.

Premium on forward exchange contracts designated as hedging instruments is amortized as expense/income or adjustment to initial carrying cost of the hedged item over the life of the contract.

**22. 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:-

		<b>2008-2009 Rs.in lakh</b>	2007-2008 Rs.in lakh
A)	Regular Projects (includes advances Rs.317.27 lakh (Previous Year Rs. 364.11 lakh)) <b>(A)</b>	<b>9512.75</b>	2868.72
B)	<b>Mill Development Plan (MDP)</b>		
	<b>Opening Balance (a)</b>	<b>26186.52</b>	
	<b>Additions:</b>		
	Buildings		3622.55
	Plant and Machinery (b)	<b>3049.10</b>	40101.73
	Materials		5538.79
	Advances		6095.81
	<b>Preoperative Expenses</b>		
	Interest and Financial Charges		3986.75
	Exchange Fluctuations		(1873.57)
	Administrative Expenses		115.77
	Insurance		19.40
	Others		1246.72
	Total (a+b)	<b>29235.62</b>	58853.95
	Less : Transferred to Fixed Assets on capitalisation		
	Buildings	<b>1404.92</b>	1734.79
	Plant & Machinery	<b>26916.18</b>	30927.86
	Office Equipments	<b>0.00</b>	4.78
	Total (c)	<b>28321.10</b>	32667.43
	Balance (a+b-c) (includes advances Rs.29.91 lakh (Previous Year Rs.244.39 lakh)) <b>(B)</b>	<b>914.52</b>	26186.52
C)	<b>Mill Expansion Plan (MEP)</b>		
	Buildings	<b>353.12</b>	
	Plant & Machinery	<b>613.39</b>	
	Advances	<b>12197.42</b>	
	Materials	<b>1473.32</b>	
	Interest and Finance charges	<b>533.89</b>	
	Forward Premium	<b>251.33</b>	
	Others	<b>392.58</b>	
	Total <b>(C)</b>	<b>15815.05</b>	0.00
D)	<b>Mini Cement Plant</b>		
	Preoperative Expenses <b>(D)</b>	<b>27.42</b>	15.06
	<b>Total (A) + (B) + (C) + (D)</b>	<b>26269.74</b>	29070.30

- d) Estimated amount of contracts remaining to be executed on Capital Account and not provided for is Rs.50948.60 lakh (Previous year Rs.1424.92 lakh).

**B. CAPTIVE PLANTATIONS/FARM FORESTRY**

- a) The Company has taken over 325.610 hectares of waste land for captive plantation from the Government of Tamilnadu valid for a period ranging from 22 years to 30 years and 113 hectares from Private Land Owners for a period of six years through lease agreements.

- b) Area under Captive Plantation : - (figure in Hectares)

Particulars	Year ended 31/03/2009	Year ended 31/03/2008
Own Lands	90.000	34.000
Leasehold Lands	438.610	325.610
Revenue Sharing Basis	643.000	391.120
<b>Total</b>	<b>1171.610</b>	750.730

- c) The break-up of Expenditure on Captive Plantation is as under : -

(Rs.in lakh)

Particulars	Year ended 31/03/2009	Year ended 31/03/2008
Own Lands	27.83	4.08
Leasehold Lands	223.51	108.49
Revenue Sharing Basis	252.28	175.79
<b>Total</b>	<b>503.62</b>	288.36

- 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) Based on confirmation received from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the act)
- a) Amount due and outstanding to suppliers as at the end of accounting year Rs.54.05 lakh
- b) Interest paid during the year Nil
- c) Interest payable at the end of the accounting year, and Nil
- d) Interest accrued and unpaid at the end of the accounting year, Nil

**D. CURRENT LIABILITIES AND PROVISIONS:**
**Current Liabilities**

Sundry Creditors — Others: This includes Rs.24.10 Crore being the guarantee commission in respect of IBRD loan guaranteed by Govt., of India, lying since 2002.

- E. Consequent to Preliminary comments of the Accountant General (Commercial & Receipt Audit), Tamil Nadu on the accounts for the financial year ended 31st March 2009, which was approved by the Board on 27.05.2009, an additional note has been included in the Notes forming part of accounts vide para I(D) of Schedule 22.

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

Particulars	2008-2009	2007-2008
<b>a) Installed Capacity (Mts per annum):</b>		
Newsprint/Printing & Writing Paper	245000	230000
<b>b) Actual Production for the Year (Mts):</b>		
Newsprint	1514	0
Printing & Writing paper	253389	245471
	<b>254903</b>	245471

**B. FINISHED GOODS - TURNOVER, INVENTORY & PURCHASES:**

Particulars	2008-2009		2007-2008	
	QUANTITY	VALUE (Rs. In lakh)	QUANTITY	VALUE (Rs. In lakh)
<b>a) Turnover:</b>				
Newsprint MTS	1514	527.28	0	0
Printing & Writing Paper MTS	253348 *	103405.97	245432 *	89677.94
Note Books Nos	4577900 **	790.75	3934100 **	617.63
Chemical Bagasse Pulp BDMT	693	157.81	404	85.89
Energy KWH	61436811	1764.50	115354252	3471.25
Total turnover		106646.31		93852.71
* Excluding 41 Mts. (Previous Year 39 Mts) of Printing & Writing paper taken for Self-consumption, etc.				
** Excluding 47200 Nos. (Previous Year 34500 Nos.) of Note Books taken for self-consumption, donation etc.,				
<b>b) Inventory:</b>				
<b>Opening Stock:</b>				
Newsprint	Nil	Nil	Nil	Nil
Printing & Writing paper	Nil	Nil	Nil	Nil
Note Books (Nos)	741400	109.70	Nil	Nil
<b>Closing Stock:</b>				
Newsprint	Nil	Nil	Nil	Nil
Printing & Writing paper	Nil	Nil	Nil	Nil
Note Books (Nos)	1733200	267.79	741400	109.70
<b>c) Purchases:</b>				
Note Books (Nos)	5616900	875.02	4710000	651.54

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

Particulars	2008-2009		2007-2008	
	QUANTITY	VALUE (Rs. In lakh)	QUANTITY	VALUE (Rs. In lakh)
Wood (MT)	353529	10260.83	180403	4939.02
Wood Pulp (ADMT)	17651	5581.22	46410	13198.08
Bagasse@ (ADMT)	680707	12393.05	693851	9172.35

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/fuel 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	2008-2009		2007-2008	
	Rs. in Lakh	%	Rs. in Lakh	%
<b>i. Raw Materials</b>				
Imported	<b>3506.34</b>	<b>12.42</b>	10174.82	37.25
Indigenous	<b>24728.76</b>	<b>87.58</b>	17134.63	62.75
<b>ii. Components, Spare Parts &amp; Chemicals</b>				
Imported	<b>1997.88</b>	<b>14.46</b>	2045.39	17.52
Indigenous	<b>11818.32</b>	<b>85.54</b>	9630.37	82.48

**D. FOREIGN CURRENCY TRANSACTIONS:**

Particulars	2008-2009 (Rs. in Lakh)	2007-2008 (Rs. in Lakh)
<b>a) Value of Imports Calculated on CIF basis</b>		
Raw Materials (Pulp)	<b>3797.09</b>	7839.08
Components, Spare parts & Chemicals	<b>2129.12</b>	1438.76
Coal	<b>17415.76</b>	11841.13
Capital goods	<b>17592.68</b>	1996.31
<b>b) Expenditure in Foreign Currency</b>		
Engineering & Supervision Charges	<b>92.44</b>	238.13
Interest	<b>1138.07</b>	1078.76
Others	<b>132.56</b>	146.02
<b>c) Dividends remitted in Foreign Currency</b>		
i) Final Dividend	<b>2007-2008</b>	2006-2007
No. of Non-Resident Shareholders	<b>6</b>	7
No. of Shares held by Non-Resident Shareholders	<b>1900</b>	1901
Dividend	<b>0.05</b>	0.05
ii) Interim Dividend	<b>2008-2009</b>	2007-2008
No. of Non-Resident Shareholders	<b>0</b>	7
No. of Shares held by Non-Resident Shareholders	<b>0</b>	1901
Dividend	<b>0</b>	0.04
<b>d) Earnings in Foreign Exchange:</b>		
FOB value of Exports	<b>12961.23</b>	13821.76
<b>e) Effect of Exchange Fluctuations, including Forward Contracts:</b>		
Profit and Loss Account	<b>1398.12</b>	(93.32)



(Figures in Million)

FORWARD EXCHANGE CONTRACTS & FINANCIAL INSTRUMENTS WHICH ARE IN SUBSTANCE FORWARD CONTRACTS OUTSTANDING AS ON 31.03.09 & 31.03.08					
Particulars	Currency	31.03.2009	31.03.2008	Nature of Exposure	Underlying Risk Coverage
<b>Firm Future Commitments/Probable Future Transactions</b>	USD	<b>21.337</b>	9.750	Exports	USD/INR
	Euro	<b>48.000</b>	0.000	Imports-Capex	Euro/USD
	SEK	<b>83.281</b>	0.000	Imports-Capex	SEK/USD
	Euro	<b>0.468</b>	0.000	Imports-Revenue	Euro/INR
<b>Balance Sheet Items</b>	USD	<b>20.524</b>	4.513	Buyers Credit	USD/INR
	USD	<b>1.200</b>	5.000	Packing Credit	USD/INR
	USD	<b>0</b>	1.333	ECB	USD / INR
	USD	<b>2.850</b>	8.542	FCNR(B)-MDP	USD / INR
	JPY	<b>398.234</b>	533.056	ECB	Complete Swap (JPY/INR & JPY LIBOR)
	JPY	<b>370.188</b>	474.600	ECB	Currency Swap (JPY/INR)
	USD	<b>15.168</b>	16.432	FCNR(B)	Currency Swap (USD/INR)
	JPY	<b>2280.823</b>	0	ECB	Currency Swap (JPY/INR)
<b>Unhedged Foreign Currency Exposure - Assets and Liabilities</b>					
<b>Balance Sheet Items</b>	USD	<b>1.385</b>	1.800	Outstanding Export Bills	USD/INR
	JPY	<b>1.933</b>	0.978	ECB LOAN	JPY/INR

### III. PRIOR PERIOD ADJUSTMENTS – EXCHANGE EFFECTS RELATING TO EARLIER YEARS

Pursuant to the opinion of the Expert Advisory Committee of The Institute of Chartered Accountant of India, exchange gain of Rs.1848.77 lakh adjusted to cost of the fixed assets under Mill Development Plan project in earlier years is added to the cost of the assets and credited to prior period adjustments. The consequent depreciation effect of Rs.16.91 lakh is also taken to prior period adjustments.

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

#### A. AS 15 – Employee Benefit

- a) 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.

## b) Other Defined Benefits

(Rs. In Lakh)

TYPE OF PLAN	UNFUNDED				FUNDED	
	GRATUITY		LEAVE ENCASHMENT		EMPLOYEE BENEFIT SCHEME	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
<b>PERIOD OF DISCLOSURE</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2007-08</b>
<b>RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>						
<b>PVO as at the beginning of the period</b>	<b>3325.00</b>	3020.00	<b>1074.00</b>	865.00	<b>67.86</b>	62.98
Interest Cost	<b>257.92</b>	236.82	<b>79.76</b>	65.19	<b>5.23</b>	5.11
Current service cost	<b>162.22</b>	78.36	<b>125.25</b>	91.51	<b>5.22</b>	3.14
Benefits paid	<b>(201.84)</b>	(119.44)	<b>(153.88)</b>	(100.13)	<b>(4.98)</b>	(1.25)
Actuarial loss/(gain) on obligation (balancing figure)	<b>302.60</b>	109.26	<b>27.68</b>	152.43	<b>(16.28)</b>	(2.12)
<b>PVO as at the end of the period</b>	<b>3845.90</b>	3325.00	<b>1152.81</b>	1074.00	<b>57.05</b>	67.86
<b>EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS ACCOUNT</b>						
Current service cost	<b>162.22</b>	78.36	<b>125.25</b>	91.51	<b>5.22</b>	3.14
Interest Cost	<b>257.92</b>	236.82	<b>79.76</b>	65.19	<b>5.23</b>	5.11
Expected return on plan assets	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>(1.91)</b>	
Net actuarial (gain)/loss recognised in the year	<b>302.60</b>	109.26	<b>27.68</b>	152.43	<b>(16.28)</b>	(2.12)
Expenses recognized in the statement of profit and loss account	<b>722.74</b>	424.44	<b>232.69</b>	309.13	<b>(7.74)</b>	6.13
<b>Net Assets(Liability) recognised in the Balance Sheet</b>						
Present value of obligation	<b>3845.90</b>	3325.00	<b>1152.81</b>	1074.00	<b>57.05</b>	67.86
Fair value of plan assets	<b>0.00</b>	0.00	<b>0.00</b>	0.00	<b>24.43</b>	22.52
Difference	<b>3845.90</b>	3325.00	<b>1152.81</b>	1074.00	<b>32.62</b>	45.34
Liability recognised in the balance sheet	<b>3845.90</b>	3325.00	<b>1152.81</b>	1074.00	<b>32.62</b>	45.34
<b>ASSET/LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>						
Opening net liability	<b>3325.00</b>	3020.00	<b>1074.00</b>	865.00	<b>45.34</b>	62.98
Expense as above	<b>722.74</b>	424.44	<b>232.69</b>	309.13	<b>(7.74)</b>	6.13
Contribution paid	<b>(201.84)</b>	(119.44)	<b>(153.88)</b>	(100.13)	<b>(4.98)</b>	(1.25)
Closing net liability recognized in Balance Sheet	<b>3845.90</b>	3325.00	<b>1152.81</b>	1074.00	<b>32.62</b>	67.86
<b>PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]</b>						
Discount Rate	<b>7.25%</b>	8.00%	<b>7.25%</b>	8.00%	<b>7.40%</b>	8.00%
Salary escalation rate	<b>6.00%</b>	6.00%	<b>6.00%</b>	6.00%	<b>4.00%</b>	6.00%
Attrition rate	<b>3.00%</b>	3.00%	<b>3.00%</b>	3.00%	<b>3.00%</b>	3.00%
Expected rate of return on plan assets					<b>8.50%</b>	8.50%
<b>ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>	<b>197.00</b>	103.00	<b>69.00</b>	77.61	<b>4.00</b>	1.00

**B. SEGMENT REPORTING: (AS 17)**

<b>a) Primary Segments</b>							<b>Rs. In lakh</b>	
<b>Particulars</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
	<b>Paper</b>		<b>Energy</b>		<b>Total</b>			
<b>1 Segment Revenue</b>								
a) External Customers	<b>104881.81</b>	90381.47	<b>1764.50</b>	3471.24	<b>106646.31</b>		93852.71	
b) Inter Segment			<b>16754.58</b>	11986.53	<b>16754.58</b>		11986.53	
Sub-Total	<b>104881.81</b>	90381.47	<b>18519.09</b>	15457.77	<b>123400.89</b>		105839.24	
Less: Inter Segment revenue	<b>0.00</b>	0.00	<b>16754.58</b>	11986.53	<b>16754.58</b>		11986.53	
Net Sales / Income from Operations	<b>104881.81</b>	90381.47	<b>1764.50</b>	3471.24	<b>106646.31</b>		93852.71	
Add : Other Income attributable to Segments		759.75	<b>100.94</b>	444.32	<b>100.94</b>		1204.07	
<b>Total Segment Revenue</b>	<b>104881.81</b>	91141.22	<b>1865.44</b>	3915.56	<b>106747.25</b>		95056.78	
<b>2 Segment Results</b>	<b>20895.56</b>	18078.31	<b>511.44</b>	1546.39	<b>21407.00</b>		19624.70	
(Profit (+) / Loss (-) before tax and Interest)								
Less:								
i) Interest					<b>6325.16</b>		2425.05	
ii) Other unallocable expenditure net of unallocable income					<b>1150.48</b>		877.97	
iii) Prior period / extra ordinary items					<b>(1853.83)</b>		15.31	
<b>Profit Before Tax</b>					<b>15785.19</b>		16306.37	
Provision for Taxation					<b>5046.51</b>		5023.37	
<b>Profit after Tax</b>					<b>10738.68</b>		11283.00	
<b>3 Other Information</b>								
Segment Assets	<b>168349.93</b>	136780.02	<b>19040.23</b>	19591.97	<b>187390.16</b>		156371.99	
Unallocated Corporate Assets					<b>13868.48</b>		12755.87	
<b>Total Assets</b>	<b>168349.93</b>	136780.02	<b>19040.23</b>	19591.97	<b>201258.64</b>		169127.86	
Segment Liabilities	<b>16721.02</b>	19481.65	<b>3747.64</b>	1686.62	<b>20468.66</b>		21168.27	
Unallocated Corporate Liabilities					<b>114358.45</b>		83958.61	
<b>Total Liabilities</b>	<b>16721.02</b>	19481.65	<b>3747.64</b>	1686.62	<b>134827.11</b>		105126.88	
Capital Expenditure (excludes unallocated capital expenditure Rs. 47.53 lakh. (previous year Rs. 29.61 lakh)	<b>32950.05</b>	32783.98	<b>11.60</b>	2694.74	<b>32961.65</b>		35478.72	
Depreciation (excludes unallocated capital expenditure Rs. 59.25 lakh. (previous year Rs.29.93 lakh)	<b>10031.08</b>	6310.08	<b>6.11</b>	1213.54	<b>10037.19</b>		7523.62	
Non cash expenses other than depreciation		6.59					6.59	

<b>b) Geographical Segment</b>							<b>(Rs. In lakh)</b>	
<b>Particulars</b>	<b>India</b>		<b>Rest of the world</b>		<b>Total</b>			
	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2009</b>	<b>31.03.2008</b>	<b>31.03.2008</b>	
<b>Revenue from external customers</b>	<b>93034.30</b>	79191.57	<b>13612.01</b>	14661.14	<b>106646.31</b>		93852.71	

**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 16): -

(Rs. in lakh)

Particulars	2008-2009			2007-2008		
	MD	WTD/ DMD	TOTAL	CMD/MD	WTD	TOTAL
Pay and Allowances	8.53	28.70	37.23	5.14	23.98	29.12
Reimbursement of medical expenses	0.38	1.48	1.86	0.12	0.79	0.91
Perquisites	1.08	4.50	5.58	1.03	2.42	3.45
<b>Total</b>	<b>9.99</b>	<b>34.68</b>	<b>44.67</b>	6.29	27.19	33.48
CMD - Chairman and Managing Director MD - Managing Director WTD - Whole Time Director DMD - Deputy Managing Director						

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

Particulars	Units	2008-2009	2007-2008
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 normal computation.

Transfer to/(from) deferred tax is mainly on account of variation of allowances for tax purposes in :-

(Rs. in lakh)

Deferred Tax comprises of	31/3/2009	31/3/2008
A. Deferred Tax Liability Depreciation	24254	20653
B. Deferred Tax Assets Provision for Employees Benefits	1686	1494
Timing Difference u/s 43B	583	324
Sub-Total (B)	2269	1818
DEFERRED TAX (NET) (A) - (B)	21985	18835

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

(Rs. in lakh)

Particulars	2008-2009	2007-2008
Salaries and Wages	59.56	35.47
Repairs and Maintenance	15.30	13.90
Depreciation	23.55	22.60
Chemicals	10.72	1.47
Other Expenses	0.20	0.36
<b>Total</b>	<b>109.33</b>	73.80

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 31.03.2009	As at 31.03.2008		
a)	Letters of Credit issued by Banks on behalf of Company	<b>49816.90</b>	11082.09	Performance or Non-performance of various parties.	Nil
b)	Guarantees issued by the Banks on behalf of the Company	<b>1932.40</b>	1701.68	-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	<b>1711.93</b>	1659.56		
	ii) Wealth-tax	<b>19.46</b>	19.46		
	iii) Customs Duty	<b>271.21</b>	271.21		
	iv) Excise Duty	<b>13249.66</b>	3416.24		
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	<b>22.80</b>	22.80		
	ii) Land Acquisition Claims	<b>90.86</b>	90.86		
	iii) Cess on Land Lease at Perungudi - Wind farm.	<b>127.37</b>	55.31		
	iv) Interest on Water Royalty Paid belatedly	<b>82.48</b>	82.48		
	v) Others	<b>37.04</b>	15.06		
e)	Concession in Customs Duty availed for imports cleared under Export Promotion on Capital Goods Scheme	<b>9132.43</b>	6598.61	Possibilities of not meeting minimum export quantity requirements by the Company.	Nil

**I. ACCOUNTING OF DERIVATIVE FINANCIAL INSTRUMENTS (AS 30)**

The movement in hedging reserve during the year ended 31<sup>st</sup> March 2009 for derivatives designated as Cash Flow Hedge is as follows:

(Rs.in Lakh)

Sl. No.	Particulars	Hedge relating to Firm Commitment	Hedge relating to Forecast transactions	Total
1	Balance at the beginning of the year	0	0	0
2	(Gains)/Losses transferred to Profit & Loss account/ carrying cost of Non Monetary assets/liabilities	0	0	0
3	Changes in the fair value of the effective portion of cash flow derivative.	3929.26	735.12	4664.38
4	(Gains)/losses Relating to discontinued cash flow hedge transferred to Profit & Loss account	0	446.51	446.51
5	Balance at the year end - 31.03.2009	3929.26	735.12	4664.38
6	Recalculated value as on 25.05.2009 for item No.3 above	1767.59	39.70	1807.29

**V. GENERAL:**

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

**M.F. FAROOQUI, IAS**  
Chairman

Place : Chennai  
Date : 24th July 2009

**Md. NASIMUDDIN, IAS**  
Managing Director

**A. VELLIANGIRI**  
Dy. Managing Director  
& Secretary

Vide our report of even date  
For **MAHARAJ N.R. SURESH & CO.,**  
Chartered Accountants

**N.R. SURESH**  
Partner  
M. No. 21661

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

PARTICULARS	2008-2009 (Rs.in Lakh)	2007-2008 (Rs.in Lakh)
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Exceptional Items	13931.36	16321.68
Adjustments for :		
Depreciation Provision	10079.53	7553.55
Interest Income	(317.49)	(107.91)
Dividend Income	(18.28)	(15.06)
Rental Income	(118.23)	(96.39)
(Profit)/Loss on write off/ sale of Fixed Assets	(212.82)	167.97
Exchange Fluctuations	173.97	9.48
Provision for doubtful debts and Advances	22.46	0.00
Interest Expenditure	6151.19	2415.10
<b>Operating Profit before working capital changes</b>	<b>29691.69</b>	26248.42
Decrease(Increase) in Inventories	(4912.75)	911.95
Decrease(Increase) in Sundry Debtors	(7103.70)	664.65
Decrease(Increase) in Loans and Advances	(2282.95)	(4246.49)
Increase(Decrease) in Current Liabilities	135.27	4008.01
<b>Cash from Operations</b>	<b>15527.56</b>	27586.54
Income Tax paid	(1656.56)	(1627.10)
Deferred Revenue Expenditure	0.00	6.60
<b>Cash from Operating before exceptional Items</b>	<b>13871.00</b>	25966.04
Exceptional Items	1870.74	(15.31)
<b>Cash from Operating Activities</b>	<b>15741.74</b>	25950.73
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds on Sale of Fixed Assets	290.45	338.81
Additions to Fixed Assets & Capital Work-In-Progress	(30208.61)	(19519.14)
Decrease/ (Increase) in Advances	0.00	1774.80
Decrease/ (Increase) in Investments	1601.37	(1601.37)
Interest Income	317.49	107.91
Dividend Income	18.28	15.06
Rental Income	118.23	96.39
<b>Net Cash from Investing Activities</b>	<b>(27862.79)</b>	(18787.54)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings (Secured & Unsecured)	53730.20	19188.96
Repayment of Borrowings (Secured & Unsecured)	(33968.87)	(19885.00)
Interest paid	(6152.85)	(2427.05)
Dividend paid	(1730.27)	(3114.48)
Dividend tax paid	(294.06)	(529.31)
<b>Net Cash from Financing Activities</b>	<b>11584.15</b>	(6766.88)
<b>D TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR (A+B+C)</b>	<b>(536.90)</b>	396.31
Cash and cash equivalents at the beginning of the year	2248.38	1852.07
Cash and cash equivalents at the end of the year	1711.48	2248.38

## Notes:

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

Vide our report of even date

**M.F. FAROOQUI, IAS**  
 Chairman

**Md. NASIMUDDIN, IAS**  
 Managing Director

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

 Place : Chennai  
 Date : 24th July 2009

**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**

<b>I Company's Registration Details</b>		
- Registration No.		7799
- State Code		18
- Balance Sheet Date		31st March 2009
<b>II Capital raised during the year:</b>		<b>(Rs. in Lakh)</b>
- Public Issue		Nil
- Rights Issue		Nil
- Bonus Issue		Nil
- Private Placement		Nil
<b>III Position of Mobilisation and Deployment of Funds:</b>		<b>(Rs.in Lakh)</b>
- Total Liabilities		169061.62
- Total Assets		169061.62
<b>Sources of Funds</b>		
- Paid up Capital		6937.78
- Reserves & Surplus		59493.75
- Secured Loans		68504.26
- Unsecured Loans		12140.83
- Deferred tax		21985.00
		169061.62
<b>Application of Funds</b>		
- Net Fixed Assets		148395.53
- Investments		114.05
- Net Current Assets		20552.04
		169061.62
<b>IV Performance of Company</b>		<b>(Rs.in Lakh)</b>
- Turnover		106646.31
- Total Expenditure (Net of other income Rs.3383.96 Lakh)		90861.12
- Profit before tax		15785.19
- Profit after tax		10738.68
- BASIC & DILUTED EARNINGS PER SHARE (Refer Para No. IV-D of Sch., 22)		Rs
- Before Prior Period / Exceptional Items		12.84
- After Prior Period / Exceptional Items		15.52
- Dividend Rate		45%
<b>V Generic names of three principal products/services of Company (as per monetary terms)</b>		
<b>Item code No.</b>	<b>Product description</b>	
480100	Newsprint in rolls or sheets	
480200	Paper	
27160000	Electrical Energy	

**M.F. FAROOQUI, IAS**  
Chairman

**Md. NASIMUDDIN, IAS**  
Managing Director

Place : Chennai  
Date : 24th July 2009

**A. VELLIANGIRI**  
Dy. Managing Director & Secretary



**TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Registered Office : 67, Mount Road, Guindy, Chennai - 600 032

**ATTENDANCE SLIP**

D.P. Id*	
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Master Folio No.	
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Client Id*	
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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 29th Annual General Meeting of the Company held on Wednesday, the 9th September, 2009 at 10.30 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.

**TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Registered Office : 67, Mount Road, Guindy, Chennai - 600 032

**PROXY FORM**

D.P. Id*	
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Master Folio No.	
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Client Id*	
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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 29th Annual General Meeting of the Company to be held on Wednesday, the 9th September, 2009 at 10.30 a.m. or at any adjournment thereof.

Signed this ..... day of .....2009.

\* 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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*Paper of the future*

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