

37th **Annual Report 2016-2017**

Tamil Nadu Newsprint and Papers Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|---|------------------------------|
| Thiru Atulya Misra, IAS (w.e.f. 20.04.2017) | Chairman |
| Dr. Rajeev Ranjan, IAS (from 17.08.2016 to 07.09.2016) | Chairman & Managing Director |
| Thiru Vikram Kapur, IAS (from 07.09.2016 to 20.04.2017) | Chairman & Managing Director |
| Dr. R Selvaraj, IAS (w.e.f. 20.04.2017) | Managing Director |
| Thiru A Velliangiri | Deputy Managing Director |
| Thiru K Shanmugam, IAS | Director |
| Thiru Mahesan Kasirajan, IAS | Director |
| Thiru N Narayanan, IAS (Retd.) | Director |
| Thiru V Narayanan | Director |
| Thiru M R Kumar | Director |
| Thiru V Nagappan | Director |
| Thiru N Kumaravelu (ceased w.e.f. 19.04.2017) | Director |
| Tmt. Sarada Jagan (ceased w.e.f. 01.04.2017) | Director |
| Tmt. Soundara Kumar (w.e.f. 30.06.2017) | Director |

COMPLIANCE OFFICER

| | |
|--------------------------|-------------------|
| Thiru V Sivakumar | Company Secretary |
|--------------------------|-------------------|

REGISTERED OFFICE 67, Mount Road, Guindy,
Chennai - 600 032.

FACTORY

| | |
|----------------|---|
| Unit I | Kagithapuram – 639 136, Karur District, Tamil Nadu. |
| Unit II | Mondipatti Village – 621 306 Thiruchirapalli District, Tamil Nadu |

STATUTORY AUDITORS

M/s Raman Associate
Chartered Accountants,
H.O. 13 Luz Avenue,
Mylapore, Chennai- 600004

COST AUDITORS

M/s Raman & Associates,
10, Muthukumarasamy Salai,
Off. 1st Main Road, Baby Nagar,
Velachery, Chennai-600042

SECRETARIAL AUDITORS

M/s R Sridharan & Associates
Company Secretaries in Practice,
New No.5, Old No.12,
Sivasailam Street, T. Nagar,
Chennai- 600017

REGISTRAR AND SHARE

TRANSFER AGENT

M/s Cameo Corporate Services Ltd.
V Floor, "Subramanian Building"
No. 1, Club House Road,
Chennai- 600002
Tel. No. 044-28460390-28460395
Fax No. 044-28460390

BANKERS

State Bank of India
Canara Bank
Indian Bank
Karur Vysya Bank Limited
HDFC Bank Limited
DBS Bank Limited
Syndicate Bank
Oriental Bank of Commerce
Union Bank of India
Punjab and Sind Bank

FINANCIAL HIGHLIGHTS - 10 YEARS AT A GLANCE

| DESCRIPTION | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | REVENUE (Rs. in Lakhs) | | | | | | | | | |
| Revenue from Operations & Other Income | 96965 | 110030 | 107362 | 122504 | 153899 | 188118 | 230195 | 215237 | 255384 | 313092 |
| PBIDT | 26266 | 30792 | 31980 | 36274 | 43543 | 42207 | 52320 | 52236 | 58919 | 76591 |
| Finance Cost | 2391 | 4927 | 4618 | 4424 | 14127 | 12097 | 12821 | 15493 | 12185 | 25202 |
| Profit Before Tax (PBT) | 16306 | 15785 | 15806 | 19514 | 12511 | 12611 | 20268 | 23013 | 32358 | 30621 |
| Income-tax | 5023 | 5047 | 3200 | 4615 | 1617 | 3463 | 4150 | 6340 | 6377 | 4164 |
| Profit After Tax (PAT) | 11283 | 10738 | 12606 | 14899 | 10894 | 9148 | 16118 | 16673 | 25981 | 26456 |
| | BALANCE SHEET (Rs. in Lakhs) | | | | | | | | | |
| Equity | | | | | | | | | | |
| Share capital | 6938 | 6938 | 6938 | 6938 | 6938 | 6938 | 6938 | 6938 | 6938 | 6938 |
| Other Equity | 57063 | 59494 | 73512 | 84641 | 90131 | 96610 | 107660 | 113226 | 144022 | 163527 |
| Shareholders Fund (Net worth) | 64001 | 66432 | 80450 | 91579 | 97069 | 103548 | 114597 | 120164 | 150960 | 170465 |
| Non-Current Liabilities | | | | | | | | | | |
| Borrowings | 39467 | 58135 | 95510 | 107305 | 85083 | 65729 | 63699 | 136917 | 193872 | 165212 |
| Deferred tax liabilities (Net) | 18835 | 21985 | 21013 | 24961 | 26976 | 29046 | 31664 | 35959 | 23379 | 20583 |
| Non current liabilities - Others | 4467 | 5031 | 5808 | 7052 | 7434 | 8397 | 9154 | 10133 | 10044 | 10523 |
| Current liabilities | | | | | | | | | | |
| Borrowings | 15777 | 22510 | 40781 | 41505 | 58341 | 49586 | 45040 | 47528 | 59040 | 74259 |
| Current maturities of Long Term borrowings | | | | | 29955 | 34707 | 38772 | 22121 | 15777 | 42871 |
| Current liabilities - Others | 26581 | 27166 | 27598 | 35132 | 50632 | 57090 | 68339 | 96927 | 88799 | 79118 |
| Total Equity and Liabilities | 169128 | 201259 | 271159 | 307535 | 355490 | 348102 | 371265 | 469750 | 541871 | 563033 |
| Non Current Assets | | | | | | | | | | |
| Net Assets including CWIP Intangible Assets | 128361 | 148396 | 209659 | 232442 | 249593 | 254101 | 252819 | 304083 | 425201 | 415797 |
| Non-Current investments | 1715 | 114 | 1140 | 114 | 114 | 114 | 114 | 114 | 99 | 107 |
| Non-Current assets others | 7562 | 7445 | 10498 | 16455 | 12810 | 11146 | 26931 | 42119 | 10025 | 11502 |
| Current Assets | 31490 | 45304 | 49863 | 58524 | 92973 | 82741 | 91400 | 123433 | 106545 | 135626 |
| Total Assets | 169128 | 201259 | 271159 | 307535 | 355490 | 348102 | 371265 | 469750 | 541871 | 563033 |
| Book Value Per Share Rs.) | 92.46 | 95.99 | 116.24 | 132.32 | 140.25 | 149.61 | 165.58 | 173.62 | 218.12 | 246.30 |
| EPS (Rs.) | 16.30 | 15.52 | 18.21 | 21.53 | 15.74 | 13.22 | 23.29 | 24.09 | 37.54 | 38.23 |
| Dividend % | 45.00 | 45.00 | 45.00 | 50.00 | 50.00 | 50.00 | 60.00 | 60.00 | 75.00 | 75.00 |
| Debt (LTL) to Equity | 0.62 | 0.88 | 1.19 | 1.17 | 1.21 | 0.97 | 0.89 | 1.32 | 1.39 | 1.22 |

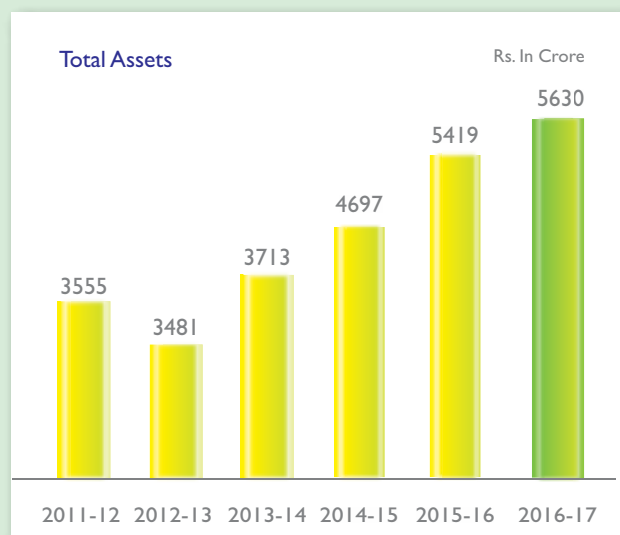
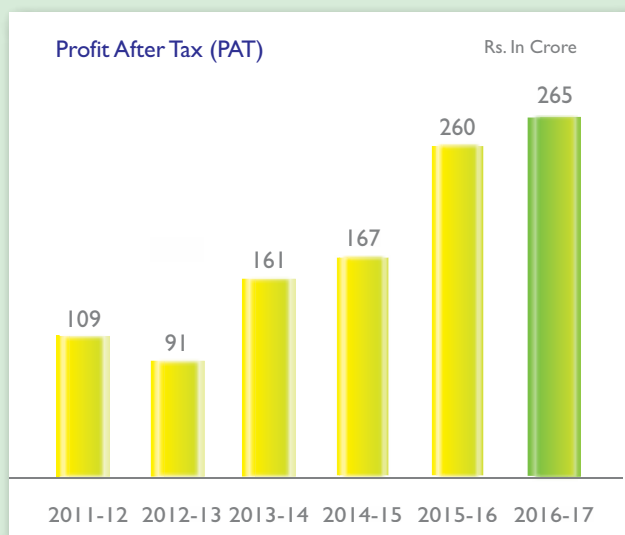
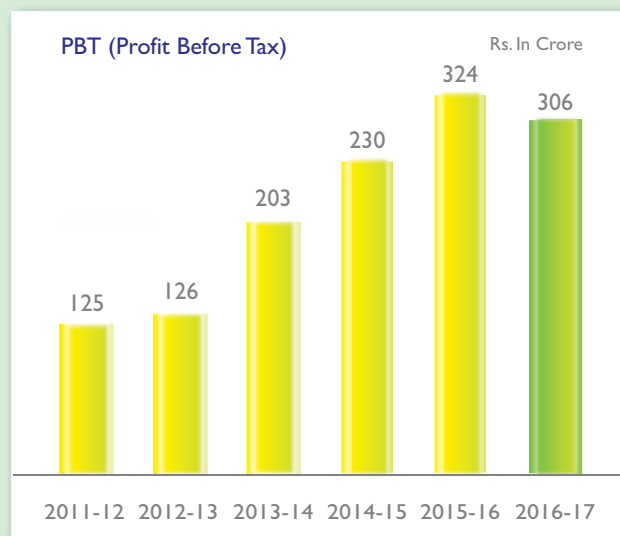
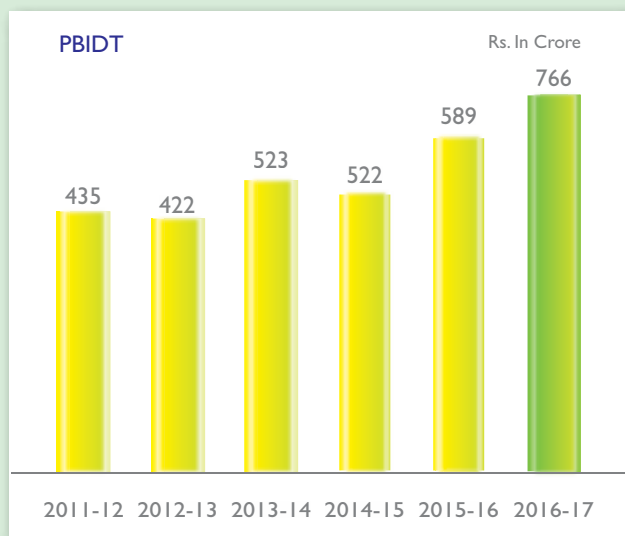
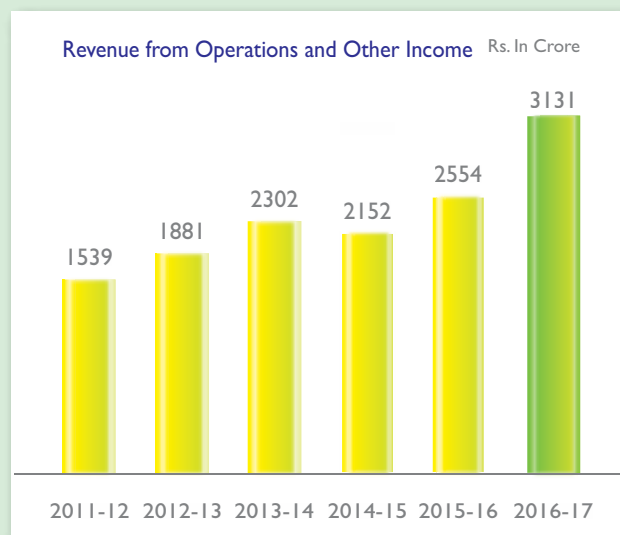
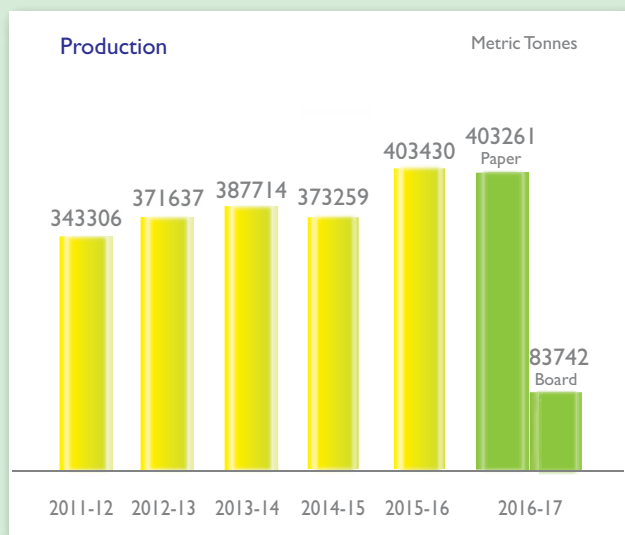
Note :

Figures upto 2010-11 as per Old Schedule VI, From 2011-12 to 2014-15 as per Revised Schedule VI, From 2015-16 onwards as per Ind AS.

ACHIEVEMENTS 2016-17

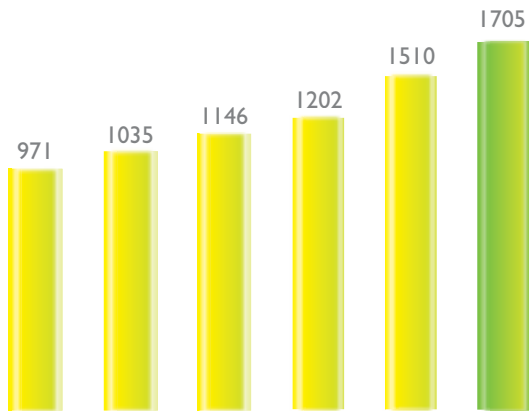
- Sales turnover crossed Rs. 3000 crore mark for the first time.
- Profit after tax of Rs 264.56 Crore exceeded the previous highest record achieved in 2015-16 by Rs. 4.75 Crore.
- Achieved Highest Paper sales of 415683 MT during the FY 2016-17. Domestic sales accounts for 80% and Exports 20%.
- De-inked Pulp Production increased by 25995 MT from 42705 MTs in the previous year to 68700 MTs during the current year.
- 71.29 Crore units of power were generated, of which 69.24 Crore lakh units were consumed and 2.05 Crore units were exported to the State Grid. Power drawn from State Grid constitutes only 1.61% of total power consumed.
- Overall water consumption was contained at 40 KL Per ton of paper.
- Cement production increased by 38103 MT from 196573 MT in the previous year to 234676 MT during the current year.
- Cumulatively 1,20,715 acres of land have been brought under Company's Farm Forestry and Captive Plantations schemes, benefitting 23,287 farmers.
- Term Loans amounting to Rs. 154.19 crore were repaid as per schedule.
- Dun & Bradstreet, Mumbai, has selected TNPL as the Top Indian Company under the sector Paper and Board products for "Dun & Bradstreet Corporate Awards 2017", sixth time in a row.
- TNPL has bagged the "IPMA Paper Mill of the Year award" for the year 2015-16 from Indian Paper Manufacturers' Association (IPMA), New Delhi. This award is given once in two years for the overall best performance in Industry. TNPL has received the Paper Mill of the year award five times and three times in a row.
- During the year, the company received the Top Export Award for the year 2014-15 from CAPEXIL (Chemicals & Allied Products Export Promotion Council of India). in recognition of the company's export achievement in respect of Paper, Paper Board & Paper Products Panel.
- TNPL received the "Most Innovative Environmental Project Award" under the category of "CII Environmental Best Practices Award 2017" from CII for elimination of usage of Sulphuric Acid in DHT stage of Hard Wood pulp bleaching.

CONSISTENT GROWTH



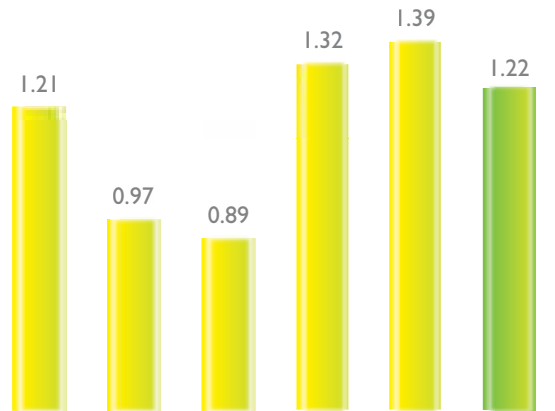
Net Worth

Rs. In Crore



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

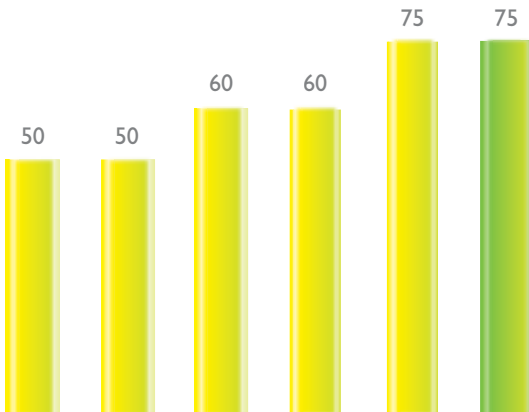
Long term Debt Equity Ratio



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Dividend

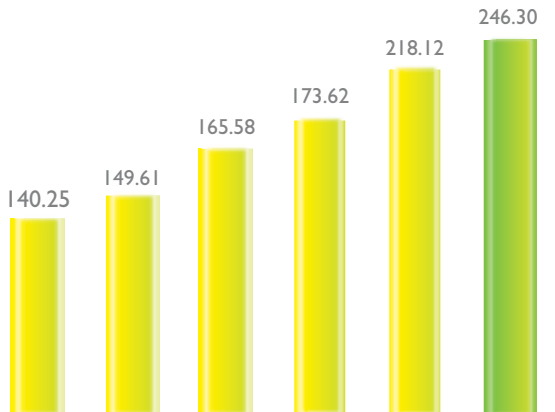
Percentage (%)



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Book Value per Share

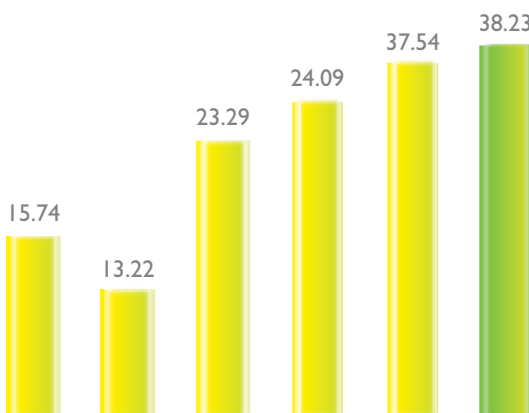
(Rs.)



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Earning Per Share (EPS)

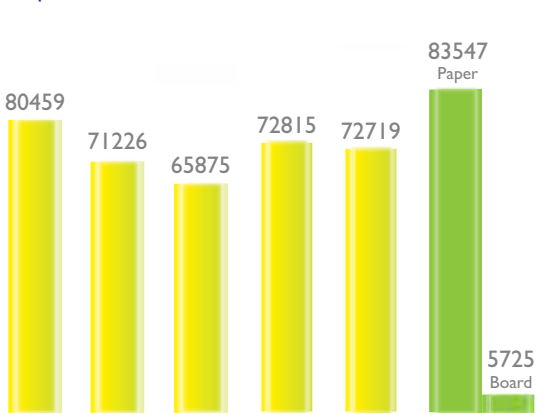
(Rs.)



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Exports

Metric Tonnes



2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

TECHNOLOGY

TNPL is an acknowledged leader in the technology of manufacture of paper from bagasse – the sugar cane residue. Started in 1985 with an initial capacity of 90,000 MT per annum on a single Paper Machine., the production capacity was increased to 4,00,000 MT per annum, through upgrades and expansions. Over the period, several new technologies were brought in the company's fold like ECF bleaching, Oxygen delignification, Integrated Chlorine dioxide production, Incineration of non-condensable gases, production of bio-gas from bagasse wash effluent, etc. As a result, the company is able to manage the operations by utilizing resources to its minimum possible level. During 2013, the company installed a new Deinked Pulp line with three loop and two disperser first of its kind in India. The Company uses bagasse pulp, wood pulp and deinked pulp in a most judicious and flexible way for producing quality papers with minimum cost.

As the Paper Board segment is identified as a growing segment TNPL

thought it is prudent to foray into this market segment. Accordingly, a project for manufacture of Paper Board was conceived, and thus TNPL Unit II emerged. TNPL commissioned a 200,000 MT per annum Multilayer Coated Paper Board machine (BM 4), along with a 35 MW captive co-generation power plant in January 2016. The Board machine has facility to apply two coats on top and one coat on the bottom surface of the board. The Board machine is entirely controlled by the latest Distributed Control System and Quality control systems. TNPL now produces premium grade Paper Boards in the substance range of 165 to 450 gsm. The project features a state-of-the-art Automatic Storage and Retrieval System (ASRS) for a capacity to store 30,000 MT Reels and 6,000 MT Sheets. The power plant is equipped with high efficient boilers operating with atmospheric fluidised combustion technology. This unit is designed to conserve water to the maximum extent. The power plant features an Air Cooled Condenser

(ACC) and the Board machine has facility to recover the white water and reuse to the extent possible. For optimizing power consumption, variable frequency drives have been introduced in various sections of the Board machine and power plant.

The entire treated waste water from TNPL Unit II is used for irrigating TNPL's own lands to an extent of 575 acres, using drip irrigation method. In the plantation area, more than 6 lakh trees have been raised.

The TNPL Unit II is gearing up for the next expansion, wherein a Paper Machine of a capacity of 1,65,000 tonnes per annum will be installed along with state-of-the-art hardwood ECF pulp mill. On implementation of the expansion scheme, the overall production capacity will increase to 7,65,000 tonnes per annum. The mill is in the process of obtaining environment clearance for the project and plans to take up the expansion scheme for implementation during 2018-19.



Board machine at Unit II

ENVIRONMENT

TNPL makes consistent efforts in minimizing its impact on the environment by adopting best available process technology which is aligned to the environmental policy of the mill.

TNPL is committed to:

- Produce Eco-friendly quality paper adopting environment friendly technologies.
- Improve environmental performance through sustained R&D efforts and continual improvement in the process.
- Comply with all relevant environmental legislation and regulation.
- Stimulate rational use of resources through behavioral and technological improvements.
- Minimise waste and maximise recycling / reuse.
- Creating social and ecological Awareness in Environment, Safety and Health.

Resource Conservation:

The mill has used 8,08,340 MT of depithed bagasse during the year as primary raw material for manufacture of paper. Utilisation of bagasse as fibrous raw material has conserved about 6.75 Lakh MT of pulp wood during 2016-17.

TNPL is committed to procure pulp wood only from the responsible known sources.

TNPL has produced 68,700 MT of Deinked pulp using waste paper as raw material and thereby conserved about 3.15 Lakh MT of pulp wood during 2016-17.

The mill has implemented various water conservation projects and has attained overall water consumption of about 40 KL Per ton of paper during 2016-17 which is one of the lowest in paper industry. Usage of 1.72 Lakh MT of internally generated agro fuels such as Pith, Wood dust, Bark as fuel in Power Boilers has resulted in conservation of about 40,657 MT of Imported coal.

Wealth from waste:

TNPL manufactures cement from inorganic solid wastes generated from chemical recovery cycle and fly ash from power boilers. Every day, about 292 tonnes lime sludge and 74 tonnes fly ash from the power boilers are converted into high grade cement which is first of its kind in pulp and paper industry. During 2016-17, 96,452 MT of lime sludge from Recaustisizing unit was utilized for Cement Manufacturing resulting in conservation of about 62,299 MT of lime stone from natural resources.

Climate Change and sustainability:

TNPL has generated wind power 512.65 Lakh units during 2016-17. TNPL has generated 68.52 Lakh m³ methane gas from the bagasse waste water and the same has been used in lime kiln in replacement of 3864 KL of furnace oil.

Implementation of Wet Ground Calcium Carbonate & Precipitated Calcium Carbonate Plants:

TNPL had set up a satellite WGCC plant with an annual production capacity of 40000 MT and a satellite PCC with an annual production capacity of 60000 MT adjacent to its mini Cement plant premises on "BUILD, OWN and OPERATE (BOO)" basis by entering agreement with OMYA India Private Limited, a subsidiary of OMYA International Inc., Switzerland.

Recognition for environmental protection:

TNPL has attained the distinction of being the "2nd Paper manufacturing unit and 1st Agro based Paper Manufacturing Company in India" to undergo the Green Co Rating System and attained the prestigious "Green-Co Gold rating" which is rated as National best by Confederation of Indian Industry – Godrej Green Business Centre (CII – Godrej GBC), Hyderabad.

Environment award for most innovative environmental project:

TNPL won "MOST INNOVATIVE ENVIRONMENTAL PROJECT" award for the project titled "Elimination of Sulphuric Acid in DHT Stage of Hard Wood Plant Bleaching Process" for the '4th CII ENVIRONMENTAL BEST PRACTICES AWARD 2017', for the award competition held on 21st June, 2017 at Hotel Conrad, Pune.

PLANTATION

In line with National Forest Policy 1988 and to become self-reliant in pulpwood, TNPL developed two plantation schemes during 2004-05 i.e., Farm Forestry & Captive Plantations Scheme. Under these models, TNPL enters into MoU with farmers/Institutions/Government agencies with buy back agreement and also provide high yielding clones/seedlings at subsidised rates. As on 31st March'2017, TNPL has developed 1,20,715 acres of pulpwood plantations involving 23,287 farmers through these two models.

TNPL has developed a Cluster approach to implement its plantation activities. Through the cluster approach, 10-15 potential villages are grouped as clusters at regional level. The plantation development activities are implemented at these clusters and closely monitored by field staff. TNPL has developed a mobile based technology to implement and monitor its plantation activities. This mobile based technology is working on a cloud based system capturing all the plantation activities starting from land registration to pulpwood supply. TNPL has added 3818.22 acres of plantations under Farm Forestry scheme during the year, of which 88% are within clusters.

Vide various GO's the HR&CE department has allotted 3568.25 acres of land from 15 temples to TNPL during the year to raise pulpwood plantations under captive revenue sharing model. The MoU's are executed with Executive Officer of each temple and the plantations have been raised to an extent of 2131.46 acres. With this, the barren unproductive wasteland have been converted into productive lands fetching revenue to temples.

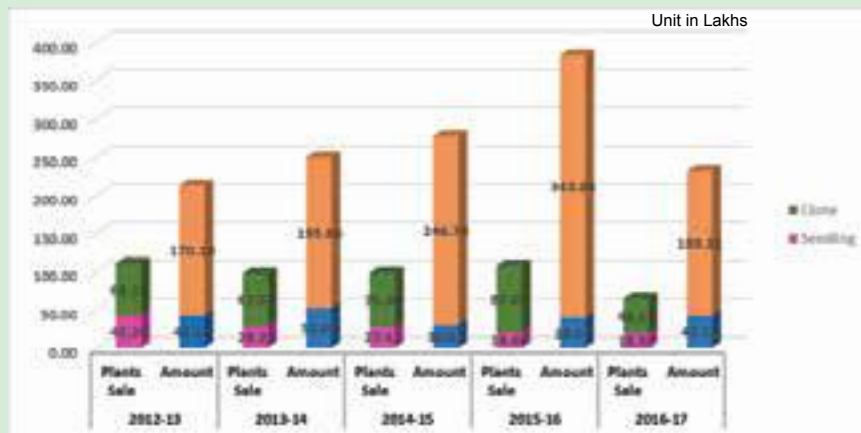
As a result of long-term relationship with farmers, TNPL procured 60,034 MT of pulpwood from plantation sources during the year . TNPL procured 9.70 lakh MT of pulpwood in last 7 years from its own plantation sources.

Any plantation development programme requires strong and well-designed infrastructure facilities to achieve the success. In line with this, TNPL established India's largest centralized state of the art clonal production unit at Kagithapuram i.e., Clonal Propagation & Research Centre (CPRC). During 2016-17, about 105.98 lakh quality plants were produced and 84.41 lakh plants were supplied to the farmers at subsidized price. TNPL registered the annual clonal/seedlings sale amount of Rs.2.31 crores during 2016-17 (Fig-1). The species wise details are as tabulated below.

| Variety | Achievement in Lacs | |
|---------------------|---------------------|--------------|
| | Production | Supply |
| Eucalyptus Clone | 75.22 | 58.25 |
| Casuarina - Clone | 6.97 | 5.94 |
| Eucalyptus Seedling | 5.15 | 1.70 |
| Casuarina Seedling | 18.19 | 18.07 |
| Others species | 0.45 | 0.45 |
| Total | 105.98 | 84.41 |

In order to develop high yielding clones for Farm Forestry and Captive Plantation schemes a separate Forestry R & D wing has been formed in plantation department for carrying out various tree improvement programs. During 2016-17, 65 superior trees, 74 hybrids and 79 halfsib seed lots of Eucalyptus were planted in three contracting sites to study the growth performance. Also 8 superior trees of Eucalyptus, 9 superior trees of Casuarinas and 40 selection of Neolamarckia cadamba were selected for multiplication. These new varieties will be tested for its suitability across multiple agro-climatic zones. The Eucalyptus hybrid clonal demonstration plots are established in 20 clusters and the growth performance are assessed and studied. Based on this 3 superior hybrid clones are selected. These superior clones are mass multiplied for commercial introduction under TNPL plantation schemes.

Fig. 1



Safeguarding the Environment



Creating “clean” paper that benefits small-scale farmers and the environment

Tamil Nadu Newsprint and Papers Limited (TNPL)’s mill is based in Kagithapuram in Tamil Nadu, Southern India. An initiative of the state government, TNPL is an end-to-end “waste to wealth” enterprise which manufactures paper from farm waste (bagasse), waste paper and wood pulp obtained from eucalyptus and casuarina trees grown on wasteland and degraded lands on TNPL managed forest plantations. The waste paper is sourced externally and recycled, and the company produces around 400,000 tonnes of printing and writing paper per year.

FSC and TNPL

TNPL’s manufacturing facility now holds FSC’s CoC certification. Additionally, TNPL has sought and obtained group FM and CoC certification for its farm forestry programme, which covers 2,914 hectares in 27 districts of Tamil Nadu. This programme involves many smallholder farmers who own less than two acres and would be unable to obtain certification on their own.



The farm forestry and captive plantation programmes help TNPL source wood pulp through sustainable means, rather than by stripping natural forests.

A sustainable plantation model: greening barren land

The farm forestry and captive plantation programmes help TNPL source wood pulp through sustainable means, rather than by stripping natural forests.

The farm forestry programme allows TNPL to enter into agreements with individual farmers and give them holistic support in the form of high-quality seedlings and training

in best agricultural practices – the seedlings are provided at a nominal cost while technical support is given free of charge. Through an outreach programme, TNPL monitors all plantations to ensure they follow FSC plantation management principles, like avoiding the use of chemical pesticides and adhering to high value conservation forest requirements.

Under the captive plantation programme, land is leased for periods of six to 30 years from farmers who are unable to cultivate their land, or wasteland belonging to institutions or government departments. This model works on a revenue sharing basis: TNPL bears all cultivation related expenses and shares revenues with the landowners. With direct monitoring and supervision from TNPL, all processes under this model are FSC-compliant.

Group certification brings many benefits

The farmers are effusive about the positive benefits that FSC group certification has brought. Ganeshan is a farmer who owns just one hectare of land. He was finding it difficult to make ends meet. By partnering with TNPL to raise a plantation, he can now expect a decent income at harvest time: “When my plantation is ready for harvest I will get Rs 2900 per tonne.” He expects to harvest 20 tonnes of wood. FSC certification has also made Ganeshan more aware of safe workplace practices, the importance of conserving water bodies and tree and plant species, and avoiding the use of chemicals.



Paving a green path for smallholders.



CORPORATE SOCIAL RESPONSIBILITY

TNPL is committed to being a socially responsible corporate citizen.

As the Companies Act, 2013 mandates every company having net worth of Rs.500 crore or more or turnover of Rs.1000 crore or more or a net profit of Rs.5 crore or more during any financial year, to constitute a CSR Committee of the Board, the Company has constituted a CSR Committee with the Independent Directors as its Members and Thiru.N.Narayanan IAS (Retd.) as the Chairman of CSR Committee.

As per section 135(5) of the Companies Act 2013, TNPL spend 2% of the average net profits of the Company

made during three preceding financial years towards Education, Health, Socio-Economic Development and Security, Environment and Culture, Heritage and Development. The Company during the year 2016-2017 has spent Rs.504.99 lakhs against the allocated amount of Rs.500.00 lakhs. The Company aims to spend Rs.569.00 lakhs on CSR activities during the financial year of 2017-2018, on the basis of 2% of the average net profits of the Company made during the three preceding financial years.

TNPL undertakes Community Development activities in the neighbourhood in consultation with local Panchayats by categorizing the

needs of the community under various heads viz., Infrastructure and basic amenities, construction of drainages and retaining walls, construction of public toilet, library building, providing borewells, bus shelters, etc.

TNPL extends helping hand to the inhabitants of the surrounding villages by taking part in drinking water supply schemes, organizing coaching classes for students studying in Government schools, providing lighting facilities, conducting health awareness programme and medical camps, providing financial assistance to needy people, contributing for cultural programmes, sports activities.



CSR-Talent Expo 2016



CSR-Blood Donation Camps



CSR-Cattle care camps at villages



CSR-Woman's Ball Badminton

PRODUCT PROFILE

TNPL produces a wide portfolio of high quality surface-sized and non-surface sized papers best suited for printing and writing; and coated and uncoated boards best suited for the packaging industry.

PREMIUM PAPER BRANDS

TNPL Pigmented Paper

A printing paper with low coat-weight, ideally suited for high-end multi-colour printing. High degree of surface uniformity and less two sidedness. Ideal for brochures, catalogues, books, etc. Available in gsm range of 70 to 130 gsm.

TNPL PrintFine

A premium uncoated wood-free paper with good surface evenness and high surface smoothness. Ideal for high-end printing of diaries, calendars, annual reports, brochures, catalogues, etc. and for other multi-colour, high-resolution, high-speed web and sheet-fed offset printing. Available in gsm range of 54 to 120 gsm.

TNPL Radiant Print (Platinum)

Most preferred uncoated wood-free paper amongst TNPL's products. Ideal for high-end printing of diaries, calendars, annual reports, brochures, catalogues, premium grade notebooks, etc. and also for multi-colour, high-speed web and sheet-fed offset printing. Available in gsm range of 54 to 120 gsm.

TNPL Eco Maplitho

Non-surface sized writing paper manufactured in the gsm range of 52 to 60 gsm. Most preferred product used in the manufacture of Notebooks. Is considered one of the top-of-the-line products in this category.

TNPL Ace Marvel

A non-surface sized wood-free product with TNPL's stamp of superior quality. The product is considered as excellent "value for money". Ideal as Thermal Base Papers and for other coating purposes and for notebooks, examination papers, continuous stationery, etc. Available in gsm range of 47 to 120 gsm

TNPL Copier Paper (Platinum)

A widely acclaimed trouble-free Photocopy Paper with optimized fibre orientation for high dimensional stability. Available in 70, 75 and 80 gsm in A4, A3 and FS sizes.

TNPL Copy Crown

A popular Photocopy Paper in the International Market. Has better brightness (92% plus) and high opacity. Available in 75 and 80 gsm in A4 and A3 sizes.

TNPL EzeeWrite

Cut-size paper used for traditional sheet fed offset machines in 56 gsm and marketed in the size of 33.5 x 42.0 cm.

TNPL Printer's Choice

Surface-sized cut-size "ready-to-print" paper with high degree of dimensional accuracy for publishing and printing industry. Supplies in commercial offset printing size of 45.4 cm x 58.5 cm in 60 gsm.

TNPL Centum

Ready-to-use, plain and ruled, surface-sized paper in 54 gsm in size 31.5 cm x 39.0 cm. Used as examination papers and for other general uses.

TNPL'S EXCLUSIVE RANGE OF COATED & UNCOATED MULTI-LAYER BOARDS FOR PACKAGING

AURA GREEN (GB)

A high-weight coated Duplex Board (Grey Back) with ideal stiffness and tensile to offer best carton performance. Manufactured with a virgin furnish on the top layer. Widely used in general packaging, FMCG and Industrial Packaging, Hosiery & Garments, Top Liners for Corrugated Boxes, Gifts, Toys, Match & Agarbathi Boxes, etc.

AURA PEARL

A high-weight coated Duplex Board (White Back) of medium density with ideal stiffness and tensile to offer best carton performance. Product is widely used in general packaging, FMCG & Industrial Packaging, Hosiery & Garments, Toys & Games, Cereals, Electronic Appliances, etc. The double side coated board is used for Promotional Materials, Publication Covers, Stationery & General Merchandising and also for economy range of Playing & Wedding Cards.

AURA FOLD

Folding Boxboard with high bulk (low density), high stiffness; high smoothness; color fidelity: high ink and varnish hold-out. Low levels of heavy metals (each <20 ppm), Food Grade and meets FDA requirements, free from any flavor or colour. Aura fold is widely used in the packaging of Food & Beverages, Pharmaceuticals, Personal & Health Care Products, Cosmetics & Toiletries, Electronics, etc.

AURA FOLD PLUS

A variant of Aura Fold with better bulk and stiffness.

AURA GRAFIK

Solid Bleached Sulphate Board (SBS) of medium density. Designed for true reproduction of images and hues, with exceptional print quality, high colour fidelity and resolution. Suitable for high quality embossing and foil stamping. Food Grade and meets FDA requirements. Widely used in Promotional Materials, Blister Packs, Book Covers, Personal & Health Care products, Pharmaceuticals, Aroma & Flavour

sensitive products, Cosmetics & Toiletries, Greeting & Wedding Cards, Lottery Tickets, Smart Cards, etc.

AURA ACE

Developed for the Playing Card industry. This product is manufactured with 100% virgin pulp to meet stringent requirements of high stiffness and uniform caliper required for making good quality Playing Cards. A variant with super calendaring is also offered for the high end segment of this industry.

AURA LITE

Specially developed for the Cigarette packaging. Designed to meet stringent quality requirements of high quality printing and scoring, good performance on high speed packing lines and can withstand multiple folds as a Cigarette pack.

AURA PACK

A 3 layered board made as per specification of Liquid Packaging industry. The board is manufactured with virgin grade of fibers in all three layers. The most important parameters that have been kept in mind whilst making this board are – Stiffness, Edge Wick, Strength, Smoothness and uniform Caliper which is required to meet the quality requirements at various stages of conversion.

AURA FLUTE

This board is made with very close tolerances with regard to its specifications designed to meet demanding requirements in subsequent poly coating for conversion to end products, such as paper cups. Ideal substrate for use as base board for conversion to paper cups. Low levels of heavy metal content (<20 ppm), free from any flavor or colour and low detectable levels of Dioxins (<1 part per trillion) Food Grade and meets FDA requirements.

AURA FLUTE PLUS

A variant of Aura Flute with better stiffness and specially made for discerning customers in the top segment of quality cup manufacturers.

AURA CELEBRATIONS

Uncoated virgin grade board made for the Wedding Card segment. The boards meets the stiffness and smoothness values required for conversion.

PE COATED BOARDS

TNPL has also provided facilities for setting up of a conversion units at its premises at Mayanur, which is located midway between Unit I and Unit II. From this facility which is outsourced, we offer PE Coated Grades of Paper and Boards for various end uses.

ENERGY

Pulp and Paper Industry is Energy intensive. TNPL is taking constant efforts to reduce the carbon footprint. TNPL consumes bio-fuel and bio-gas to a larger extent. The Consumption of bio-fuel and bio-gas accounts for 40.14 % of the total Energy consumed during 2016-17 against the value of 41.46 % in 2015-16.

| Agro / Internally generated waste Fuels Utilised | 2016-17 | 2015-16 |
|--|---------|---------|
| Agro Fuel | 472 | 568 |
| Pith | 161017 | 171183 |
| Wood Dust/ Bark | 10610 | 9649 |
| BL Solids | 411671 | 471134 |
| Bio-Methanation Gas ('000M ³) | 6852 | 7566 |

TNPL is operating two bio-methanation plants to treat the high organic wastewater from bagasse handling and storage system and generate biogas. Biogas generation during the year 2016-17 was 68.52 Lakh NM³ against 75.66 Lakh NM³ in the previous year. Bio gas generated was used in lime kilns as fuel in replacement of 3864 KL of furnace oil and in Power Boiler in replacement of 330 MT of Imported Coal.

TNPL is a self sufficient in power in both the units. The installed capacity of the power plant in Unit-I is 103.62 MW and Unit-II 35 MW. Power generation and consumption details are given hereunder:

(in Lakh units)

| | Generation | Self Consumption | Export | Import |
|---------------------|-----------------|------------------|---------------|--------------|
| 2016-17 | | | | |
| Captive Power Plant | | | | |
| - Unit-I | 6,093.46 | 5,986.06 | 107.40 | — |
| - Unit-II | 1,035.48 | 952.30 | 97.87 | 14.69 |
| Wind Farm | 512.65 | 12.55 | 490.67 | 9.43 |
| Total | 7,641.59 | 6,950.91 | 695.94 | 24.12 |
| 2015-16 | | | | |
| Captive Power Plant | | | | |
| - Unit-I | 6,284.30 | 5,956.25 | 328.05 | — |
| - Unit-II | — | — | — | — |
| Wind Farm | 319.83 | 7.75 | 305.43 | 6.65 |
| Total | 6,604.13 | 5,964.00 | 633.48 | 6.65 |

As a part of Energy Conservation Act 2001, Ministry of Power had notified the list of designated consumers (DCs) of power intensive industries across the country on 30th March 2012. The ministry also specified the baseline Energy Consumption of the individual DCs and the targeted energy consumption norms to be met during the period from FY 2012-13 to FY 2014-15 as per “Perform Achieve and Trade” (PAT) scheme. For 1st PAT Cycle, BEE notified specific energy consumption for TNPL as 0.572 TOE/TON and fixed the target as 0.550 TOE/TON. TNPL achieved 0.530 TOE / TON during the assessment year 2014-15. As the actual specific energy consumption was less than the target fixed, TNPL was awarded 4969 number of Escerts (Energy Saving Certificates). These Escerts are saleable in the market through Power Exchanges and the trading is likely to begin during the second half of 2017-18. in June / July 17.

Confederation of Indian Industry (CII) has bestowed on TNPL the Excellent Energy Efficient Unit award four times continuously from 2012 to 2015.



NOTICE

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Members of Tamil Nadu Newsprint and Papers Limited will be held on Tuesday, 19th September, 2017 at 10.15 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 Statement of Profit and Loss for the year ended 31st March 2017, the Cash Flow Statement for the year ended 31st March, 2017, 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 on equity shares for the year 2016-17
3. To appoint a Director in place of Thiru K Shanmugam, IAS, Director (holding DIN 00794191), who retires by rotation and being eligible, offers himself for reappointment
4. **Fixation of Auditors Remuneration:**

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

"RESOLVED THAT consent of the Company be and is hereby accorded for the payment of remuneration of Rs 10,00,000/- to M/s. Raman Associate (Firm Registration No.002910S), Chartered Accountants, Chennai, Statutory Auditors, besides reimbursement of Travel & out of pocket expenses (annual) at actual subject to ceiling of Rs.75000/- and 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)/1589 dated 09.09.2016."

SPECIAL BUSINESS

5. **Ratification of Remuneration to the Cost Auditors**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014, (including any statutory modifications or re-enactment thereof for the time being in force) the remuneration of Rs. 2,75,000/- plus travelling and out of pocket expenses subject to a maximum of Rs.30,000/- and applicable Taxes for the financial year ending 31st March, 2018 as approved by

the Board of Directors of the Company to be paid to M/s. Raman & Associates (Firm Registration No.0050), Cost and Management Accountants, Chennai, appointed by the Board as Cost Auditors to conduct the audit of the cost accounts of the Company for Paper, Board Plant, Cement and Energy segments be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **Appointment of Thiru Atulya Misra, IAS (DIN 02210369) as a Director**

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

"RESOLVED THAT pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Thiru Atulya Misra, IAS (DIN 02210369) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 20.04.2017 and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting and who is eligible for appointment under the relevant provisions of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **Appointment of Dr. R. Selvaraj, IAS (DIN 01797405) as Managing Director**

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and Article 140 of the Articles of Association of the Company and subject to such other approvals, as may be necessary, Dr. R. Selvaraj, IAS (holding DIN 01797405) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 20.04.2017 and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting and who is eligible for appointment

under the relevant provisions of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as Managing Director of the company with effect from 20.04.2017 on such terms and conditions and on such remuneration as may be prescribed by the Government of Tamil Nadu from time to time."

8. Approval of extension of contractual engagement of Thiru A. Velliangiri (DIN-00153169) as Deputy Managing Director

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

"**RESOLVED THAT** consent of the company be and is hereby accorded to the appointment of Thiru A. Velliangiri as Deputy Managing Director of the company from 01.04.2017 to 31.03.2018.

RESOLVED FURTHER THAT pursuant to the provisions of Section 196, 197,198, 203, Schedule V and all other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and Article 140 of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the members of the Company be and is hereby accorded for payment of remuneration to Thiru A. Velliangiri, Deputy Managing Director as below with effect from 01.04.2017 notwithstanding the absence or inadequacy of profits during any financial year:

Rs.

| Particulars | Per Month |
|----------------------|-----------------|
| Basic Pay | 1,45,000 |
| Dearness Allowance | 72,500 |
| House Rent Allowance | 35,000 |
| Provident Fund | 26,100 |
| Other allowances | 46,400 |
| Total | 3,25,000 |

RESOLVED FURTHER THAT Thiru A. Velliangiri, Deputy Managing Director will not be entitled to any sitting fee for attending the meetings of the Board or any Committee thereof."

9. Re-appointment of Thiru V. Narayanan (DIN 00081673) as an Independent Director of the Company

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions

of the Companies Act, 2013 ("Act") and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Thiru V. Narayanan (DIN 00081673), who was appointed as an Independent Director of the Company by the Board of Directors for a period of 3 years with effect from 01.04.2017 to 31.03.2020 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby re-appointed as an Independent Director of the Company to hold office for a term of 3 consecutive years commencing from 01.04.2017, not liable to retire by rotation."

10. Re-appointment of Thiru M.R. Kumar (DIN 03628755) as an Independent Director of the Company

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Thiru M.R. Kumar (DIN 03628755), who was appointed as an Independent Director of the Company by the Board of Directors for a period of 3 years with effect from 01.04.2017 to 31.03.2020 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby re-appointed as an Independent Director of the Company to hold office for a term of 3 consecutive years commencing from 01.04.2017, not liable to retire by rotation."

11. Re-appointment of Thiru V Nagappan (DIN 01271378) as an Independent Director of the Company

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions

of the Companies Act, 2013 ("Act") and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Thiru V Nagappan (DIN 01271378), who was appointed as an Independent Director of the Company by the Board of Directors for a period of 3 years with effect from 01.04.2017 to 31.03.2020 and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby re-appointed as an Independent Director of the Company to hold office for a term of 3 consecutive years commencing from 01.04.2017, not liable to retire by rotation."

12. Appointment of Tmt. Soundara Kumar (DIN 01974515) as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Tmt. Soundara Kumar (DIN 01974515), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors with effect from 30.06.2017 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing her candidature for the office of Director and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 consecutive years commencing from 30.06.2017, not liable to retire by rotation."

Place : Chennai
Date : 11.08.2017

BY ORDER OF THE BOARD
V SIVAKUMAR
Company 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 less than 48 hours before the commencement of the meeting.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholders.

3) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the company provided that not less than three days of notice in writing is given to the Company.

4) The relative Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business set out under Items 5 to 12 is annexed hereto and forms part of the notice.

5) Pursuant to the provisions of Section 91 of the Act and the Listing Regulations, the Register of Members and Share Transfer Books of the Company will be closed from 13.09.2017 to 19.09.2017 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31.03.2017 and the AGM.

6) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

7) The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

8) Subject to the provisions of the Companies Act, 2013, the dividend for the year ended 31.03.2017 as recommended by the Board, if declared at the meeting, will be paid within a period of 30 days from the date of declaration, in respect of shares held in physical form to those members whose names appear in the company's Register of Members on 19th September, 2017. 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.

- 9) Pursuant to Section 124 of the Companies Act, 2013, all unclaimed dividends upto the financial year ended March 31, 2009 have been transferred to the Investor Education and Protection Fund established by the Central Government as per Section 125 of the Companies Act, 2013.
- 10) As regards dividend pertaining to the financial year ended 31.03.2010 and thereafter, amounts remaining in the Unpaid Dividend Accounts of the company shall have to be transferred to 'The Investor Education and Protection Fund' established by the Central Government at the expiry of seven years from the date of transfer to the respective year's Unpaid Dividend Account. Such transfer has already been effected with regard to the unpaid dividend for the financial years 1996-97 to 2008-2009. The unpaid dividend for the financial year 2009-10 (final) will be transferred to the above fund during November 2017. The shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred by the Company in the Investor Education and Protection Fund as per section 124 of the Companies Act, 2013 and the applicable rules. Members are therefore requested to lodge their claims for unpaid dividend, if any, immediately with the Registrar and Share Transfer Agents as mentioned below or with the Company at the Company's registered office.
- 11) Members holding shares in physical form are requested to quote their Registered Folio 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.
- 12) Electronic copy of the Notice of the 37th Annual General Meeting of the company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email Ids are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the same is being sent through permitted mode.
- 13) Members may note that the Notice of the 37th Annual General Meeting and the Annual Report for Financial Year 2016-2017 will also be available on the company's website www.tnpl.com for their download. The physical copies of the aforesaid documents will also be available in the company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the company's investor email id: invest_grievances@tnpl.co.in
- 14) A route map showing directions to reach the venue of the 37th AGM is given at the end of this notice as per the requirement of the Secretarial Standards-2 on "General Meeting".
- 15) Voting through electronic means
- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration Amendment Rules), 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 37th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (remote e-voting) will be provided by Central Depository Services (India) Limited (CDSL)
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 15.09.2017 (9.00 a.m. IST) and ends on 18.09.2017 (5.00 pm IST). During this period members of the company holding shares either in physical form or in dematerialized form, as on the cutoff date (i.e 12.09.2017), may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
- A. IN CASE OF MEMBERS RECEIVING E-MAIL
- The shareholders should log on to the e-voting website www.evotingindia.com.
 - Click on Shareholders.
 - Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.

- iv. Next enter the Image Verification as displayed and Click on Login.
- v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iii). |

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the Tamil Nadu Newsprint and Papers Limited.
- xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xviii. Note for Non-Individual Shareholders & Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they should create compliance user using the admin login and password. The Compliance user would

be able to link the depository account(s) / folio numbers on which they wish to vote on.

- The list of accounts linked in the login should be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

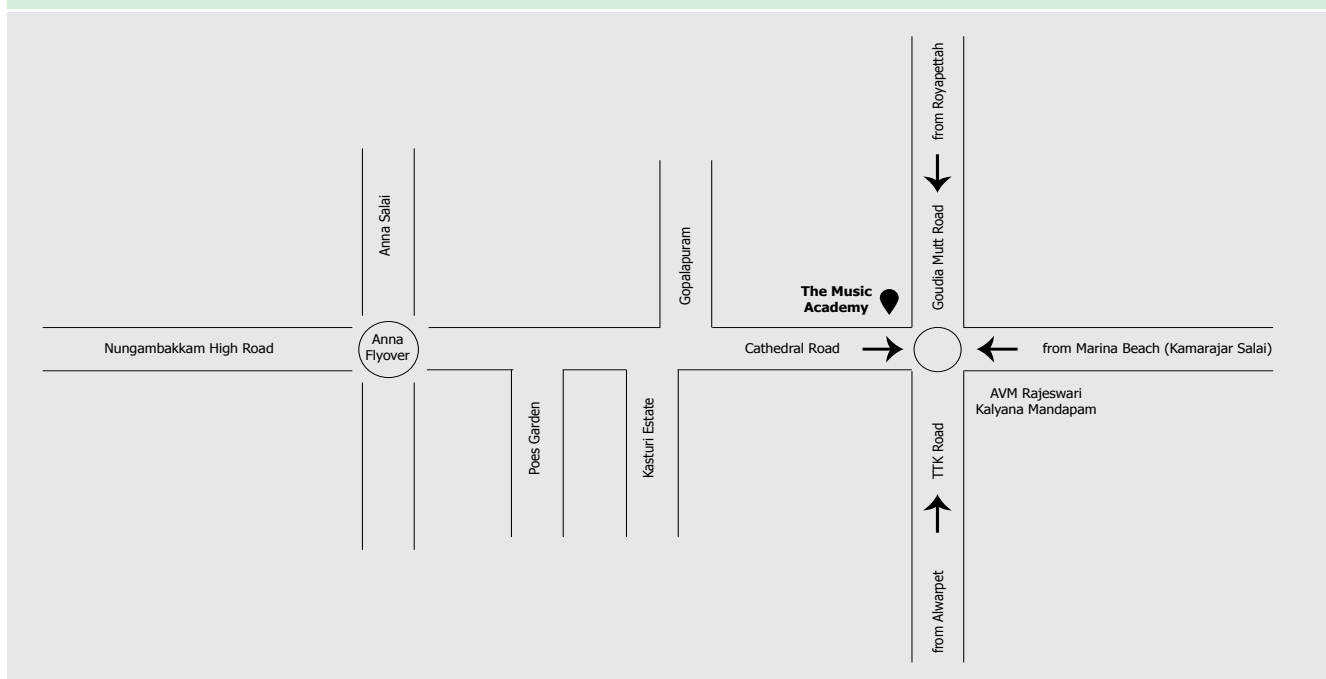
B. IN CASE OF MEMBERS RECEIVING THE PHYSICAL COPY:

Please follow all steps from Sl.No.(i) to (xviii) in Point A above to cast vote

- xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- 16) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the company as on the cut-off date of 12.09.2017.
 - 17) Any person who acquires shares of the company and becomes member of the company after dispatch of the Notice of AGM and holding shares as of the cutoff date i.e. 12.09.2017, may obtain the login Id and password by sending a request at helpdesk.evoting@cdslindia.com. However, if you are already registered with CDSL for remote e-voting, then you can use your existing user Id and password for casting your vote. If you have forgotten your password, you can reset your password by using 'Forgot Password' option available on www.evotingindia.com
 - 18) A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper
 - 19) Thiru R Sridharan, Practicing Company Secretary (Membership No.F4775) of M/s R. Sridharan and Associates, Company Secretaries, has been appointed as the Scrutiniser to scrutinize the voting and remote e-voting process in a fair and transparent manner. Their email id is rsaevoting@gmail.com.
 - 20) The Chairman shall at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 - 21) The Scrutiniser shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and shall make not later than 48 hours of the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 - 22) The results declared alongwith the report of the Scrutiniser shall be placed on the website of the company www.tnpl.com and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE, and National Stock Exchange.
 - 23) Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 in respect of the Directors seeking appointment / re-appointment at the AGM are furnished and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
 - 24) In case of any change of particulars including address, bank mandate & nomination of shares held in demat form, it should be notified only to the respective Depository Participants(DPs) where the member has opened his demat account. The company or its share transfer agent will not be able to act on any direct request from these Members for change of such details.
 - 25) Members are informed that the Company is extending the Electronic Clearing Service (ECS) facility to enable them receive their dividend through electronic mode in their bank account. In order to avail the ECS facility, the Members are requested to fill, sign and send the ECS mandate form, which forms part of this Annual Report, along with a photocopy of the cheque issued by the bank for verifying the accuracy of the MICR code number to Cameo Corporate Services, whose address is given in Point No.11 (in case of members holding shares in physical mode) or to the Depository Participants concerned (in case of members holding shares in electronic mode/ dematerialized form). Members holding shares in demat form may please note that the bank account details given by them to their DPs and passed on to the company by such DPs would be printed on the dividend warrants of the concerned members. However, if any member(s) wants to receive dividend in any other bank account, he/she should change/correct the bank account details with their concerned DPs and also intimate about ECS payment requirement.
 - 26) Members/Proxies/Authorised Representatives are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.

- 27) 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.
- 28) Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting so as to enable the Management to keep the information ready.
- 29) Equity shares of the company have been placed under Compulsory Demat Trading w.e.f. 08.05.2000. 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.
- 30) 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.
- 31) Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the company, a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- 32) SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agents M/s. Cameo Corporate Services Ltd.
- 33) The Ministry of Corporate Affairs, New Delhi ("MCA") has undertaken a "Green Initiative" in the field of Corporate Governance by permitting paperless compliances by companies (vide its Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011). Further, the Ministry has also clarified that the service of documents by a company can be made through electronic mode instead of sending the physical copy of the document(s). Members are requested to support this green initiative by registering/ updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with Cameo Corporate Services Ltd.
- 34) 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 upto the date of the AGM.

Route map for the venue of AGM



ANNEXURE TO THE NOTICE

Notes on directors seeking appointment/ re-appointment as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015:

Profile of Directors being appointed/ reappointed

ITEM NO.3

| | |
|--|---|
| Name | Thiru K Shanmugam, IAS |
| Age | 57 Years |
| Qualification | MSc (Agriculture) |
| Experience | Thiru K. Shanmugam, IAS belongs to 1985 batch of Indian Administrative Service. Thiru K. Shanmugam, IAS has 32 years of service in various departments of Government of Tamil Nadu. Currently, Thiru K. Shanmugam, IAS, holds the position of Additional Chief Secretary to Government, Finance Department. |
| Inter-se Director Relationship | Thiru K. Shanmugam, IAS is not having any inter se relationship with other Directors of the Company. |
| Shareholding | Thiru K. Shanmugam, IAS does not hold any shares in TNPL. |
| Directorships and Committee Memberships of other companies | Thiru K. Shanmugam, IAS is having Directorships and Committee Memberships in the following Companies: |

| Sl. No. | Company | Position | Committee* Membership |
|---------|---|------------------|-----------------------|
| 1. | Chennai Metro Rail Limited | Nominee Director | Audit Committee |
| 2. | Tamilnadu Transmission Corporation Limited | Nominee Director | Audit Committee |
| 3. | Tamilnadu Generation and Distribution Corporation Limited | Director | Audit Committee |
| 4. | TNEB Limited | Director | Audit Committee |
| 5. | Tamilnadu State Marketing Corporation Limited | Director | - |
| 6. | Tamilnadu Industrial Development Corporation Limited | Nominee Director | - |
| 7. | State Industries Promotion Corporation of Tamilnadu Limited | Director | Audit Committee |
| 8. | Tamil Nadu Infrastructure Fund Management Corporation Limited | Director | - |

| | | | |
|-----|--|------------------|---|
| 9. | Tamil Nadu Skill Development Corporation | Director | - |
| 10. | Tamilnadu Small Industries Development Corporation Limited | Nominee Director | - |

* Only membership in Audit and Investors' Grievance Committee is considered.

ITEM NO.6

| | |
|--|---|
| Name | Thiru Atulya Misra, IAS |
| Age | 51 Years |
| Qualification | M.Sc., Certificate in PPP (IDS, Sussex, UK) MPP (Texas, U.S.A.) & TERI Univ. New Delhi, SWY (UNU, Tokyo) |
| Experience | Thiru Atulya Misra, IAS belongs to the 1988 batch of Indian Administrative Service. He served on TNPL Board as a Nominee Director of GOTN, holding the position as Non-Executive Director of the Company from March 2008 to June 2009. He has held various key positions in departments of Government of Tamil Nadu. Currently, Thiru Atulya Misra, IAS holds the position of Principal Secretary to Government, Industries Department. |
| Inter-se Director Relationship | Thiru Atulya Misra, IAS is not having any inter se relationship with other Directors of the Company. |
| Shareholding | Thiru Atulya Misra, IAS does not hold any shares in TNPL. |
| Directorships and Committee Memberships of other companies | Thiru Atulya Misra, IAS is having Directorships and Committee Memberships in the following Companies: |

| Sl. No. | Company | Position | Committee Membership |
|---------|---|------------------------------|----------------------|
| 1. | TNEB Limited | Director | - |
| 2. | Tamilnadu Generation and Distribution Corporation Limited | Director | - |
| 3. | Tamilnadu Minerals Limited | Director | - |
| 4. | State Industries Promotion Corporation of Tamil Nadu Ltd. | Chairman | - |
| 5. | Tamilnadu Industrial Development Corporation Limited | Chairman & Managing Director | - |
| 6. | TIDEL Park Limited | Chairman | - |
| 7. | Titan Company Limited | Chairman | - |
| 8. | Tamil Nadu Cements Corporation Limited | Chairman | - |

| | | | |
|-----|--|----------|---|
| 9. | Tamil Nadu Petroproducts Ltd. | Chairman | - |
| 10. | Adyar Poonga | Director | - |
| 11. | Tamilnadu Trade Promotion Organisation | Director | - |
| 12. | Electronics Corporation of Tamilnadu Limited | Director | - |

ITEM NO.7

| | |
|--|---|
| Name | Dr. R. Selvaraj IAS |
| Age | 47 years |
| Qualification | M.V.Sc. |
| Experience | Dr. R. Selvaraj, IAS belongs to the 2005 batch of Indian Administrative Service (IAS) and has held various positions in departments of Government of Tamil Nadu. Dr. R. Selvaraj, IAS served as Collector of Tirunelveli and Tuticorin districts, Secretary State Information Commission, Inspector General of Registration and CEO and Director of Corporations namely State Industries Promotion Corporation of Tamil Nadu Limited, Electronics Corporation of Tamil Nadu Limited and Tamil Nadu Textile Corporation Limited. |
| Inter-se Director Relationship | Dr. R. Selvaraj, IAS is not having any inter se relationship with other Directors of the Company. |
| Shareholding | Dr. R. Selvaraj, IAS does not hold any shares in TNPL. |
| Directorships and Committee Memberships of other companies | His Directorships and Committee memberships of other Companies are NIL. |

ITEM NO.8

| | |
|---------------|---|
| Name | Thiru A Velliangiri |
| Age | 67 years |
| Qualification | B.Com., FCA, FCS, FICWA, MBA, DMA(ICA) |
| Experience | Thiru A Velliangiri has 44 years of experience in Finance, Accounts, Costing, Projects, Secretarial & Legal. He served as Director (Finance) and Secretary of the company since 25.5.1995 till 18.12.2007 and since 19.12.2007 as Deputy Managing Director on contractual basis till 31.03.2017. Now, the Board of Directors have extended his services from 01.04.2017 to 31.03.2018. He is the winner of CFO Award 2006 – Excellence in Finance in a PSU instituted by IMA India, New Delhi and a rank holder in Chartered Accountancy Examinations. |

| | |
|--|--|
| | The Institute of Cost Accountants of India (ICAI) has conferred on Thiru A Velliangiri, CMA Awards - Certificate of Merit 2014 under the category of "Private – Manufacturing (Male)". ICAI has also bestowed on Thiru A. Velliangiri the "Best CMA CFO Award 2016" under the category of "Private – Manufacturing – Large (Male)". |
| Inter-se Director Relationship | Thiru A Velliangiri is not having any inter se relationship with other Directors of the Company. |
| Shareholding | Thiru A Velliangiri does not hold any shares in TNPL. |
| Directorships and Committee Memberships of other companies | His Directorships and Committee memberships of other Companies are NIL. |

ITEM NO.9

| | |
|---------------|--|
| Name | Thiru V Narayanan |
| Age | 79 years |
| Qualification | M.Sc.(Chemistry) |
| Experience | Thiru V Narayanan has more than 55 years of experience in Management. Thiru V Narayanan has held several positions in Hindustan Lever Ltd., both in India and in U.K. Subsequently, Thiru V Narayanan had joined Pond's (India) Ltd. and was its Chairman and Managing Director for over 15 years. He joined the Board of Directors of the company in January 2002 as an independent director. Thiru V Narayanan is the Chairman of the Audit Committee of the Board of Directors of the Company since 21.04.2005, Stakeholders' Relationship Committee since 01.08.2011, Corporate Social Responsibility Committee since 28.03.2014 to 28.07.2016 and again co-opted as Member since 27.04.2017 and Chairman of the Nomination and Remuneration Committee since 29.05.2014 till 28.07.2016 and as Member of Nomination and Remuneration Committee since 28.07.2016. He was appointed as an independent director by the members pursuant to the Companies Act, 2013 for three consecutive years from 01.04.2014 to 31.03.2017. (First term under the Companies Act, 2013). Now, the Board re-appointed him from 01.04.2017 to 31.03.2020 which is subject to approval of shareholders in the Annual General Meeting. |

| | |
|--|--|
| Inter-se Director Relationship | Thiru V Narayanan is not having any inter se relationship with other Directors of the Company. |
| Shareholding | Thiru V Narayanan does not hold any shares in TNPL. |
| Directorships and Committee Memberships of other companies | Thiru V Narayanan is having Directorships in the following Company: |

| Sl. No. | Company | Position | Committee* Membership |
|---------|---------------------------|----------|-----------------------|
| 1. | Sundram Fasteners Limited | Director | Audit Committee |

* Only membership in Audit and Investors' Grievance Committee is considered.

ITEM NO.10

| | |
|--------------------------------|---|
| Name | Thiru M R Kumar |
| Age | 56 years |
| Qualification | B.Sc. |
| Experience | <p>Thiru M R Kumar holds the position of Zonal Manager, LIC of India Northern Zone. Thiru M R Kumar joined LIC in the year 1983. He has held many important positions in his illustrious career and has worked in five major zones including the composite Eastern Zone. He has rich experience in both Marketing and Administration of the Insurance industry spanning nearly 3 decades and has specialized in the marketing and HR areas.</p> <p>He joined the Board of Directors of the company in September 2011. He was appointed as an independent director by the members pursuant to the Companies Act, 2013 for three consecutive years from 01.04.2014 to 31.03.2017. (First term under the Companies Act, 2013). Now, the Board re-appointed him from 01.04.2017 to 31.03.2020 which is subject to approval of shareholders in the Annual General Meeting.</p> <p>Thiru MRKumar is a Member of the Audit Committee of the Board of Directors of the Company since 15.09.2011, Stakeholders' Relationship Committee since 15.09.2011 and Corporate Social Responsibility Committee since 28.03.2014 to 28.07.2016 and Nomination and Remuneration Committee since 29.05.2014.</p> |
| Inter-se Director Relationship | Thiru M R Kumar is not having any inter se relationship with other Directors of the Company. |
| Shareholding | Thiru M R Kumar does not hold any shares in TNPL. |

| | |
|--|---|
| Directorships and Committee Memberships of other companies | Thiru MRKumar is having Directorships in the following Company: |
|--|---|

| Sl. No. | Company | Position | Committee Membership |
|---------|---------------------------|----------|----------------------|
| 1. | The India Cements Limited | Director | - |

ITEM NO.11

| | |
|--|--|
| Name | Thiru V Nagappan |
| Age | 52 years |
| Qualification | B.Com., M.B.A. |
| Experience | <p>With more than two decades of experience in Capital Markets & Financial Services Industry, Thiru V Nagappan had been the Chairman of Federation of Indian Stock Exchanges – FISE and a Member of Secondary Markets Advisory Committee (SMAC) of SEBI. Apart from being on the Board of Studies of various reputed educational institutions, he is a regular writer on personal finance in magazines & journals and has co-authored several books on Capital Markets, Mutual Funds, Commodities, Portfolio Management, Derivatives etc. He has got rich experience in the Capital Market Regulations and Compliance.</p> <p>He joined the Board of Directors of the company in April 2013. He was appointed as an independent director by the members pursuant to the Companies Act, 2013 for three consecutive years from 01.04.2014 to 31.03.2017. (First term under the Companies Act, 2013). Now, the Board re-appointed him from 01.04.2017 to 31.03.2020 which is subject to approval of shareholders in the Annual General Meeting.</p> <p>Thiru V Nagappan is a Member of the Audit Committee of the Board of Directors of the Company since 19.09.2013, Corporate Social Responsibility Committee since 28.3.2014, Nomination and Remuneration Committee since 29.05.2014 to 28.7.2016 and Stakeholders' Relationship Committee since 18.09.2015.</p> |
| Inter-se Director Relationship | Thiru V Nagappan is not having any inter se relationship with other Directors of the Company. |
| Shareholding | Thiru V Nagappan does not hold any shares in TNPL. |
| Directorships and Committee Memberships of other companies | Thiru V Nagappan is having Directorships in the following Companies: |

| Sl. No. | Company | Position | Committee* Membership |
|---------|---|----------|-----------------------|
| 1. | Tamilnadu Power Finance And Infrastructure Development Corporation Limited. | Director | Audit Committee |
| 2. | Hindustan Chamber of Commerce | Director | - |
| 3. | Mobismart Card Technology Pvt Ltd. | Director | - |

* Only membership in Audit and Investors' Grievance Committee is considered.

ITEM NO.12

| | |
|--|--|
| Name | Tmt. Soundara Kumar |
| Age | 63 years |
| Qualification | B.Sc (Maths), CAIIB |
| Experience | <p>Tmt. Soundara Kumar has worked for 39 years as officer in State Bank of India from 1975 to 2014 with various responsibilities including managing Bank's business while ensuring smooth merger with State Bank of India. She headed Wholesale Banking Credit Committee at Corporate Centre, for over three years, evaluating high-value commercial credit proposals including project finance for infrastructure. Tmt. Soundara Kumar was a permanent member of Corporate Centre Investment Committee and Credit Policies and Procedures Committee. She also held additional charge of Treasury Operations of the Bank whenever needed as Deputy Managing Director.</p> <p>She also headed Credit Committees at State Bank of Indore, SBI Bangalore Circle. Served on the Boards of SIDBI Ventures, SBICI(State Bank of India Commercial and International Bank Ltd.) and CERSAI (Central Registry of Securitization Asset Reconstruction and Securities Interest) .</p> <p>She served as member of RBI Working Group to recommend measures for scaling up the Business Correspondent (BC) model for Financial Inclusion and participated in several panel discussions etc. relating to SME, Stressed Assets Management etc.</p> |
| Inter-se Director Relationship | Tmt. Soundara Kumar is not having any inter se relation with other Directors of the Company. |
| Shareholding | Tmt. Soundara Kumar does not hold any shares in TNPL. |
| Directorships and Committee Memberships of other companies | Tmt. Soundara Kumar is having Directorships in the following Companies: |

| Sl. No. | Company | Position | Committee* Membership |
|---------|--|------------------|-----------------------|
| 1. | Ramco Systems Limited | Director | Audit Committee |
| 2. | Sundaram BNP Paribas Fund Services Limited | Director | Audit Committee |
| 3. | Orchid Pharma Limited | Nominee Director | - |
| 4. | Shanthi Gears Limited | Director | Audit Committee |
| 5. | Rajapalayam Mills Limited | Director | - |
| 6. | Centrum Direct Limited | Director | Audit Committee |
| 7. | Coastal Energen Private Limited | Nominee Director | - |
| 8. | Sundaram Trustee Company Limited | Director | Audit Committee |

* Only membership in Audit and Investors' Grievance Committee is considered.

Statement pursuant to Section 102(1) of the Companies Act, 2013

ITEM NO.5

The Board of Directors at their meeting held on 29.05.2017, based on the recommendation of the Audit Committee, have approved the appointment of M/s. Raman & Associates (Firm Registration No.0050), Cost and Management Accountants, Chennai as Cost Auditors to conduct the audit of the Cost Accounts of the Company pertaining to Paper, Cement, Energy and Paper Board for the financial year 2017-18 at a remuneration given in the resolution in the notice.

As per Rule 14 of the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the shareholders. Accordingly, the resolution is placed before the members for consideration and approval.

None of the Directors and Key Managerial Personnel either directly or through their relatives are in any way concerned or interested whether financially or otherwise in the proposed resolution. The Board recommends the passing of the resolution as set out under item no. 5 as an ordinary resolution.

ITEM NO.6

Government of Tamil Nadu vide G.O. Rt. No. 1383 dated 20.04.2017 appointed Thiru Atulya Misra, IAS, Principal Secretary to Government, Industries Department as Chairman of the Company.

Accordingly, Thiru Atulya Misra, IAS, (DIN 02210369) was appointed as an Additional Director of the Company with effect from 20th April, 2017, by the Board of Directors in terms of Section 161(1) of the Companies Act, 2013 (Act). Thiru Atulya Misra IAS holds office upto the date of this Annual General Meeting. The Company has received a

notice in writing from a member proposing his candidature for the office of Director along with requisite deposit under Section 160 of the Act.

Thiru Atulya Misra, IAS belongs to the 1988 batch of Indian Administrative Service. He served on TNPL Board as a Nominee Director of Government of Tamil Nadu (GOTN), holding the position as Non-Executive Director of the Company from March 2008 to June 2009. He has held various key positions in various departments of GOTN. Currently, Thiru Atulya Misra, IAS holds the position of Principal Secretary to Government, Industries Department.

The Board of Directors recommends this resolution for your approval.

None of the Directors of the Company and their relatives or key managerial personnel and their relatives other than Thiru Atulya Misra, IAS, is interested or concerned in the resolution

ITEM NO.7

Government of Tamil Nadu vide G.O. Rt. No. 1383 dated 20.04.2017 appointed Dr. R. Selvaraj, IAS, Inspector General of Registration as Managing Director of TNPL in place of Thiru Vikram Kapur, IAS.

Accordingly, Dr. R. Selvaraj, IAS (DIN 01797405) was appointed as an Additional Director of the Company with effect from 20.04.2017 and designated as Managing Director of the Company by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013 (Act) Dr. R. Selvaraj, IAS, holds office upto the date of this Annual General Meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director along with requisite deposit under Section 160 of the Act.

Pursuant to Section 196 of the Companies Act, 2013 (Act) and subject to the provisions of Section 197 and Schedule V of the Act, the appointment and terms and conditions of Managing Director has to be approved by the Members of the company in general meeting. The terms and conditions of his appointment including remuneration payable to him are governed by the orders of the Govt. of Tamil Nadu vide G.O.Ms.No.167 Public (Special A) Department dt.21.2.94 read with G.O.Ms.No.495 Finance(BPE) Department dt.18.7.88. Copies of the above said orders are available for inspection by the members at the Registered Office of the company.

Dr. R. Selvaraj, IAS belongs to the 2005 batch of Indian Administrative Service (IAS) and has held various positions in departments of Government of Tamil Nadu. Dr. R. Selvaraj, IAS, served as Collector of Tirunelveli and Tuticorin districts, Secretary State Information Commission, Inspector General of Registration and CEO and Director of Corporations namely State Industries Promotion Corporation of Tamil Nadu Limited, Electronics Corporation of Tamil Nadu Limited and Tamil Nadu Textile Corporation Limited.

The Board of Directors recommends this resolution for your approval.

None of the Directors of the Company and their relatives or key managerial personnel and their relatives other than Dr. R. Selvaraj, IAS, is interested or concerned in the resolution.

ITEM NO.8

The Board of Directors of your Company have extended the contractual engagement of Thiru A Velliangiri as Deputy Managing Director from 01.04.2017 to 31.03.2018 as per terms set out in the Resolution in the notice.

The company has received from Thiru A Velliangiri (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

The resolution seeks the approval of the members in terms of Sections 196,197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for the appointment of Thiru A Velliangiri as Deputy Managing Director from 01.04.2017 to 31.03.2018 and the payment of remuneration to him during the said period.

The Board of Directors recommends this resolution for your approval.

None of the Directors of the Company and their relatives or key managerial personnel and their relatives other than Thiru A Velliangiri is interested or concerned in the resolution.

ITEM NO. 9 to 11

Thiru V Narayanan, Thiru M R Kumar and Thiru V Nagappan were appointed as Independent Directors of the Company pursuant to approval of the Members under the provisions of the Companies Act, 2013 through resolutions passed at the Annual General Meeting held on 15th September, 2014. As per the said resolutions, the term of appointment of these Independent Directors expired on 31st March, 2017.

In accordance with Section 149 (10) and (11) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's report.

As per the provisions of Section 149 of the Companies Act, 2013 and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution in their meeting held on 24th March, 2017, approving re-appointment of Thiru V Narayanan, Thiru M R Kumar and Thiru V Nagappan as Independent Directors for a second

term with effect from 01.04.2017 to 31.03.2020 based on skills, experience, knowledge and performance evaluation. Their re-appointments are subject to the approval of the shareholders at this Annual General Meeting by way of Special Resolutions.

In the opinion of the Board of Directors, Thiru V Narayanan, Thiru M R Kumar and Thiru V Nagappan, the Independent Directors proposed to be re-appointed, fulfill the conditions specified in the Act and the Rules made thereunder and submitted declarations fulfilling the criteria of independence provided under section 149(6) of the Companies Act, 2013.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors.

In terms of Section 160 of the Companies Act, 2013, the Company has received notices in writing from members along with a deposit of Rs. 1 Lakh each proposing the candidature of Thiru V Narayanan, Thiru M R Kumar and Thiru V Nagappan to be re-appointed as Independent Directors as per the provisions of the Companies Act, 2013.

The Board of Directors recommends the resolutions at Item Nos. 9 to 11 for approval of the Members of the Company.

None of the Directors of the Company and their relatives or key managerial personnel and their relatives other than Thiru V Narayanan, Thiru M R Kumar and Thiru V Nagappan, being appointees, are interested or concerned in the resolutions set out at item Nos. 9 to 11.

ITEM NO. 12

The Board, for the compliance of provisions to have at least one woman director on the Board of the Company, as per the provisions of Section 149 of the Companies Act, 2013

and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, appointed Tmt. Soundara Kumar (DIN 01974515) as an Additional Director of the Company with effect from 30.06.2017. In terms of Section 161(1) of the Companies Act, 2013, Tmt. Soundara Kumar holds office upto the date of this Annual General Meeting.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a member along with a deposit of Rs. 1 Lakh proposing the candidature of Tmt. Soundara Kumar to be appointed as Independent Director as per the provisions of the Companies Act, 2013.

In the opinion of the Board of Directors, Tmt. Soundara Kumar, the Independent Director proposed to be appointed, fulfill the conditions specified in the Act and the Rules made thereunder and submitted declaration fulfilling the criteria of independence provided under section 149(6) of the Companies Act, 2013.

The Board of Directors recommends this resolution for your approval.

None of the Directors of the Company and their relatives or key managerial personnel and their relatives other than Tmt. Soundara Kumar is interested or concerned in the resolution.

Registered Office :
67 Mount Road Guindy
Chennai-600 032

BY ORDER OF THE BOARD
V SIVAKUMAR
Company Secretary

Place: Chennai
Date: 11th August, 2017

DIRECTORS' REPORT

TO THE MEMBERS

Your Company's Directors are pleased to present the 37th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March, 2017.

1. FINANCIAL RESULTS

The Financial Results for the year under review are summarized below:

(Rs. in Crore)

| Particulars | 2016-17 | 2015-16 |
|--|----------------|---------|
| Revenue from operations (including Excise Duty) | 3093.97 | 2531.51 |
| Other Income | 36.95 | 22.32 |
| Operating Profit (PBIDT/EBIDTA) | 765.91 | 589.18 |
| Finance cost | 252.02 | 121.84 |
| Gross Profit (PBDT) | 513.89 | 467.34 |
| Depreciation & Amortization expense | 207.68 | 143.77 |
| Profit before tax (PBT) | 306.20 | 323.57 |
| Tax Expense | 41.64 | 63.76 |
| Profit after tax (PAT) | 264.56 | 259.81 |
| Other Comprehensive Income | (7.03) | 36.14 |
| Total Comprehensive Income (Net of Taxes) | 257.53 | 295.95 |
| Transfer to General Reserve | 190.00 | 190.00 |
| Dividend including Taxes | 62.47 | 62.47 |
| Surplus carried to Balance Sheet | 109.32 | 97.24 |

Tamil Nadu where the Company's production facilities are located, has witnessed severe drought and water shortage during the year. The water shortage became acute since February 2017. As paper production is highly water intensive, water shortage has affected production since February 2017. The Company lost 25 machine days of paper production, 34 days of Hard Wood Pulp production and 10 days of Chemical Bagasse Pulp production leading to production losses equivalent to 10557 MT of paper, 9180 MT of Hard Wood Pulp and 4700 MT of Chemical Bagasse Pulp during February and March 2017. Your Company has managed the serious unforeseen setback to a larger extent by reducing the fresh water consumption through extensive recycling of process water and implementing contingency plans on time. But for the proactive measures taken by the company, the production loss would have been much higher. Despite the severe hardship, your Company has delivered good results. The Management deserves commendation for their performance.

2. DIVIDEND

The Board of Directors of the Company had approved the Dividend Distribution Policy in line with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is uploaded on the Company's website at http://www.tnpl.com/web_pdf_files/Dividend-Distribution-Policy-TNPL.pdf. Your Directors recommend a dividend of 75% (i.e. Rs 7.50/-per share) for the year ended 31st March, 2017. The Dividend, if approved by the shareholders at the AGM, will be paid to the equity shareholders whose names appear in the Register of Members as on 19th September, 2017. The cash outgo on the proposed dividend, will be Rs. 62.47 crore.

3. TRANSFER TO RESERVES

The Company has transferred Rs 190.00 crore to General Reserves out of the amount available for appropriation. Rs 109.32 crore is proposed to be retained in the Profit & Loss Account.

4. PERFORMANCE HIGHLIGHTS OF THE YEAR

a) Operations

- Sales crossed Rs. 3000 crore mark which is the highest in the Company's history.
- Profit after tax (PAT) of Rs. 264.56 crore exceeded the PAT achieved in 2015-16 by Rs. 4.75 crore (1.8%).
- During the year the Paper production was 403261 MT.
- Achieved Highest Paper sales of 415,683 MT during the FY 2016-17 since inception of the company Domestic Sales accounts for 80% and Exports at 20%.
- The packaging paper board plant commenced commercial production on 1st May, 2016. Board production during the 11 month period was 83,742 MT, equivalent to 53% of capacity.
- 312,530 tonnes of Hardwood, chemical Bagasse Pulp and Deinked Pulp were produced during the year.
- Generated 7128.94 lakh units of power, of which 6923.67 lakh units were internally consumed and 205.27 lakh units exported to the state grid. Power consumed from the State Grid constitutes only 1.61% of total power consumed.
- The bio-methanation plants have generated methane gas of 68.52 lakh m³ during 2016-17. The methane gas was consumed in lime kiln and power boilers in replacement of furnace oil 3864 KL and imported coal 330 MT.
- The wind farms with an installed capacity of 35.5MW capacity have generated 512.65 lakh Kwh Units of 'Green Power' during the year.

10. The Paper & pulp mill have implemented various water conservation projects and reduced the overall consumption of water to about 40 KL Per ton of paper which is one of the lowest in paper industry.
11. TNPL is the First and only company in the Indian Paper Industry to have established a cement manufacturing factory to convert the mill wastes limesledge and flyash into high grade cement as part of its solid waste management system. During the year, the Company has manufactured 234,676 MT of cement.
12. The company has repaid Term Loans amounting to Rs. 154.19 crore during the financial year 2016-17 as per schedule.
13. Market Capitalization crossed Rs. 2716.17 Cr. mark first time during the year on 13.10.2016. Market Capitalization as on 31.03.2017 was Rs. 2179.44 Cr.

b) New Projects Implemented:

- 1) TNPL Unit II - Multilayer double coated Paper Board project

Your Company has set up a Multi Layer Coated Board Plant of a capacity of 2 Lakhs MT per annum during the financial year 2015-16 and commenced the commercial production from 1st May 2016. The initial teething problems faced in the Board machine have been attended and the Board production has been stabilized. Your company is poised to achieve higher board production from 2017-18 onwards.

- 2) Conversion Centre of Paper and Packaging Board (CCPPB)

Your Company has established a "Conversion Centre of Paper and Packaging Board (CCPPB) Unit" at Mayanur in Karur District. During the financial year 2016-17, your Company has set upon a Core manufacturing unit for manufacturing Core pipes required for our plants viz. Unit I and Unit II. In addition, an entrepreneur has set up a poly coating unit in the Centre.

Your Company is taking steps to set up few more small sized manufacturing units in this campus.

PROJECTS UNDER IMPLEMENTATION

Capacity Expansion of TNPL Unit II

As part of the growth plan, TNPL has embarked on a Mill Expansion Plan (MEP) in Unit II for producing 1,65,000 MT of paper per annum by way of installing a state-of- the art Paper Machine, a 400 tpd chemical hardwood pulp mill with chemical recovery boiler, augmentation of Captive power plant and Waste water treatment plant and other auxiliaries at a total capital outlay of Rs.2,100 crores.

TNPL has filed an application with Ministry of Environment, Forest and Climate Change (MOEFCC), for obtaining Environment Clearance(EC). MOEFCC has approved the Terms of Reference for conducting Environment Impact Assessment study. The study has been commenced. The EC for the project is expected to be secured by March 2018. The project will be taken up for implementation during April 2018 and completed by June 2020.

With the implementation of the expansion plant, the overall paper and packaging board production capacity in Unit I and Unit II of your company will be increased to 7,65,000 MT per annum from the current capacity of 6,00,000 MT per annum along with pulping facilities.

Installation of Roll grinding machine in TNPL Unit II

A new Roll grinding machine is being installed in TNPL Unit II, at a capital outlay of Rs.25 Crore. Civil works are in progress. The Roll Grinding Machine will be commissioned by October 2017.

Installation of additional Electrostatic Precipitator for Recovery Boiler in TNPL - Unit I

The recovery boiler is currently provided with a twin chamber Electrostatic precipitator (ESP) to control the particulate emissions to less than 50 mg/NM³. An additional ESP chamber, is being installed to improve the overall operational efficiency of the Recovery Boiler. Civil works are in progress. The project will be completed by November 2017.

c) Contribution to Environment

- 1) During the year 2016-17, M/s TuV India Limited, a subsidiary of TuV NORD, Germany carried out a Surveillance Audit of TNPL's Environmental/ Quality Management System and awarded a certificate valid till Feb' 2020
- 2) The Company has received a "Green-Co Gold Rating" from Confederation of Indian Industry - Godrej Green Business Centre (CII - Godrej GBC), Hyderabad. TNPL is the 2nd Paper manufacturing unit and 1st Agro based Paper Manufacturing Company in India" to have undergone Green Co Rating System and received the prestigious "Green-Co Gold rating".
- 3) Production of 1.61 Lakh MT of bagasse pulp and 68,700 MT of Deinked pulp during the year has facilitated conservation of 10.56 Lakh MT of pulpwood.
- 4) The "World Environment Day" was celebrated on 05/06/16 in both the units involving school children in planting trees.

- 5) 7180 MT of carbon dioxide content in the Flue gas generated in the cement mill has been consumed in the PCC plant for producing 16319 MT of PCC.
- 6) The treated effluent water of Unit I is used for irrigation of around 1700 acres of land under TNPL Treated Effluent Water Lift Irrigation Scheme (TEWLIS) and 306 acres of land under Captive Plantation scheme.
- 7) About 6,80,000 tree saplings of various species have been planted in 570 acres of land in Unit II and the surrounding areas of the factory. The treated effluent water of Unit II is used for irrigation of these saplings through drip irrigation system. The massive plantation has become an excellent green cover in the area.
- 8) The Company has generated about 512.65 Lakh KWH Wind energy during 2016-17.
- 9) 68.52 Lakh m³ methane generated in the Bio-methanation plant was consumed in lime kiln and Power Boilers saving 3864 KL of Furnace oil and 330 Mt of imported coal.

d. Corporate Social Responsibility(CSR)

The Company has undertaken CSR activities as per the CSR policy (available on your company's website www.tnpl.com) The details are contained in the Annual Report on CSR activities vide **Annexure – I**, forming part of this Report.

The "Corporate Social Responsibility Committee" comprises of four Independent Directors who monitor the CSR activities. TNPL's CSR activities are implemented mostly in the villages / Town Panchayats located in the vicinity of TNPL plants. TNPL spends 2% of the average net profit of the previous three years for CSR initiatives. The CSR activities are mainly focused on Education, Health care, Socio-economic development, Environmental sustainability and Culture & Heritage promotion. The Company has spent Rs.505.00 lakhs for CSR activities during the year 2016-17.

e. Contribution to Innovation and New knowledge development

1. The company nurtures creativity and innovation through its R&D activities which are carried out largely in-house. A few activities are outsourced when warranted.
2. The R&D activities focus on product development, process improvement, raw material substitution, development of new products and protection of the environment.
3. The company has spent Rs. 9.35 Crore on R & D activities during the year.

f. Awards

- TNPL has bagged the "IPMA Paper Mill of the Year award" for the year 2015-16 from Indian Paper Manufacturers' Association (IPMA), New Delhi. This award is given once in two years for the overall best performance in Industry. TNPL has received this prestigious award five times out of seven occasions and three times in a row.
- Dun & Bradstreet Mumbai has selected TNPL as the "Top Indian Company under the sector Paper & Pulp for "Dun & Bradstreet Corporate Awards 2017", sixth time in a row.
- TNPL's project "Lime Sludge and Fly ash Management (LSFM) System" has been selected and awarded "Most Innovative Project" award for the "Best Practices in Waste Management during GreenCo Best Practices Award 2016 competition conducted by CII-Sohrabji Godrej Green Business Centre, Hyderabad on 15th June, 2016 at Hyderabad.
- During the year, the company received the Top Export Award for the year 2014-15 from CAPEXIL (Chemicals & Allied Products Export Promotion Council of India). in recognition of the company's export achievement in respect of Paper, Paper Board & Paper Products Panel.

5. MARKET TRENDS

a) General

Total installed capacity of Indian Paper Industry is approximately 13.5 Million Metric Tonnes and average capacity utilization is 90%. Overall consumption inclusive of imports and net of exports is about 14.70 million metric tonnes.

The average per capita consumption in India is around 11 kgs against the global average consumption of 56 kgs. The growth rate of paper across the globe is around 1.5%. With the consistent economic growth and greater emphasis for education, the demand growth is estimated at 6%, consisting of 4% in Printing and Writing paper, 12% in Industrial and Packaging Board, 3-4 % in newsprint and specialty papers. Excise duty on paper remains at 6%. Basic Customs duty is levied at 10% for printing and writing paper & Boards. Imports from countries covered under Free Trade Agreements (FTA), are levied basic customs duty at zero percent.

b) Printing & Writing Paper

During 2010 and 2011, many mills in the country had added capacity. Supplies exceeded demand and prices dropped. Paper Industry faced acute shortage of pulpwood during 2013. Few mills resorted to importing pulpwood at higher prices. With the steep increase in input costs, paper prices rose during 2013. However, with the paper prices softening in the international market and import of paper in large volume under Free Trade Agreements (FTA), paper prices dropped

sharply during 2014 and 2015. The Indian paper industry faced unprecedented challenges both on cost front and market front for two consecutive years 2014 & 2015. The market recovered and stabilised during 2016-17 due to consistent growth in demand and sudden drop in supplies. The shortage in supplies was met through imports mainly from Indonesia and China.

c) Packaging Boards

The market for Packaging Board is estimated at 3.00 Million tonnes. Grey-Back Board account for 1.35 Million tonnes (45%), White-back and other high-end varieties (FBB, SBS, Cup Stock.) account for the remaining 1.65 million tonnes (55%). The demand growth for packaging boards is estimated at 12% per annum.

d) Outlook

At the current estimated demand growth at 6% per annum, the domestic consumption is expected to reach 25.30 million metric tonnes per annum by 2024-25. This offers a good opportunity for capacity addition.

e) TNPL's response to Market Trends

TNPL has always been in the forefront matching its capability, capacity and performance with the overall trends in the industry. TNPL has been increasing its production capacity consistently. With the commissioning of board plant, the total production capacity of the company has been increased to 6 lakh MT. Now your company is taking steps to increase the capacity from 6 Lakhs MT per annum to 7.65 Lakhs MT per annum to cope up with the growth in the Industry.

6. DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board of Directors have extended the service of Thiru A Velliangiri as Deputy Managing Director on contract basis from 01.04.2017 to 31.03.2018 and his appointment is subject to approval of shareholders in the forthcoming Annual General Meeting.

On completion of the first term ended on 31.03.2017, the Board re-appointed the following Directors as Independent Director for the second term with effect from 01.04.2017 to 31.03.2020. Their appointment is subject to approval of shareholders in the forthcoming Annual General Meeting:

1. Thiru V. Narayanan
2. Thiru N Kumaravelu
3. Thiru M R Kumar
4. Thiru V Nagappan

Tmt. Sarada Jagan, Independent Director has ceased to be Director of the company from 01.04.2017 on completion of her tenure as she did not offer herself for re-appointment.

Thiru V. Kumaravelu re-appointed as mentioned above for three years has resigned from directorship and his resignation was accepted by the Board w.e.f. 19.04.2017.

Pursuant to order of the Government of Tamil Nadu the Board co-opted Thiru Atulya Misra, IAS as Additional Director and designated him as Chairman of the Company. Thiru Atulya Misra, IAS will hold the office upto the date of forthcoming Annual General Meeting and he is eligible for appointment as a Director of the Company.

The Govt. vide same order appointed Dr. R. Selvaraj, IAS as Managing Director of TNPL in place of Thiru Vikram Kapur, IAS with effect from 20th April 2017. Accordingly, Thiru Vikram Kapur, IAS ceased to be Director of the Company w.e.f 20th April 2017. Dr. R. Selvaraj, IAS, was co-opted as Additional Director on the Board of the Company who holds office upto the date of the ensuing Annual General Meeting and his appointment is subject to the approval of the Shareholders in the Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Thiru K. Shanmugam, IAS, Director retires by rotation at the forthcoming Annual General Meeting. He is eligible for reappointment as Director.

6.1 Declaration from Independent Directors on Annual Basis

The Independent directors have submitted their disclosure to the Board confirming that they fulfill all the requirements as to qualify for their appointment as an Independent Director under the provisions of Section 149 of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, hereinafter referred to as SEBI Regulations. The Board confirms that the said independent directors meet the criteria as laid down under the Companies Act, 2013 as well as SEBI Regulations.

6.2 Remuneration Policy

The Board, on the recommendation of the Nomination & Remuneration Committee has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The details of policy are provided in the Corporate Governance Report forming part of this report.

6.3 Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year, eight meetings of each Board and Audit Committee were convened and held, the details are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17(2) of the SEBI Regulations.

6.4 Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI Regulations, the Board has internally carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees for the financial year ended 31st March, 2017. The guidance note dated January 5, 2017 as suggested by SEBI was referred to while carrying out the annual performance evaluation. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board on the following broad criteria i.e. attendance and level of participation at meetings of the Board/Committees, independence of judgement exercised by Independent Directors, interpersonal relationship etc.

The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors in their meeting held on 24.03.2017. The Directors expressed their satisfaction with the evaluation process.

7. INTERNAL COMPLAINTS COMMITTEE

As per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 & Rules made thereunder, the Company has constituted an Internal Complaints Committee (ICC) and following are the members :-

- (i) Tmt. R.S.Tamilarasy, Manager (Lab) – Presiding Officer
- (ii) Thiru. P.Sundaram, Manager – HR (Member)
- (iii) Tmt. M.PemilaBeham, Assistant Officer – HR (Member)
- (iv) Thiru. M.Velliangiri, President, Kanmani Trust, Karur – Member representing NGO

The above members are committed to the cause of women and they possess experience in social work and legal knowledge. During the year under review there were no complaints referred to the Committee.

8. AUDITORS

- a) Statutory Auditors** The Comptroller and Auditor General of India appointed M/s. Raman Associate, Chartered Accountants, Chennai, as the Statutory Auditors of the Company for the financial year 2016-17

b) Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the company in respect of its paper, cement and energy activities are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s Raman & Associates, to audit the cost accounts of the company for the year 2016-17. The cost audit report for the year 2016-17 will be submitted to the Central Government before the due date. Cost Audit report for the financial year 2015-16 was filed in scheduled time.

c) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s R. Sridharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the company. The Report of the secretarial audit is annexed herewith as **"Annexure II"**.

9. NON- CONVERTIBLE DEBENTURES

No Non-Convertible Debentures is outstanding as on 31.03.2017.

10. FIXED DEPOSITS

The company has stopped accepting fresh deposits from 1st June, 2002 and renewals from 1st August, 2005. During the year under review, the Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

11. RISK MANAGEMENT FRAMEWORK

TNPL has established a Risk Management Framework under which the risks covering the entire operation have been identified and categorized as high, medium and low.

All the risks are discussed periodically in the Senior Management Committee meetings and appropriate actions are taken pro-actively.

The risk details and mitigation plans are placed before the Audit Committee and the Board, bi-annually.

12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

TNPL has instituted adequate internal control procedures commensurate with the size of its operations. TNPL has also prepared an 'Internal Control Procedure Manual' to ensure that the control procedures are followed by all departments. The departments concerned in the company are complying with the stipulations in the manual without deviating the procedures. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Internal controls are supported by internal audit and management reviews. The Audit Committee meets periodically the Management, External-Internal auditors, Internal auditors, Statutory Auditors and reviews the Annual Audit plans and internal controls. All significant observations of the Auditors are acted upon. The Audit Committee met 8 times during the financial year. The review of Management Response to Audit Observations constitutes an important aspect of the Agenda for each meeting.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company has framed a Vigil Mechanism / Whistle Blower Policy, the details of such Policy are explained in the Corporate Governance Report and also posted on the website of the Company at www.tnpl.com.

14. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

15. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred Rs. 7,59,605/-being the Dividend amount which was due and payable and remained unclaimed and unpaid for a period of seven years, to the Investor Education and Protection Fund, as required under Section 205A (5) of the Companies Act , 1956.

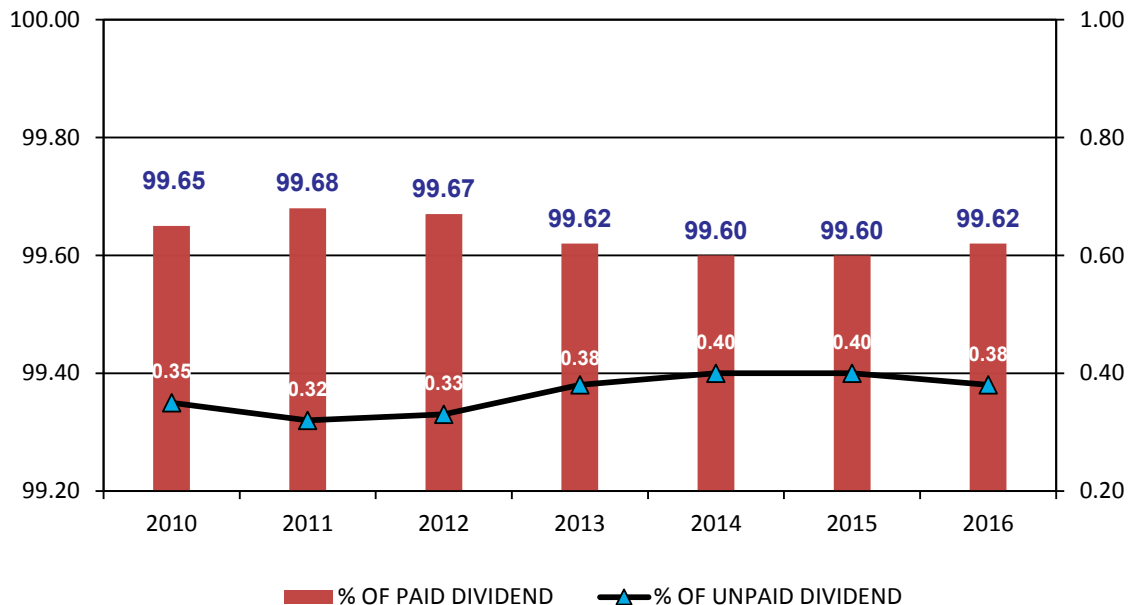
16. UNPAID DIVIDEND STATUS

Dividend was remaining unpaid due to non-confirmation of their new addresses by the concerned shareholders. The unpaid dividend warrants were returned by the postal authorities. Effective follow-up by the Company has resulted in Unpaid Dividend being consistently below 0.5% of the total dividend. As and when the shareholders communicate the new address, the dividend is sent to the shareholders. At the end of seven years, the unpaid dividend is transferred to Investor Education & Protection Fund. The table and graph given below summarize the status of Unpaid Dividend.

DIVIDEND STATUS FOR THE LAST 7 YEARS

(Rs. In lakhs)

| SL No. | YEAR | SHARE CAPITAL | DIVIDEND % | DIVIDEND AMOUNT | DIVIDEND PAID | DIVIDEND UNPAID AS ON 31.3.2017 | % OF PAID DIVIDEND | % OF UNPAID DIVIDEND |
|--------|---------|---------------|------------|-----------------|---------------|---------------------------------|--------------------|----------------------|
| 1. | 2009-10 | 6921.06 | 45 | 3114.48 | 3103.68 | 10.80 | 99.65 | 0.35 |
| 2. | 2010-11 | 6921.06 | 50 | 3460.53 | 3449.61 | 10.92 | 99.68 | 0.32 |
| 3. | 2011-12 | 6921.06 | 50 | 3460.53 | 3449.09 | 11.44 | 99.67 | 0.33 |
| 4. | 2012-13 | 6921.06 | 50 | 3460.53 | 3447.48 | 13.05 | 99.62 | 0.38 |
| 5. | 2013-14 | 6921.06 | 60 | 4152.63 | 4135.91 | 16.72 | 99.60 | 0.40 |
| 6. | 2014-15 | 6921.06 | 60 | 4152.63 | 4135.88 | 16.75 | 99.60 | 0.40 |
| 7. | 2015-16 | 6921.06 | 75 | 5190.80 | 5170.88 | 19.92 | 99.62 | 0.38 |



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

The particulars required under Sec. 134(3) (m) of the Companies Act 2013, read with the Rule 8 of The Companies (Accounts) Rules, 2014, is furnished in **Annexure III** to this Report.

18. HEALTH

TNPL is committed to take care of the health of its employees. An Occupational Health Centre is functioning in both the units. In addition, every week, one specialist Doctor in cardiology, General Medicines, Ortho, Skin, Eye, Dental, ENT, etc., visit the occupational Health centre. Entire medical expenses of employees for 7 Serious Ailments viz. Heart ailment, Cancer, Kidney Transplantation, Paralysis, Leprosy, Tuberculosis and Brain Surgery is borne by the Company. A Comprehensive Master health Check-up is done for employees four times at age of 40, 50, 56 and 59. Every year, Audiometry test is conducted to those employees, who are exposed to High noise areas.

19. SAFETY

TNPL has adopted a clearly defined Occupational Health and Safety Policy. Suitable Personal Protective Equipments (PPE) are provided to all employees. Periodical Training Programs are conducted on handling of hazardous chemicals, Material handling, Usage of PPEs, Electrical safety, Road safety, First aid, fire fighting etc. to improve safety awareness among the employees including contract workmen. Caution

boards, posters, slogans, Do's and Don'ts etc. are displayed at prominent places to promote safety at work places. Safety Committee with representatives from Management and Workmen has been constituted. Safety Committee meetings are conducted periodically and suggestions given to improve safety aspects are implemented.

Accidents and incidents are investigated and preventive / corrective actions are taken to avoid recurrence. Mill wide Safety Audit, HAZOP study and Risk Analysis are carried out periodically through experts in industrial safety and the recommendations are implemented. An updated on-site Emergency Plan (OEP) and Off-site Emergency Plan are available to mitigate emergencies. Periodic mock drills for hazardous chemical leakages and fire incident are conducted to ensure the effectiveness of emergency preparedness. The entire Mill is covered with fire hydrant points with pressurized water ring mains for fire fighting. Also different types of fire extinguishers according to the nature of fire are provided at strategic points since inception, TNPL has maintained an excellent safety record.

20. PARTICULARS OF EMPLOYEES

None of the employees of the company was in receipt of remuneration in excess of the limits prescribed under the Companies Act, 2013 and the rules framed thereunder. The information as required under Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the company, is annexed as **Annexure IV**.

21. CASH FLOW STATEMENT

As required under Regulation 34(2) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a Cash Flow Statement prepared in accordance with the Indian Accounting Standard 7 (IND AS-7) is attached to the Balance Sheet.

22. EXPORT HOUSE STATUS

TNPL has been awarded status of "Three Star Export House" by DGFT -Government of India in accordance with Foreign Trade Policy. This status is valid till 11/10/2020.

23. INDUSTRIAL AND PERSONNEL RELATIONS

The Company continues to have healthy industrial and employee relations at all levels. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled the company to remain at the forefront of the Industry.

Your Company continued to receive co-operation and unstinted support from the distributors, retailers, stockists, suppliers and others associated with the Company as its trading partners. The Directors wish to place on record their appreciation for the same and your Company will continue in its endeavor to build and nurture strong links with trade, based on mutuality, respect and co-operation with each other and consistent with consumer interest.

24. ENHANCING SHAREHOLDERS' VALUE

Your Company believes in the importance of its Members who are among its most important stakeholders. Accordingly, your Company's operations are committed to the goal of achieving high levels of performance and cost effectiveness, growth building, enhancing the productive asset and resource base and nurturing overall corporate reputation. Your Company is also committed to creating value for its stakeholders by ensuring that its corporate actions have positive impact on the socio-economic and environmental growth and development.

25. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

2. the directors had selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Annual Accounts were prepared for the financial year ended 31st March, 2017 on a going concern basis;
5. the directors have laid down proper internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively;
6. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and are operating effectively.

26. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "**Annexure V**"

27. CORPORATE GOVERNANCE

The Report on Management Discussion and Analysis and the Report on Corporate Governance forming part of Directors' Report are enclosed as "**Annexures VI and VII**".

As required by the SEBI Regulations, an Auditor's Certificate on Corporate Governance and a Declaration by the Chairman & Managing Director with regard to Code of Conduct are attached to the Report on Corporate Governance.

28. BUSINESS RESPONSIBILITY REPORT

The 'Business Responsibility Report' (BRR) of the Company for the year 2016-17 forms part of the Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as "**Annexure VIII**"

29. RELATED PARTY TRANSACTIONS

There are no materially significant transactions with related parties during the year with Promoters, Directors, Key Managerial Personnel or other designated persons which are potentially conflicting with the interest of the Company at large.

The Board of Directors have framed the policy on Related Party Transactions and the same is uploaded on the Company's website.

None of the Directors or Key Managerial Personnel have any pecuniary relationships or transactions vis-à-vis the Company.

Accordingly, the disclosures of Related Party Transactions required under section 134 (3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

30. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

31. MATERIAL CHANGES OCCURRED AFTER END OF FINANCIAL YEAR

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year and date of this report.

32. CEO/CFO CERTIFICATION

As required by Regulation 17(8) of the SEBI Regulation, a Certificate on the Financial Statements and Cash Flow statement of the company for the year ended March 31, 2017 duly signed by the Chairman & Managing Director and Deputy Managing Director was submitted to the Board of Directors at their meeting held on May 29, 2017.

33. ACKNOWLEDGEMENT

The Board has pleasure in recording its appreciation for the assistance, co-operation and support extended to the company by the Govt. of Tamil Nadu, Commercial Banks, Financial Institutions, Sugar Mills and Dealers.

The Board also places on record its sincere appreciation of the positive response received from the Company's valued customers and thanks them for their continued support.

The company is grateful to all employees for their exemplary co-operation during the year. Their contribution has been truly outstanding. The Directors place on record their appreciation of the excellent effort made by every employee to enhance the company's performance in adverse market conditions.

Finally, the Board of Directors sincerely thanks the shareholding community for their solid support and for the confidence they have reposed in the Company.

34. CAUTIONARY STATEMENT

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. The Company cannot guarantee the accuracy of assumptions and the projected future performance of the Company. The actual results may materially differ from those expressed or implied in this report. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

Date: 29th May, 2017
Place: Chennai

For and on behalf of the Board
ATULYA MISRA IAS
CHAIRMAN

ANNEXURE – I

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- 1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company's CSR policy is focused primarily on Education, Health Care, Socio-Economic development, Environmental Sustainability, preservation of Heritage and promotion of Culture. The CSR Policy protects and nourishes the interests of all Company stakeholders. Integrity, Ethics and Transparency will underpin the Company's interaction with its stakeholders.

All CSR activities will subserve National priorities and Societal goals and will be implemented with dignity, diligence and decorum. In addition, need based activities will be carried out in areas outside the core area if they are warranted and are within the overall CSR policy of the Company. CSR policy is stated herein below:

Web link: http://www.tnpl.com/template/images/CSR_POLICY_GUIDELINES.pdf

- 2. Composition of the CSR Committee**

| S. No. | NAME OF THE MEMBER | DESIGNATION |
|--------|---------------------------------|---------------------------|
| 1 | Thiru N. Narayanan, IAS (Retd.) | Chairman of the Committee |
| 2 | Thiru N. Kumaravelu | Member |
| 3 | Thiru V. Nagappan | Member |
| 4 | Tmt Sarada Jagan | Member |

- 3. Average net profit of the Company for last three financial years:**

Average net profit (before tax) Rs. 250.01 crores.

- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)**

The Company is required to spend Rs. 500 lakhs.

- 5. Details of CSR spent for the financial year:**

- a. Total amount budgeted to be spent during the financial year : Rs. 500 Lakhs.
- b. Total actual amount spent during the year : Rs. 505 Lakhs.
- c. Amount unspent relating to the current year if any : Rs. -
- d. Manner in which the amount spent during the financial year is detailed below:

CSR BUDGET AND ITS UTILISATION 2016-2017

| Sl. No | CSR Projects / Activities | Sector in which the project / activity is covered | Projects or programs (1) Local area or Other (2) Specify the State and District where projects or programs was undertaken | Amount outlay (budget) project or programs wise (Rs.) | Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads: (Rs.) | Cumulative expenditure upto the reporting period (Rs.) | Amount Spent : Direct or through implementing agency |
|--------------|--|---|---|--|---|--|--|
| 1 | Cultural competitions, rewards, free education, infrastructure development in govt. Schools, sports promotions | Education | Tamil Nadu, Karur and Trichy District | 1,10,50,000.00 | 1,09,55,207.33 | 1,09,55,207.33 | Spent directly and through TNPL Arakkodai Trust, Karur |
| 2 | Special medical camps, cattle care camps, sanitation, welfare to the differently abled persons | Health Care | Tamil Nadu, Karur and Trichy District | 90,00,000.00 | 88,71,838.94 | 1,98,27,046.27 | |
| 3 | Contribution to construct community hall and dining hall, electrical work, roads, drinking water, retaining walls for drainages, school class room building and compound wall, bus shelter, removal of Seemai Karuvelam trees, setting up of public libraries. | Socio-Economic Development And Security | Tamil Nadu, | 2,21,50,000.00 | 2,30,42,682.67 | 4,28,69,728.94 | |
| 4 | Contribution for construction of greeneries around factory, conservation of animals and natural calamities. | Environment | Tamil Nadu, Karur, Trichy District, and Chennai | 52,50,000.00 | 50,61,382.50 | 4,79,31,111.44 | |
| 5 | Preservation of Heritage Buildings, promotion of tamil literature, folk, traditional dance etc., | Culture & Heritage | Tamil Nadu, Karur, Trichy District and Chennai | 25,50,000.00 | 25,68,054.01 | 5,04,99,165.45 | |
| Total | | | | 5,00,00,000.00 | 5,04,99,165.45 | | |

6. In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

NOT APPLICABLE

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

The TNPL Board and CSR Committee are wholeheartedly committed to fulfilling the Company's CSR vision of aspiring to be a trusted partner while striving to contribute to a safer and better quality of life.

The CSR Committee hereby confirms that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and Policy of the Company.

DR. R SELVARAJ IAS

Managing Director

N. NARAYANAN IAS (Retd.)

Chairman CSR Committee

ANNEXURE – II
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017
[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
TAMILNADU NEWSPRINT & PAPERS LIMITED
L22121TN1979PLC007799
67, Mount Road,
Guindy,
Chennai – 600 032.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **TAMILNADU NEWSPRINT & PAPERS LIMITED** [Corporate Identification Number:L22121TN1979PLC007799]having its Registered Office at 67, Mount Road, Guindy, Chennai – 600032 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 and on the basis of our review, we hereby report that during the year under review, the Company has complied with the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under and the Companies Act, 1956 (to the extent applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) During the year under review, the Company has not dealt with the matters relating to Foreign Direct Investment, Overseas Direct Investment. Regarding External Commercial Borrowings the company has

complied with the provisions of Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under.

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Company has not issued any securities during the year under review and hence the question of compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not arise;
 - d) The Company has not formulated any Scheme of ESOP/ESPS and hence the requirement of compliance of the provisions of The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 does not arise;
 - e) The Company has not issued any debentures during the period under review, and hence the requirement of compliance of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Company has not delisted its Securities from any of the Stock Exchanges in which it is listed during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise ; and

- h) The Company has not bought back any Securities during the period under review and hence the question of complying with the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise;
- (vi) Based on the information furnished to us and taken on record by the Board of Directors at their meeting, we have examined the adequacy of systems and processes in place to monitor and ensure compliance under the other applicable Laws, Rules, Regulations and Guidelines prescribed under various Acts which are specifically applicable and as identified by the Company and categorized under the following major heads/groups:
1. Atomic Energy Act, 1962 & Atomic Energy (Radiation Protection) Rules 2004
 2. The Industries (Development & Regulation) Act, 1951;
 3. Acts relating to consumer protection including The Competition Act, 2002;
 4. Acts and Rules prescribed under prevention and control of pollution;
 5. Acts and Rules relating to Environmental protection and energy conservation;
 6. Acts and Rules relating to hazardous substances and chemicals;
 7. Acts and Rules relating to electricity, motor vehicles, explosives, fire service, boilers, gas cylinders, Petroleum , etc.;
 8. The Information Technology Act, 2000 and rules made thereunder;
 9. Land Revenue Laws and
 10. Other local laws as applicable to the plant and office.
 11. Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to industrial disputes, wages, bonus, gratuity, provident fund, insurance, etc.;

With respect to Fiscal laws, we have reviewed the systems and mechanisms established by the Company for ensuring compliances under various Acts and based on the information and explanations provided to us by the management and officers of the Company and also on verification of compliance reports taken on record by the Board of Directors of the Company, we report that adequate systems are in place to monitor and ensure compliance.

We have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) .

- (ii) The Uniform Listing Agreement entered with BSE Limited and the National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors before schedule of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Agenda/notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meetings are complied with. There are no businesses transacted through Video Conferencing / Audio Visual means as provided for under the Companies Act, 2013 and the relevant Rules made there under.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors / Committee Members and no Director / Member dissented on the decisions taken at such Board / Committee Meeting. Further, in the minutes of the General Meeting, the number of votes cast against the resolutions have been properly recorded.

We further report that based on review of compliance mechanism established by the Company, and the report placed before the Board and taken on records by the Board of Directors, we are of the opinion that the management has adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with all applicable laws including labour laws, rules, regulations and guidelines.

We further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards , etc. referred to above.

Place : Chennai **For R. SRIDHARAN & ASSOCIATES**
Date : 29th MAY, 2017 COMPANY SECRETARIES

CS R. SRIDHARAN
CP No. 3239, FCS No. 4775
UIN : S2003TN063400

Note: This Report is to be read with our letter of even date which is annexed as **ANNEXURE A** and forms an integral part of this report.

‘ANNEXURE A’

To,
The Members
TAMILNADU NEWSPRINT & PAPERS LIMITED
67, MOUNT ROAD,
GUINDY
CHENNAI – 600032

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Chennai
Date : 29th MAY, 2017

For R. SRIDHARAN & ASSOCIATES
COMPANY SECRETARIES

CS R. SRIDHARAN
CP No. 3239
FCS No. 4775
UIN : S2003TN063400

ANNEXURE – III**PARTICULARS UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.****REPORT ON ENERGY CONSERVATION DURING THE YEAR 2016-17****I (A) ENERGY CONSERVATION MEASURES TAKEN**

UNIT I

- a) 1. Power savings by Installation of VFD for Causticizing plant first stage slackers sump box pumps (25 KW) resulted in 53,136 units of power saving and there by cost saving achieved is Rs.1.40 Lakh.
2. Thermal Energy Savings by taking Recovery Boiler-3 wash water in Weak Wash Liquor tank instead of Weak Black Liquor tank thereby reducing the LP steam consumption by 400 MT. Equivalent imported coal saving is 68.52 MT and the cost saving is Rs 2.87 Lakh.
3. Power savings by Stoppage of dregs filter in Causticizer plant (74 KW) resulted in savings of 3,78,242 units of power and the cost saving is Rs. 9.99 Lakh.
4. Installation of MP Steam indirect heater for heating the heavy black liquor in Recovery Boiler# 3 resulted in additional steam generation by 2970 MT of HP steam. Equivalent imported coal saving is 490.82 MT and the cost saving achieved is Rs.20.59 Lakh.
5. Installation of Heat Exchanger for heating the DM water for the Recovery Boiler # 3 and thereby reducing the Deaerator LP steam consumption by 3636 MT. Equivalent imported coal saving is 622.8 MT and the cost saving achieved is Rs.26.13 Lakh.
6. Elimination of 14 number of Off-Line De-barking machines by installing 2 Nos. of On-Line debarking machines in the pulp mill resulted in savings of 5,32,800 units of power and the cost saving is Rs.14.07 Lakh.
7. Reduction of POW#1 Hydraulic oil motor rating from 160 KW to 132 KW resulted in saving of 18,000 units of power and the cost saving is Rs.0.48 Lakh.
8. Removal of one aqua collection conveyor of 5.5KW capacity in CBP#3 resulted in saving of 43,560 units of power and the cost saving is Rs.1.15 Lakh.
9. Replacement of 110 KW Depither motor by 55 KW motor resulted in saving of 95,040 units of power and the cost saving is Rs.2.51 Lakh.
10. Modification of Pith Distribution system at Pith yard resulted in saving of 43,560 units of power and the cost saving is Rs.1.15 Lakh.
11. Stopping of Pith Horizontal conveyor and Pith Elevating conveyor of Boiler 1-4 resulted in 92,992 units of power saving and the cost saving is Rs.2.45 Lakh.
12. Elimination of Furnace Oil circulation for power boilers from furnace oil tank (stoppage of 11 KW pump) resulted in saving of 53,421 units of power and the cost saving is Rs.1.41 Lakh.
13. Thermal energy saving by stopping of MP steam for furnace oil heating resulted in saving of 243 MT of MP steam. Equivalent imported coal saving is 43.70 MT and the cost saving is Rs.1.83 Lakh.
14. Firing of 10,610 MT Wood Dust / Bark in the Power Boilers resulted in saving of 3165.73 MT of Imported coal and the cost saving is Rs 132.83 Lakh.
15. 64,39,942 M³ of Bio gas consumption in Lime Kiln resulted in saving of 3864 KL. Furnace oil and the net cost saving is Rs.876.86 Lakh.
16. 2,56,001 M³ of Bio gas consumption in the Power Boilers resulted in saving of 330 MT of Imported coal and the net cost saving is Rs.15.67 Lakh.
17. Installation of VFD for Cloudy water pump (power reduction from 120 KW to 108 KW) in Paper Machine # 1 resulted in 29,040 units of power saving and the cost saving is Rs. 0.77 Lakh.
18. Installation of VFD for water pump at DIP (power reduction from 49.5 KW to 37.5 KW) area resulted in 95,040 units of power saving and the cost saving is Rs.2.51 Lakh.
19. Installation of VFD for Cross travel (power reduction from 20 KW from 12KW) in Maintenance crane resulted in 18,573 units of power saving and the cost saving is Rs.0.49 Lakh.
20. Replacing the End section rope carrier DC motor with AC motor (elimination of 11.4 KW) resulted in 8,482 units of power savings and the cost savings is Rs.0.22 Lakh.
21. Stopping of Lip opening Shower Pump (elimination of 15 KW) equipment resulted in 43,200 units of power saving and the cost saving is Rs.1.14 Lakh.

22. Revamping of Warm water Pump in Paper Machine #1 and replacing 2 Nos. of 110 KW pump with 1 No.160 KW pump resulted in 1,38,240 units of power saving and the cost saving is Rs.3.65 Lakh.
23. Replacement of 585 nos. of tube lights by 195 nos. of LED Lights resulted in 58,079 units of power saving and the cost saving is Rs.2.41 Lakh.
24. Replacement of 164 nos. of MH street lights by 164 nos. of LED Lights resulted in 75,424 units of power saving and the cost saving is Rs. 3.06 Lakh.
25. Replacement of 50 nos. of Electric Geysers by 37 nos. of Solar Water Heaters resulted in 1,09,500 units of power saving and the cost saving is Rs.3.39 Lakh.

| | |
|---|-------------------------|
| (b) Additional investment incurred in implementing of the above proposals | Rs. 86.760 Lakhs |
| (c) 1. Impact of measures at a,b in reduction of energy consumption | Rs.1042.28 Lakhs |
| 2. Impact on the cost of production per ton of paper | Rs. 258.46 |

UNIT II

1. VFD installed in ETP - Sand filter pump for Clear water production which resulted in savings of 2,52,000 units of power and the cost saving is Rs.9.07 Lakhs.
2. By running Air compressors in VFD (Auto) Power savings achieved is around 11,76,000 units of power and the cost saving is Rs.42.3 Lakhs.
3. By reducing the compressor air pressure set value from 0.5 Kg/Cm², Power savings achieved is around 1,82,000 units of power and the cost savings is Rs.6.55 Lakhs.
4. Installing VFD's for WTP Raw water and Process water pumps resulted in savings of 4,20,000 units of power and the cost saving is Rs.15.1 Lakhs.
5. Installing VFD for TG, Boiler I & II pumps & Fans resulted in savings of 48,55,200 units of power and the cost saving is Rs.174.8 Lakhs.
6. Proposed to install VFD for De-aerator pump in April-17 which will save around 84,000 units of power and the cost savings is Rs.3.02 Lakhs.
7. By optimizing the usage of DM water, one no. of DM water transfer pump (15 KW) was stopped which resulted in savings of 1,00,800 units of power and the cost saving is Rs.3.6 Lakhs.

FRESH WATER CONSERVATION MEASURES TAKEN

1. UF & RO systems reject water was pumped into the ETP equalizing tank as dilution water. Reduction in fresh water consumption is 225 M³/day. Cost Reduction is Rs.7.80 Lakhs.
2. Belmer press fresh water utilization is totally stopped and replaced with treated water. Reduction in fresh water consumption is 600 M³/day. Cost Reduction is Rs.20.80 Lakhs.

TNPL Unit II has commenced its commercial production from 01/05/2016.

I (B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

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

India's Pulp and Paper industry is one of the core industrial manufacturing sectors which contributed much to socio - economic development of the country. The industry has undergone a significant change during the last three decades. The dynamic policies of the government propelled this sector to integrate with international market. This has warranted the industry to improve its efficiency by reducing energy, water, raw material, other natural resource consumption and waste minimization/generation. To meet the above requirement, TNPL's R & D focused on the concept of 5R's Recycle, Reduce, Reuse, Recreate and Rethink.

The major concern of Indian Paper Industry is increasing trend of input cost, energy cost, cheaper selling price and stringent Environment discharge norms. All the above constraints can be minimized by adopting Clean and Green technology. To march towards this, TNPL's R & D focuses on recycling and reuse of "Used materials". TNPL R & D renamed "Waste material" as "Used materials" since this will be the appropriate term in adopting Clean and Green technology.

The Indian paper industry in India needs Clean and Green technology to meet the needs of the international market. The main objective of TNPL R&D is marching towards Clean and Green approach. The various measures adopted are discussed below.

Raw Material development:

Plant tissue culture is widely used method to produce Elite pulpwood clones by micro propagation. In the current year, tissue culture protocol was standardized for five Eucalyptus hybrids clones viz. EH-41, EH4, EH-9, EH-16 & EH-21. Seedlings were produced from these clones and supplied to Plantation Department for further multiplication by mini clonal garden technique. For the current year, totally 38,440 tissue culture seedlings were produced and supplied to Plantation department.

Pulping and Bleaching:

Pulping and bleaching studies were carried out for CISRO Australian wood seed origin species. The pulping studies show that pulp yield is 6.0% higher compared with regular EH wood and bleaching studies show that lower bleaching chemical is required to achieve the target brightness without affecting strength properties of the pulp.

Pulping behavior and the bleachability in HW ECF plant at different temperature of cooking from 160-158-156-155-153°C was carried out. This plant trial shows that the reduced TAA% consumption with required kappa number to achieve the target brightness.

Monitoring the performance of Bamboo pulping and bleaching was carried out.

Root cause study was done for Press 2 pulp of Hardwood Street brightness which was lower than press 1 brightness by carrying out analysis of Alkali Loss and the corresponding Brightness for both Press 1 and Press 2 Pulp. It was found that the scale in the Press 2 roll drum is the major reason for increasing the alkali loss in Press 2 Pulp which in turn decreases the brightness of the press 2 pulp. R & D suggested to clean press 2 roll with fixed frequency.

Laboratory studies were carried out for the Sulphate content in the hard wood Oxidized white liquor. This study indicates that Sulphate content generation in Oxidized White Liquor is causing the scale formation in ODL pipe line and hence minimizing the sulphate content generation in Oxidized White Liquor will minimize scale formation in ODL pipe line

Monitored the performance of imported chips on pulping as well as bleaching and all the cooking and bleaching parameters were studied to establish an optimum cooking and bleaching condition.

Bleaching performance studies were carried out with a new bleaching chemical Trichloro cynuric acid (TCCA 90%) alternate to Chlorine dioxide, with Chemical Bagasse Post Oxygen Washer II Pulp and Hard Wood ODL pulp in lab scale. These studies show that without affecting strength and brightness of pulp, significant increase in filtrate dissolved solids was observed. To achieve target brightness, 60kg/t TCCA chemical is required which is higher than Chlorine dioxide consumption.

Woods are received from **Arignar Anna Zoological Park (AAZP)**, Chennai, also known as the **Vandalur Zoo** due to uprooting by natural calamity Vardha Cyclone. Pulping and bleaching studies of these woods are carried in the laboratory and the study revealed that it requires more cooking and bleaching chemical than the regular EH wood to achieve the target brightness. Based on laboratory study, plant run was made successfully.

Study on effect of Chloride on the Heat Value of Black Liquor:

The effect of Chlorides on reducing the Gross Calorific value of black liquor is found out by carrying out comparative pulping studies with white liquor supply from the Soda

Recovery Plant (which contains Chlorides around 30 gpl as NaCl) and laboratory formulated white liquor (which does not contain Chlorides). The Gross calorific black liquor obtained from the white liquor supply from the Soda Recovery Plant (which contains Chlorides around 30 gpl as NaCl) are 3105 kcal/kg and 2962 kcal/kg respectively for 18% and 20% dosage of chemical. The corresponding Gross calorific black liquor obtained from the laboratory formulated white liquor (which does not contain Chlorides) are 3556 kcal/kg and 3337 kcal/kg respectively for 18% and 20% dosage of chemical. Hence, there is an increase of 13% to 14% in heat value by eliminating the chlorides.

Deinking Plant**Bio surfactant Trial:**

Sodium Soap is used in Deinking Plant for Ink removal of waste paper. To minimize the usage of Sodium Soap, TNPL's R & D carried out the laboratory studies on usage of Bio surfactant along with Sodium Soap. The study was successful in the laboratory and plant trial was conducted. The result indicated the specific cost of usage of Bio surfactant along with Sodium Soap is Rs 340 per Metric Ton of Pulp when compared with specific cost of usage of Sodium Soap alone is Rs 495 per Metric Ton of Pulp. From the plant trial, net savings is Rs. 145 per ton of pulp.

Soda recovery Plant**Removal of Chlorides From The Effluent of Chloride Removal System:**

Laboratory studies followed by Pilot plant study was carried out for the removal of Chlorides from the effluent of Chloride Removal System.

The effluent generated from the Chloride Removal System is treated with Calcium Chloride. The soluble Sodium Sulphate present in the effluent generated from the Chloride Removal System after treatment with Calcium Chloride is converted into insoluble Calcium Sulphate and Sodium Chloride. The generated Sodium Chloride is equivalent to commercial Common Salt which can find application in the Textile dyeing industry as dye fixing chemical.

The Calcium Sulphate is further treated with Raw Green Liquor which is available in Soda Recovery plant. The Sodium Carbonate which is present in the Raw green liquor after treatment with Calcium Sulphate is getting converted into Sodium Sulphate and Calcium Chloride. The Sodium sulphate thus obtained can be used as make up chemical for Recaustizing Plant. The Calcium Carbonate can be used in Lime Sludge Fly ash Management System (LSFM).

Reduction of Silica Level in White Liquor:

Bagasse contains more Silica when compared to Wood. When using Bagasse and Wood as major raw materials, two stage caustizing is required for bagasse based integrated Pulp and Paper Industry to achieve less silica in the White Liquor which is used for cooking of wood chips. Normally, in first stage caustizing 40% of Lime is added and balance 60% of lime is added in the Second Stage of caustizing.

To further reduce the Silica in the White Liquor, Laboratory studies were carried out by Split addition of Lime in the first stage caustizing (as 20% in two Steps). The Split addition of 20% in two steps instead of 40% in single step resulted in reduction of Silica in Clarified Green liquor from 2.2 gpl to 1.6 gpl. Subsequently, the silica in white liquor is reduced from 0.5 gpl to 0.3 gpl.

Paper Making and Wet end Chemistry

Effect of Fillers on Ink Penetration:

The competitor mills have an advantage of higher quantity of Hardwood content in the furnish. The hardwood pulp is less water absorbent and easy to size when compared to Bagasse. Hence, the fountain pen ink penetration problem in the competitor mills is less. To minimize the ink penetration problem particularly for note book segment, studies were carried out in R&D with various sources of fillers. The functional test like Porosity, Cobb and fluid penetration test were conducted from all the source of fillers. The study implied that the faint show through is observed with the supply from onsite manufactured Precipitated Calcium Carbonate and Ground Calcium Carbonate compared to Purchased Precipitated Calcium Carbonate. Hence, onsite manufactured Precipitated Calcium Carbonate and Ground Calcium Carbonate is recommended for usage particularly in the Production of note book varieties and Purchased Precipitated Calcium Carbonate for higher substance printing grades.

Green approach in meeting Charge demand of Head Box:

Poly Aluminum Chloride in powder form has been used for charge neutralization to control the Head Box Charge demand. Even though Poly Aluminum Chloride in powder form satisfies the requirement, it causes eye irritation, suffocation and concentration variation. Hence, TNPL R&D made trial with dosage of Poly Aluminum Chloride in liquid form and successfully implemented the same in the process. The above hurdles are overcome with the addition of Poly aluminum Chloride in Liquid form. Additionally usage of Poly aluminum Chloride in Liquid form saved around Rs 55 per Metric Ton of Product when compared to Poly Aluminum Chloride in powder form.

Cess funded Project:

TNPL completed the cess fund project study titled "Achievement of highest brightness and whiteness in paper in a cost effective manner through selective addition of Optical Whitening Agent (OWA) at wet-end and size press" through Avantha Centre for Industrial Research & Development (ACIRD), Yamuna Nagar in association with Central Pulp & Paper Research Institute (CPPRI), Saharanpur.

Forest Stewardship Council Certification

Annual audit is conducted for Forest Stewardship Council Forest Management and Chain of Custody & Controlled wood by Rainforest Alliance, New York, USA for complying FM-31, FM-35 FSC-STD-40-004 V2-1, FSC-STD-40-005 V2-1 and FSC-STD-40-007 V2-0 in coordination with Research and Development team members.

ISO 9001 & 14001 Certification based on 2015 version

TUV NORD CERT GmbH, recertified TNPL's Quality Management system for "Design, Manufacture and Supply of Printing and Writing Paper" and TNPL's Environment Management system for "Development and Manufacture of Printing and Writing Paper" both based on 2015 version and the certificate is valid from February 21, 2017 to February 20, 2020.

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

- Tissue culture protocol was standardized for five number of Eucalyptus hybrids clones viz. EH-41, EH4, EH-9, EH-16 & EH-21. 2760 number of seedlings were produced and supplied to plantation for further multiplication.
- Optimization of cooking temperature reduced TAA% consumption with required kappa number to achieve the target brightness.
- Process improvement made in increasing the brightness of the press II pulp by decreasing the alkali loss of Pulp through the root cause study method.
- Scale formation in ODL pipe line was minimized by reducing sulphate content in Oxidized White Liquor.
- Establish the optimum condition on plant trial of imported chips on pulping as well as bleaching.
- New alternate bleaching chemical for chlorine dioxide is identified Trichloro cynuric acid (TCCA 90%) for bleaching of Bagasse Post Oxygen Washer 2 Pulp and Hard Wood ODL pulp on lab scale study.
- Optimization of natural calamity material (wood chips from Vandalur Zoo) leads to clearance of the material from the natural calamity affected site.
- An increase of 13% to 14% in heat value is observed by eliminating the chlorides from Black liquor through lab study
- The specific cost of usage of Bio surfactant along with Sodium Soap is Rs 340 per Metric Ton of Pulp when compared with specific cost of usage of Sodium Soap alone is Rs 495 per Metric Ton of Pulp. Net savings Rs. 145 per ton of pulp is achieved.

- Pilot plant study on the removal of Chlorides from the effluent of Chloride Removal System paved the way for clean approach of the mill towards the sustainable operation of the mill.
- Split addition of Lime lead to lesser silica content from 0.5 gpl to 0.3 gpl in the white liquor which leads to improvement in dewatering of lime sludge and decrease the furnace oil consumption in the lime kiln.
- Ink Penetration complaint from the note book segment is avoided by selection of right kind of fillers.
- The specific cost is reduced by Rs. 55 per Metric Ton of Product by usage of Poly Aluminum Chloride in liquid form.

III. FUTURE PROJECTS

Raw material development :

- Screening and development of new pulp wood clones for improved pulp and fiber quality and yield.

Process improvement and optimization:

- The presence of chloride in the system is hindering the heat value of liquors and recycling of water. Hence studies are to be carried out by modification of bleaching sequence from O-D₀-E(OP)-D₁ to O(P)-Z-E(OP)-D₀. Usage of Ozone bleaching instead of Chlorine dioxide followed with extraction stage and light Elemental Chlorine free bleaching at the end may help to achieve the required brightness of 85% ISO and at the same time helps to close loop the cycle without much presence of chloride in the system. The above modification is planned for Bagasse pulping stream only.
- Effect of Fiber pith ratio on Pulp Quality.
- Identification of alternate source of usage of Poly Aluminum Chloride will be carried out to improve the recycling waste water quality.
- Filler morphology / particle shape / particle size distribution studies are to be carried to find out root cause of the ink penetration problem from the supply of purchased Precipitated Calcium Carbonate.

Environment improvement:

- Extraction of Tall oil (Fuel oil) from plastic waste generated in Deinking Plant.
- Firing of Saw Dust along with Furnace oil and Biogas in Lime Kiln.

- Reuse of Deinking Plant sludge slurry after mixing with Soda Recovery Plant Electro Static Precipitate ash.
- Pulping and Bleaching of Pith and the usage of Bleached pulp in the manufacture of Sanitary Napkins

IV Expenditure on R&D

(Rs. In lakhs)

| | |
|--|--------|
| a) Capital | 113.47 |
| b) Recurring | 821.31 |
| c) Total | 934.78 |
| d) Total R&D expenditure as a percentage on turnover | 0.30% |

I (C) FOREIGN EXCHANGE EARNINGS

a. Activities relating to Exports

During the year company exported 83,547 metric tonnes of PWP to 36 countries. Top few countries were Sri Lanka, Iran, Nigeria, Uganda, UAE, Sudan, Turkey, Kenya, Ghana, South Africa, Malaysia.

| | |
|-------------------------------------|--------------------|
| b. Foreign Exchange Earnings | Rs. In lakh |
| Export of PWP (C&F value) | 43153 |

I (D) FOREIGN EXCHANGE OUTGO

| | |
|--|------------------------|
| a. Imports (on CIF basis) | (Rs. In lakh) |
| Raw materials | 34916.35 |
| Components, Spare parts & chemicals | 3433.10 |
| Imported coal | 30608.69 |
| Capital goods: | |
| Unit 1 | 194.31 |
| Unit 2 | 106.75 |
| Total | <u>69259.20</u> |
| b. Other than imports | (Rs. In lakh) |
| Engineering & Supervision charges | |
| Unit 1 | 101.13 |
| Unit 2 | 1674.08 |
| Interest | 479.24 |
| Repayment of foreign currency loan (Long Term) | 1152.82 |
| Others | 187.45 |
| Total | <u>3594.72</u> |

ANNEXURE – IV

Disclosure pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year*:

| Sr. No. | Name of Director | Designation | Ratio to median remuneration |
|---------|---------------------------------------|--|------------------------------|
| 1. | Thiru C. V. Sankar, IAS [@] | Chairman and Managing Director | - |
| 2. | Thiru Rajeev Ranjan, IAS [#] | Chairman and Managing Director | - |
| 3. | Thiru Vikram Kapur, IAS ^{\$} | Chairman and Managing Director | - |
| 4. | A Velliangiri | Deputy Managing Director & Chief Financial Officer | 7.18 |

@ Thiru C V. Sankar, IAS ceased to be a Director with effect from 31.7.2016

Thiru Rajeev Ranjan, IAS ceased to be a Director with effect from 7.9.2016

\$ Thiru Vikram Kapur, IAS was appointed as Additional Director and designated as Chairman and Managing Director with effect from 7.9.2016

b. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year *:

| Sr. No. | Name | Designation | % increase in remuneration in the financial year |
|---------|---------------------------------------|--|--|
| 1. | Thiru C. V. Sankar, IAS [@] | Chairman and Managing Director, (i.e. Chief Executive Officer) | N.A. |
| 2. | Thiru Rajeev Ranjan, IAS [#] | Chairman and Managing Director (i.e. Chief Executive Officer) | N.A. |
| 3. | Thiru Vikram Kapur, IAS ^{\$} | Chairman and Managing Director (i.e. Chief Executive Officer) | N.A. |
| 4. | A Velliangiri | Deputy Managing Director & Chief Financial Officer | 18.18 |
| 5. | V. Sivakumar | Company Secretary | 7.21 |

@Thiru C V. Sankar, IAS ceased to be a Director with effect from 31.7.2016

Thiru Rajeev Ranjan, IAS ceased to be a Director with effect from 7.9.2016

\$ Thiru Vikram Kapur, IAS was appointed as Additional Director and designated as Chairman and Managing Director with effect from 7.9.2016

*Note: The Non-Executive Directors of the Company are entitled for sitting fee as per the statutory provisions and within the limits prescribed under Companies Act, 2013 and Rules made there under. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.

c. The percentage increase in the median remuneration of employees in the financial year: 6.48%

d. The number of permanent employees on the rolls of company: 2770

e. The explanation on the relationship between average increase in remuneration and company performance:

The average median remuneration of employee is increased by 6.48 % whereas the PBT has been decreased by 5.37% in comparison to last year.

f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:

| | |
|--|-------------|
| Aggregate remuneration of key managerial personnel (KMP) in FY17 (Rs. in Lacs) | 74.29 |
| Revenue (Rs. in Lacs) | 3,13,092.32 |
| Remuneration of KMPs (as% of revenue) | 0.0237 |
| Profit before Tax (PBT) (Rs. in Lacs) | 30,620.82 |
| Remuneration of KMP (as % of PBT) | 0.2426 |

g. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:

| Particulars | March 31, 2017 | March 31, 2016 | % Change |
|--------------------------------|-----------------|-----------------|----------|
| Market Capitalisation (in Rs.) | 21,79,44,17,940 | 15,13,63,58,220 | 43.99% |
| Price Earnings Ratio | 8.24 | 5.96 | 38.25% |

h. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

| Particulars | March 31, 2017 | November 27, 1995 | % Change |
|--------------------|----------------|-------------------|----------|
| Market Price (BSE) | 314.90 | 110.00 | 186.27% |
| Market Price (NSE) | 314.65 | 110.00 | 186.05% |

i. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in salaries of employees excluding KMPs is 13.67 % whereas the KMPs remuneration is increased by only 14.04 %. The increase in remuneration of KMPs is nearly at par with the average increase in salaries of employees excluding KMPs.

j. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

| | Thiru C.V. Sankar, IAS, Chairman & Managing Director and Chief Executive Officer [@] | Thiru Rajeev Ranjan, IAS Chairman & Managing Director and Chief Executive Officer [#] | Thiru Vikram Kapur, IAS Chairman & Managing Director and Chief Executive Officer ^{\$} | Thiru A. Velliangiri, Deputy Managing Director and Chief Financial Officer | Thiru V. Sivakumar, Company Secretary |
|---------------------------------------|---|--|--|--|---------------------------------------|
| Remuneration in FY16 (Rs. In Lacs) | 11.33 | NIL | 2.47 | 39.00 | 21.49 |
| Revenue (Rs. In Lacs) | 313092.32 | | | | |
| Remuneration as % of revenue | 0.0036 | NIL | 0.0008 | 0.0124 | 0.0069 |
| Profit before Tax (PBT) (Rs. In Lacs) | 30620.82 | | | | |
| Remuneration (as % of PBT) | 0.037 | NIL | 0.0080 | 0.1274 | 0.0702 |

[@]Thiru C V. Sankar, IAS ceased to be a Director with effect from 31.7.2016

[#] Thiru Rajeev Ranjan, IAS ceased to be a Director with effect from 7.9.2016

^{\$} Thiru Vikram Kapur, IAS was appointed as Additional Director and designated as Chairman and Managing Director with effect from 7.9.2016

k. The key parameters for any variable component of remuneration availed by the directors:

There is no variable component of remuneration paid to the directors.

l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

None.

m. Affirmation that the remuneration is as per the remuneration policy of the company:

The Company affirms remuneration is as per the remuneration policy of the Company.

n. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There is no such employee.

ANNEXURE – V**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31st March, 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the

Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| 1 | CIN | L22121TN1979PLC007799 |
| 2 | Registration Date | 16 th April 1979 |
| 3 | Name of the Company | Tamil Nadu Newsprint and Papers Limited |
| 4 | Category / Sub-Category of the Company | Public Company limited by shares |
| 5 | Address of the Registered office and contact details | 67, Mount Road, Guindy, Chennai – 600 032. Phone: 044-22301094-97, 22354415-16 & 18 Email : invest_grievances@tnpl.co.in |
| 6 | Whether listed company Yes / No | Yes |
| 7 | Name, Address and Contact details of Registrar and Transfer Agent, if any | 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 : cameo@cameoindia.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1. | Paper and Board | 1701 | 95.07% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % OF SHARES HELD | APPLICABLE SECTION |
|--------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| 1. | N.A | N.A | N.A | N.A | N.A |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

| Category code | Category of Shareholders | No. of shares held at the beginning of the year As on 1 st April 2016 | | | | No. of shares held at the end of the year As on 31 st March, 2017 | | | | % change during the year |
|---------------|---|---|----------|-----------------|-------------------|---|----------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | | | | | | | | | |
| 1. | INDIAN | | | | | | | | | |
| a. | INDIVIDUALS/ HINDU UNDIVIDED FAMILY | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| b. | CENTRAL GOVERNMENT/ STATE GOVERNMENT(S) | 24444900 | 0 | 24444900 | 35.3196 | 24444900 | 0 | 24444900 | 35.3196 | 0.0000 |
| c. | BODIES CORPORATE | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| d. | FINANCIAL INSTITUTIONS/ BANKS | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| e. | ANY OTHER | | | | | | | | | |
| | SUB - TOTAL (A)(1) | 24444900 | 0 | 24444900 | 35.3196 | 24444900 | 0 | 24444900 | 35.3196 | 0.0000 |
| 2. | FOREIGN | | | | | | | | | |
| a. | INDIVIDUALS (NON-RESIDENT INDIVIDUALS/ FOREIGN INDIVIDUALS) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| b. | BODIES CORPORATE | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| c. | INSTITUTIONS | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| d. | QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| e. | ANY OTHER | | | | | | | | | |
| | SUB - TOTAL (A)(2) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| | TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2) | 24444900 | 0 | 24444900 | 35.3196 | 24444900 | 0 | 24444900 | 35.3196 | 0.0000 |

| Category code | Category of Shareholders | No. of shares held at the beginning of the year As on 1 st April 2016 | | | | No. of shares held at the end of the year As on 31 st March, 2017 | | | | % change during the year |
|---------------|---|---|----------------|-----------------|-------------------|---|----------------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. | PUBLIC SHAREHOLDING | | | | | | | | | |
| 1. | INSTITUTIONS | | | | | | | | | |
| a. | MUTUAL FUNDS/ UTI | 3832690 | 12800 | 3845490 | 5.5562 | 4476311 | 12800 | 4489111 | 6.4861 | 0.9299 |
| b. | FINANCIAL INSTITUTIONS/ BANKS | 541726 | 1400 | 543126 | 0.7847 | 461639 | 1400 | 463039 | 0.6690 | -0.1157 |
| c. | CENTRAL GOVERNMENT/ STATE GOVERNMENT(S) | 1342820 | 1465760 | 2808580 | 4.0580 | 1342820 | 1465760 | 2808580 | 4.0580 | 0.0000 |
| d. | VENTURE CAPITAL FUNDS | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| e. | INSURANCE COMPANIES | 9593109 | 400 | 9593509 | 13.8613 | 9683109 | 400 | 9683509 | 13.9913 | 0.1300 |
| f. | FOREIGN INSTITUTIONAL INVESTORS | 2999024 | 0 | 2999024 | 4.3331 | 160564 | 0 | 160564 | 0.2319 | -4.1011 |
| g. | FOREIGN VENTURE CAPITAL INVESTORS | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| h. | QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| i. | ANY OTHER | | | | | | | | | |
| | Foreign Portfolio Investor (Corporate) Category I | 24571 | 0 | 24571 | 0.0355 | 1996915 | 0 | 1996915 | 2.8852 | 2.8497 |
| | Foreign Portfolio Investor (Corporate) Category II | 3851896 | 0 | 3851896 | 5.5654 | 5147107 | 0 | 5147107 | 7.4368 | 1.8714 |
| | Foreign Portfolio Investor (Corporate) Category III | 574235 | 0 | 574235 | 0.8296 | 1194415 | 0 | 1194415 | 1.7257 | 0.8960 |
| | | 4450702 | 0 | 4450702 | 6.4306 | 8338437 | 0 | 8338437 | 12.0479 | 5.6172 |
| | SUB - TOTAL (B)(1) | 22760071 | 1480360 | 24240431 | 35.0241 | 24462880 | 1480360 | 25943240 | 37.4844 | 2.4603 |
| 2. | NON-INSTITUTIONS | | | | | | | | | |
| a. | BODIES CORPORATE | 4050657 | 179980 | 4230637 | 6.1127 | 3256216 | 236918 | 3493134 | 5.04711 | -1.0656 |

| Category code | Category of Shareholders | No. of shares held at the beginning of the year As on 1 st April 2016 | | | | No. of shares held at the end of the year As on 31 st March, 2017 | | | | % change during the year |
|---------------|--|---|----------------|-----------------|-------------------|---|----------------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| b. | INDIVIDUALS - | | | | | | | | | |
| | I INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH | 7072924 | 447006 | 7519930 | 10.8652 | 6775656 | 437331 | 7212987 | 10.4217 | -0.4434 |
| | II INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH | 6861637 | 0 | 6861637 | 9.9141 | 6501299 | 0 | 6501299 | 9.3935 | -0.5206 |
| c. | QUALIFIED FOREIGN INVESTOR | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| d. | ANY OTHER | | | | | | | | | |
| | CLEARING MEMBERS | 261647 | 0 | 261647 | 0.3780 | 221791 | 0 | 221791 | 0.3204 | -0.0575 |
| | HINDU UNDIVIDED FAMILIES | 726206 | 0 | 726206 | 1.0492 | 615070 | 0 | 615070 | 0.8886 | -0.1605 |
| | NON RESIDENT INDIANS | 891081 | 31200 | 922281 | 1.3325 | 722348 | 29400 | 751748 | 1.0861 | -0.2463 |
| | TRUSTS | 2931 | 0 | 2931 | 0.0042 | 26431 | 0 | 26431 | 0.0381 | 0.0339 |
| | | 1881865 | 31200 | 1913065 | 2.7641 | 1585640 | 29400 | 1615040 | 2.3335 | -0.4306 |
| | SUB - TOTAL (B)(2) | 19867083 | 658186 | 20525269 | 29.6562 | 18118811 | 703649 | 18822460 | 27.1959 | -2.5462 |
| | TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2) | 42627154 | 2138546 | 44765700 | 64.6804 | 42581691 | 2184009 | 44765700 | 64.6804 | 0.0000 |
| | TOTAL (A)+(B) | 67072054 | 2138546 | 69210600 | 100.0000 | 67026591 | 2184009 | 69210600 | 100.0000 | 0.0000 |
| C. | SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED | | | | | | | | | |
| | Promoter and Promoter Group | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| | Public | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| | TOTAL CUSTODIAN (C) | 0 | 0 | 0 | 0.0000 | 0 | 0 | 0 | 0.0000 | 0.0000 |
| | GRAND TOTAL (A)+(B)+(C) | 67072054 | 2138546 | 69210600 | 100.0000 | 67026591 | 2184009 | 69210600 | 100.0000 | 0.0000 |

(ii) Shareholding of Promoters

| SI No. | Shareholder's Name | Shareholding at the beginning of the year As on 1 st April, 2016 | | | Shareholding at the end of the year As on 31 st March, 2017 | | | |
|--------|------------------------|--|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | % change in shareholding during the year |
| 1. | Governor of Tamil Nadu | 24444900 | 35.3196 | 0.00 | 24444900 | 35.3196 | 0.00 | 0.00 |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| SI No. | | Shareholding at the beginning of the year as on 1 st April, 2016 | | Shareholding at the end of the year as on 31 st March, 2017 | |
|--------|---|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | At the beginning of the year | No change during the year | | | |
| 2. | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): | No change during the year | | | |
| 3. | At the end of the year | No change during the year | | | |

**(iv) Shareholding Pattern of top ten Shareholders
(other than Directors, Promoters and Holders of GDRs and ADRs):**

| SI No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | LIFE INSURANCE CORPORATION OF INDIA | | | | |
| | At the beginning of the year 01-Apr-2016 | 6305949 | 9.1112 | 6305949 | 9.1112 |
| | At the end of the Year 31-Mar-2017 | 6305949 | 9.1112 | 6305949 | 9.1112 |
| 2. | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP | | | | |
| | At the beginning of the year 01-Apr-2016 | 3455869 | 4.9932 | 3455869 | 4.9932 |
| | Sale 29-Jul-2016 | -5869 | 0.0084 | 3450000 | 4.9847 |
| | Sale 16-Sep-2016 | -67238 | 0.0971 | 3382762 | 4.8876 |
| | Sale 21-Sep-2016 | -27254 | 0.0393 | 3355508 | 4.8482 |
| | Sale 21-Oct-2016 | -37753 | 0.0545 | 3317755 | 4.7937 |
| | Sale 28-Oct-2016 | -22247 | 0.0321 | 3295508 | 4.7615 |
| | Sale 10-Mar-2017 | -46952 | 0.0678 | 3248556 | 4.6937 |

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | Sale 17-Mar-2017 | -1189056 | 1.7180 | 2059500 | 2.9757 |
| | Sale 24-Mar-2017 | -70896 | 0.1024 | 1988604 | 2.8732 |
| | Sale 31-Mar-2017 | -179685 | 0.2596 | 1808919 | 2.6136 |
| | At the end of the Year 31-Mar-2017 | 1808919 | 2.6136 | 1808919 | 2.6136 |
| | HAVING SAME PAN | | | | |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM VALUE FUND SERIES - I | | | | |
| | At the beginning of the year 01-Apr-2016 | 100755 | 0.1455 | 100755 | 0.1455 |
| | Sale 17-Mar-2017 | -100755 | 0.1455 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2017 | 0 | 0.0000 | 0 | 0.0000 |
| | HAVING SAME PAN | | | | |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES VIII | | | | |
| | At the beginning of the year 01-Apr-2016 | 80719 | 0.1166 | 80719 | 0.1166 |
| | Sale 21-Oct-2016 | -12986 | 0.0187 | 67733 | 0.0978 |
| | Sale 28-Oct-2016 | -7653 | 0.0110 | 60080 | 0.0868 |
| | Sale 17-Mar-2017 | -36898 | 0.0533 | 23182 | 0.0334 |
| | Sale 24-Mar-2017 | -2820 | 0.0040 | 20362 | 0.0294 |
| | Sale 31-Mar-2017 | -5521 | 0.0079 | 14841 | 0.0214 |
| | At the end of the Year 31-Mar-2017 | 14841 | 0.0214 | 14841 | 0.0214 |
| | HAVING SAME PAN | | | | |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM MONTHLY INCOME PLAN - AGGRESSIVE PLAN | | | | |
| | At the beginning of the year 01-Apr-2016 | 50000 | 0.0722 | 50000 | 0.0722 |
| | Sale 17-Mar-2017 | -35539 | 0.0513 | 14461 | 0.0208 |
| | Sale 24-Mar-2017 | -1758 | 0.0025 | 12703 | 0.0183 |
| | Sale 31-Mar-2017 | -3445 | 0.0049 | 9258 | 0.0133 |
| | At the end of the Year 31-Mar-2017 | 9258 | 0.0133 | 9258 | 0.0133 |
| | HAVING SAME PAN | | | | |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES IX | | | | |
| | At the beginning of the year 01-Apr-2016 | 47833 | 0.0691 | 47833 | 0.0691 |
| | Sale 21-Oct-2016 | -7704 | 0.0111 | 40129 | 0.0579 |
| | Sale 28-Oct-2016 | -4540 | 0.0065 | 35589 | 0.0514 |
| | Sale 17-Mar-2017 | -23680 | 0.0342 | 11909 | 0.0172 |
| | Sale 24-Mar-2017 | -1450 | 0.0020 | 10459 | 0.0151 |
| | Sale 31-Mar-2017 | -2836 | 0.0040 | 7623 | 0.0110 |
| | At the end of the Year 31-Mar-2017 | 7623 | 0.0110 | 7623 | 0.0110 |
| | HAVING SAME PAN | | | | |

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICROCAP SERIES X | | | | |
| | At the beginning of the year 01-Apr-2016 | 30871 | 0.0446 | 30871 | 0.0446 |
| | Sale 21-Oct-2016 | -4913 | 0.0070 | 25958 | 0.0375 |
| | Sale 28-Oct-2016 | -2895 | 0.0041 | 23063 | 0.0333 |
| | Sale 17-Mar-2017 | -15508 | 0.0224 | 7555 | 0.0109 |
| | Sale 24-Mar-2017 | -918 | 0.0013 | 6637 | 0.0095 |
| | Sale 31-Mar-2017 | -1800 | 0.0026 | 4837 | 0.0069 |
| | At the end of the Year 31-Mar-2017 | 4837 | 0.0069 | 4837 | 0.0069 |
| | HAVING SAME PAN | | | | |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT THEMATIC FUNDS PSU OPPORTUNITIES | | | | |
| | At the beginning of the year 01-Apr-2016 | 30000 | 0.0433 | 30000 | 0.0433 |
| | Sale 08-Jul-2016 | -30000 | 0.0433 | 0 | 0.0000 |
| | At the end of the Year 31-Mar-2017 | 0 | 0.0000 | 0 | 0.0000 |
| | HAVING SAME PAN | | | | |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM VALUE FUND SERIES - II | | | | |
| | At the beginning of the year 01-Apr-2016 | 27000 | 0.0390 | 27000 | 0.0390 |
| | Sale 02-Sep-2016 | -2000 | 0.0028 | 25000 | 0.0361 |
| | Sale 17-Mar-2017 | -19216 | 0.0277 | 5784 | 0.0083 |
| | Sale 24-Mar-2017 | -704 | 0.0010 | 5080 | 0.0073 |
| | Sale 31-Mar-2017 | -1377 | 0.0019 | 3703 | 0.0053 |
| | At the end of the Year 31-Mar-2017 | 3703 | 0.0053 | 3703 | 0.0053 |
| | HAVING SAME PAN | | | | |
| 2 | SUNDARAM MUTUAL FUND A/C SUNDARAM RURAL INDIA FUND | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 03-Jun-2016 | 56061 | 0.0810 | 56061 | 0.0810 |
| | Purchase 10-Jun-2016 | 54714 | 0.0790 | 110775 | 0.1600 |
| | Purchase 08-Jul-2016 | 30000 | 0.0433 | 140775 | 0.2034 |
| | Purchase 19-Aug-2016 | 25000 | 0.0361 | 165775 | 0.2395 |
| | Sale 10-Mar-2017 | -23619 | 0.0341 | 142156 | 0.2053 |
| | Sale 17-Mar-2017 | -66515 | 0.0961 | 75641 | 0.1092 |
| | Sale 24-Mar-2017 | -9204 | 0.0132 | 66437 | 0.0959 |
| | Sale 31-Mar-2017 | -18016 | 0.0260 | 48421 | 0.0699 |
| | At the end of the Year 31-Mar-2017 | 48421 | 0.0699 | 48421 | 0.0699 |

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 3 | GENERAL INSURANCE CORPORATION OF INDIA | | | | |
| | At the beginning of the year 01-Apr-2016 | 2110074 | 3.0487 | 2110074 | 3.0487 |
| | At the end of the Year 31-Mar-2017 | 2110074 | 3.0487 | 2110074 | 3.0487 |
| 4 | GOVERNMENT PENSION FUND GLOBAL | | | | |
| | At the beginning of the year 01-Apr-2016 | 2070000 | 2.9908 | 2070000 | 2.9908 |
| | Sale 26-Aug-2016 | -30000 | 0.0433 | 2040000 | 2.9475 |
| | Sale 02-Sep-2016 | -33500 | 0.0484 | 2006500 | 2.8991 |
| | Sale 09-Sep-2016 | -26500 | 0.0382 | 1980000 | 2.8608 |
| | Sale 07-Oct-2016 | -36343 | 0.0525 | 1943657 | 2.8083 |
| | Sale 14-Oct-2016 | -113657 | 0.1642 | 1830000 | 2.6441 |
| | Sale 04-Nov-2016 | -30000 | 0.0433 | 1800000 | 2.6007 |
| | Sale 13-Jan-2017 | -30000 | 0.0433 | 1770000 | 2.5574 |
| | At the end of the Year 31-Mar-2017 | 1770000 | 2.5574 | 1770000 | 2.5574 |
| 5 | WARBURG VALUE FUND | | | | |
| | At the beginning of the year 01-Apr-2016 | 1750000 | 2.5285 | 1750000 | 2.5285 |
| | Sale 03-Jun-2016 | -36800 | 0.0531 | 1713200 | 2.4753 |
| | Sale 10-Jun-2016 | -63200 | 0.0913 | 1650000 | 2.3840 |
| | Sale 05-Aug-2016 | -150000 | 0.2167 | 1500000 | 2.1672 |
| | Sale 26-Aug-2016 | -109428 | 0.1581 | 1390572 | 2.0091 |
| | Sale 02-Sep-2016 | -79502 | 0.1148 | 1311070 | 1.8943 |
| | Sale 09-Sep-2016 | -11070 | 0.0159 | 1300000 | 1.8783 |
| | At the end of the Year 31-Mar-2017 | 1300000 | 1.8783 | 1300000 | 1.8783 |
| 6 | ANIL KUMAR GOEL | | | | |
| | At the beginning of the year 01-Apr-2016 | 794000 | 1.1472 | 794000 | 1.1472 |
| | Purchase 08-Apr-2016 | 5000 | 0.0072 | 799000 | 1.1544 |
| | Purchase 15-Apr-2016 | 1651 | 0.0023 | 800651 | 1.1568 |
| | Purchase 22-Apr-2016 | 27349 | 0.0395 | 828000 | 1.1963 |
| | Purchase 29-Apr-2016 | 69536 | 0.1004 | 897536 | 1.2968 |
| | Purchase 06-May-2016 | 2464 | 0.0035 | 900000 | 1.3003 |
| | Purchase 13-May-2016 | 1000 | 0.0014 | 901000 | 1.3018 |
| | Purchase 27-May-2016 | 14436 | 0.0208 | 915436 | 1.3226 |
| | Purchase 03-Jun-2016 | 564 | 0.0008 | 916000 | 1.3234 |
| | Sale 02-Sep-2016 | -75000 | 0.1083 | 841000 | 1.2151 |
| | Purchase 09-Sep-2016 | 5000 | 0.0072 | 846000 | 1.2223 |
| | Sale 24-Feb-2017 | -75000 | 0.1083 | 771000 | 1.1139 |
| | Sale 17-Mar-2017 | -1171 | 0.0016 | 769829 | 1.1122 |
| | Sale 24-Mar-2017 | -10143 | 0.0146 | 759686 | 1.0976 |
| | Sale 31-Mar-2017 | -9686 | 0.0139 | 750000 | 1.0836 |
| | At the end of the Year 31-Mar-2017 | 750000 | 1.0836 | 750000 | 1.0836 |
| | HAVING SAME PAN | | | | |

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 6 | ANIL KUMAR GOEL | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 02-Sep-2016 | 75000 | 0.1083 | 75000 | 0.1083 |
| | Purchase 24-Feb-2017 | 75000 | 0.1083 | 150000 | 0.2167 |
| | At the end of the Year 31-Mar-2017 | 150000 | 0.2167 | 150000 | 0.2167 |
| 7 | UNITED INDIA INSURANCE COMPANY LIMITED | | | | |
| | At the beginning of the year 01-Apr-2016 | 683213 | 0.9871 | 683213 | 0.9871 |
| | Purchase 24-Mar-2017 | 10000 | 0.0144 | 693213 | 1.0015 |
| | Purchase 31-Mar-2017 | 80000 | 0.1155 | 773213 | 1.1171 |
| | At the end of the Year 31-Mar-2017 | 773213 | 1.1171 | 773213 | 1.1171 |
| 8 | TAMILNADU INDUSTRIAL DEVELOPMENT CORPORATION LTD | | | | |
| | At the beginning of the year 01-Apr-2016 | 600000 | 0.8669 | 600000 | 0.8669 |
| | At the end of the Year 31-Mar-2017 | 600000 | 0.8669 | 600000 | 0.8669 |
| 9 | TAMILNADU SUGAR CORPORATION LTD | | | | |
| | At the beginning of the year 01-Apr-2016 | 560200 | 0.8094 | 560200 | 0.8094 |
| | At the end of the Year 31-Mar-2017 | 560200 | 0.8094 | 560200 | 0.8094 |
| 10 | TAMIL NADU MINERALS LIMITED | | | | |
| | At the beginning of the year 01-Apr-2016 | 500000 | 0.7224 | 500000 | 0.7224 |
| | At the end of the Year 31-Mar-2017 | 500000 | 0.7224 | 500000 | 0.7224 |
| | NEW TOP 10 AS ON (31-Mar-2017) | | | | |
| 11 | HDFC TRUSTEE COMPANY LIMITED A/C HDFC BALANCED FUND | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 17-Mar-2017 | 1498000 | 2.1644 | 1498000 | 2.1644 |
| | At the end of the Year 31-Mar-2017 | 1498000 | 2.1644 | 1498000 | 2.1644 |
| | HAVING SAME PAN | | | | |
| 11 | HDFC TRUSTEE CO LTD A/C HDFC RETIREMENT SAVINGS FUND-EQUITY PLAN | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 17-Feb-2017 | 85000 | 0.1228 | 85000 | 0.1228 |
| | Purchase 17-Mar-2017 | 15000 | 0.0216 | 100000 | 0.1444 |
| | At the end of the Year 31-Mar-2017 | 100000 | 0.1444 | 100000 | 0.1444 |
| | HAVING SAME PAN | | | | |
| 11 | HDFC TRUSTEE CO LTD A/C HDFC RETIREMENT SAVINGS FUND-HYBRID-EQUITY PLAN | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 17-Feb-2017 | 30000 | 0.0433 | 30000 | 0.0433 |
| | Purchase 03-Mar-2017 | 8000 | 0.0115 | 38000 | 0.0549 |
| | At the end of the Year 31-Mar-2017 | 38000 | 0.0549 | 38000 | 0.0549 |
| | HAVING SAME PAN | | | | |

| Sl. No. | Name of the Shareholder | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 11 | HDFC TRUSTEE CO LTD- HDFC MULTIPLE YIELD FUND- PLAN 2005 | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 17-Feb-2017 | 25000 | 0.0361 | 25000 | 0.0361 |
| | At the end of the Year 31-Mar-2017 | 25000 | 0.0361 | 25000 | 0.0361 |
| | HAVING SAME PAN | | | | |
| 11 | HDFC TRUSTEE CO LTD A/C HDFC RETIREMENT SAVINGS FUND-HYBRID-DEBT PLAN | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 17-Feb-2017 | 5000 | 0.0072 | 5000 | 0.0072 |
| | At the end of the Year 31-Mar-2017 | 5000 | 0.0072 | 5000 | 0.0072 |
| 12 | L AND T MUTUAL FUND TRUSTEE LTD-L AND T INDIA VALUE FUND | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 13-May-2016 | 333700 | 0.4821 | 333700 | 0.4821 |
| | Purchase 20-May-2016 | 45715 | 0.0660 | 379415 | 0.5482 |
| | Purchase 03-Jun-2016 | 238685 | 0.3448 | 618100 | 0.8930 |
| | Purchase 29-Jul-2016 | 110369 | 0.1594 | 728469 | 1.0525 |
| | Purchase 26-Aug-2016 | 179865 | 0.2598 | 908334 | 1.3124 |
| | Purchase 09-Sep-2016 | 134886 | 0.1948 | 1043220 | 1.5073 |
| | Sale 10-Mar-2017 | -167684 | 0.2422 | 875536 | 1.2650 |
| | Sale 17-Mar-2017 | -376 | 0.0005 | 875160 | 1.2644 |
| | At the end of the Year 31-Mar-2017 | 875160 | 1.2644 | 875160 | 1.2644 |
| 13 | LAKSHMI CAPITAL INVESTMENTS LIMITED | | | | |
| | At the beginning of the year 01-Apr-2016 | 0 | 0.0000 | 0 | 0.0000 |
| | Purchase 05-Aug-2016 | 80000 | 0.1155 | 80000 | 0.1155 |
| | Purchase 12-Aug-2016 | 178550 | 0.2579 | 258550 | 0.3735 |
| | Purchase 19-Aug-2016 | 30000 | 0.0433 | 288550 | 0.4169 |
| | Purchase 26-Aug-2016 | 69500 | 0.1004 | 358050 | 0.5173 |
| | Purchase 16-Sep-2016 | 25000 | 0.0361 | 383050 | 0.5534 |
| | Sale 21-Oct-2016 | -35000 | 0.0505 | 348050 | 0.5028 |
| | Purchase 18-Nov-2016 | 20000 | 0.0288 | 368050 | 0.5317 |
| | Purchase 25-Nov-2016 | 25100 | 0.0362 | 393150 | 0.5680 |
| | Purchase 02-Dec-2016 | 90200 | 0.1303 | 483350 | 0.6983 |
| | Purchase 09-Dec-2016 | 56000 | 0.0809 | 539350 | 0.7792 |
| | Purchase 16-Dec-2016 | 25000 | 0.0361 | 564350 | 0.8154 |
| | Purchase 23-Dec-2016 | 28410 | 0.0410 | 592760 | 0.8564 |
| | Purchase 30-Dec-2016 | 15400 | 0.0222 | 608160 | 0.8787 |
| | Purchase 06-Jan-2017 | 7497 | 0.0108 | 615657 | 0.8895 |
| | Purchase 03-Mar-2017 | 5200 | 0.0075 | 620857 | 0.8970 |
| | Purchase 10-Mar-2017 | 7600 | 0.0109 | 628457 | 0.9080 |
| | At the end of the Year 31-Mar-2017 | 628457 | 0.9080 | 628457 | 0.9080 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name of the Directors and KMP | Shareholding at the beginning of the year (As on 1 st April, 2016) | | Cumulative shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Thiru C V Sankar IAS [@] Chairman & Managing Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 2. | Thiru Rajeev Ranjan IAS [#] Chairman & Managing Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 3. | Thiru Vikram Kapur IAS ^{\$} Chairman & Managing Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 2. | Thiru T Udhayachandran IAS Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 3. | Thiru Mahesan Kasirajan IAS Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 4. | Thiru A Velliangiri Deputy Managing Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 5. | Thiru V Narayanan Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 6. | Thiru N Kumaravelu Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 7. | Thiru M R Kumar Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 8. | Thiru V Nagappan Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 9. | Tmt Sarada Jagan Director At the beginning of the year Date wise Increase/Decrease At the end of the year | - - | - - | - | - |
| 10. | Thiru V Sivakumar Company Secretary At the beginning of the year Date wise Increase/Decrease At the end of the year | 10 - | 0.00 - | 10 | 0.00 |

@ Thiru C V. Sankar, IAS ceased to be a Director with effect from 31.7.2016

Thiru Rajeev Ranjan, IAS ceased to be a Director with effect from 7.9.2016

\$ Thiru Vikram Kapur, IAS was appointed as Additional Director and designated as Chairman and Managing Director with effect from 7.9.2016

V. INDEBTEDNESS

Indebtedness of the Company (Long Term Loans) including interest outstanding/accrued but not due for payment

(Rs. in Lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | | | | |
| - Other than Debentures | 208,715.05 | 933.33 | | 209,648.38 |
| - Debentures | - | - | - | - |
| ii) Interest due but not paid | | | | |
| - Other than Debentures | - | - | - | - |
| - Debentures | - | - | - | - |
| iii) Interest accrued but not due | | | | |
| - Other than Debentures | 1,220.44 | 9.01 | | 1,229.45 |
| - Debentures | - | - | - | - |
| Total (i+ii+iii) | 209,935.49 | 942.34 | | 210,877.83 |
| Change in Indebtedness during the financial year | | | | |
| i) • Addition | | | | |
| - Other than Debentures | 13,875.82 | - | | 13,875.82 |
| - Debentures | - | - | | - |
| ii) • Reduction* | | | | |
| - Other than Debentures | 14,507.18 | 933.33 | | 15,440.51 |
| - Debentures | - | - | - | - |
| iii) Interest Accrued but not paid | | | | |
| - Other than Debentures | - | - | - | - |
| - Debentures | - | - | - | - |
| iv) Interest accrued but not due | | | | |
| - Other than Debentures | (68.28) | (9.01) | | (77.29) |
| - Debentures | | | | |
| Net Change | (699.64) | (942.34) | | (1,641.98) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | | | |
| - Other than Debentures | 208,083.69 | | | 208,083.69 |
| - Debentures | - | - | - | - |
| ii) Interest Accrued but not paid | | | | |
| - Other than Debentures | - | - | - | - |
| - Debentures | - | - | - | - |
| iii) Interest accrued but not due | | | | |
| - Other than Debentures | 1,152.16 | | | 1,152.16 |
| - Debentures | - | - | - | - |
| Total (i+ii+iii) | 209,235.85 | | | 209,235.85 |

* Includes exchange fluctuation on Long Term Foreign Currency Loan.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/ or Manager:**

(Rs. in Lakh)

| S. No | Particulars of Remuneration | Thiru. C.V.Sankar IAS Chairman and Managing Director [@] | Thiru. Rajeev Ranjan IAS Chairman and Managing Director [#] | Thiru. Vikram Kapur IAS Chairman and Managing Director ^{\$} | Thiru. A. Velliangiri Deputy Managing Director | Total |
|-------|---|---|--|--|--|----------------|
| 1 | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 11.33 | - | 2.47 | 35.87 | 49.67 |
| | (b) Value of perquisites under section 17(2) Income-tax Act, 1961 | 0.0 | - | 0.0 | 3.13 | 3.13 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - | - |
| 2 | Stock Option | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - |
| 4 | Commission | - | - | - | - | - |
| | - as % of profit | - | - | - | - | - |
| | - Others, specify | - | - | - | - | - |
| 5 | Others, please specify | - | - | - | - | - |
| | Total (A) | 11.33 | - | 2.47 | 39.00 | 52.8 |
| | Ceiling as per the Act (10% of Net Profit) | - | - | - | - | 3070.46 |

@ Thiru C V. Sankar, IAS ceased to be a Director with effect from 31.7.2016

Thiru Rajeev Ranjan, IAS ceased to be a Director with effect from 7.9.2016

\$ Thiru Vikram Kapur, IAS was appointed as Additional Director and designated as Chairman and Managing Director with effect from 7.9.2016

B. REMUNERATION TO OTHER DIRECTORS

(Rs. in Lakh)

| Sl. no | Particulars of Remuneration | Name of Directors | | | | | | Total Amount |
|--------|--|-------------------|--------------------|-----------------|------------------|------------------|--------------------------------|--------------|
| 1. | Independent Directors | Thiru V Narayanan | Thiru N Kumaravelu | Thiru M R Kumar | Thiru V Nagappan | Tmt Sarada Jagan | Thiru N. Narayanan (IAS Retd.) | |
| | • Fee for attending board/committee meetings | 5.25 | 3.5 | 4.75 | 5.00 | 4.25 | 3.00 | 25.75 |
| | • Commission | - | - | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - | - | - |
| | Total (1) | | | | | | | 25.75 |

| Sl. no | Particulars of Remuneration | Name of Directors | | | Total Amount |
|---|--|-----------------------------|-----------------------------|-----------------------|----------------|
| 2. | Other Non-Executive Directors | Thiru Mahesan Kasirajan IAS | Thiru T Udhayachandran IAS* | Thiru K Shanmugam IAS | |
| | • Fee for attending board committee meetings | 1.00 | 0.25 | 0.50 | 1.75 |
| | • Commission | - | - | - | - |
| | • Others, please specify | - | - | - | - |
| Total (2) | | | | | 1.75 |
| Total (B)=(1+2) | | | | | 27.50 |
| Total Managerial Remuneration (A)+(B) | | | | | 80.3 |
| Overall Ceiling as per the Act (11% of Net Profit) | | | | | 3377.51 |

*Ceased to be a director w.e.f. 11.7.2016

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

(Rs. in Lakh)

| Sl. no | Particulars of Remuneration | Key Managerial Personnel | |
|--------|---|--------------------------------------|--------------|
| | | Thiru V. Sivakumar Company Secretary | Total |
| 1 | Gross Salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 17.09 | 17.09 |
| | (b) Value of perquisites under section 17(2) Income-tax Act, 1961 | 1.38 | 1.38 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | | |
| | - as % of profit | - | - |
| | - Others, specify | - | - |
| 5 | Others, please specify—Provident Fund & Superannuation | 3.02 | 3.02 |
| | Total | 21.49 | 21.49 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

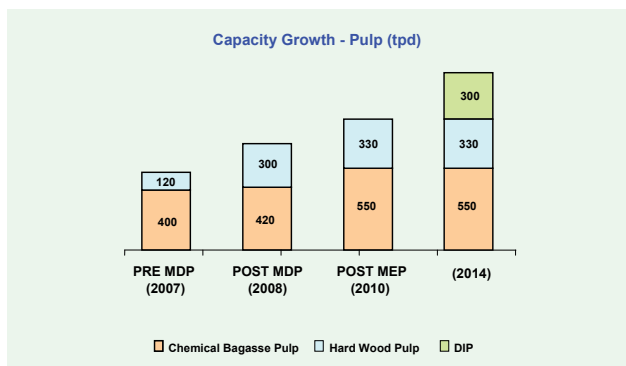
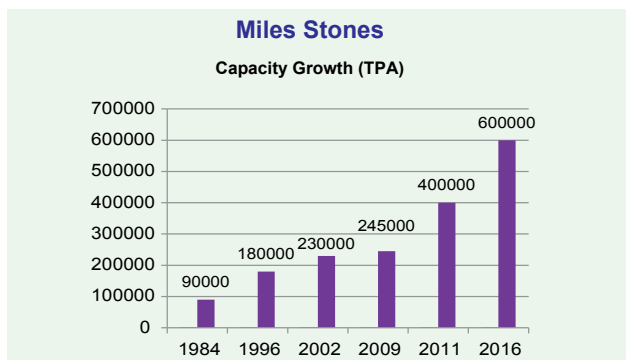
| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal made, if any (give Details) |
|---|------------------------------|-------------------|---|----------------------------|------------------------------------|
| A. COMPANY Penalty Punishment Compounding | | | NONE | | |
| B. DIRECTORS Penalty Punishment Compounding | | | NONE | | |
| C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding | | | NONE | | |

ANNEXURE – VI

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTRODUCTION

Tamil Nadu Newsprint and Papers Limited (TNPL) was promoted by the Government of Tamil Nadu in the year 1979 to produce Newsprint and Printing & Writing Paper (PWP) using bagasse as the primary raw material. The plant located at Pugalur in Karur District was commissioned during 1984 with an initial capacity of 90,000 tonnes per annum. The company has enhanced the capacity to 4,00,000 tonnes per annum in four phases. During 2016 the company has set up a state-of-the-art Multilayer Double Coated Board Plant with an annual capacity of 200,000 MT per annum in Mondipatti village, Manaparai taluk, Trichy District and enhanced the total capacity to 6,00,000 tonnes per annum. With this the Company has emerged as the third largest player in the Indian Paper Industry. The pulping capacity has been increased from 300 tonnes per day (tpd) in 1984 to 1,180 tonnes per day as of date.



II. INDUSTRY SCENARIO

Broadly, the industry is classified into four main segments—namely, writing and printing papers, Industrial paper, speciality paper and newsprint. India holds 15th rank among paper producing countries in the world with a total installed capacity of 13.50 million tonnes. The demand is estimated at 14.70 million tonnes. The per capita consumption is around 11 kgs against the Asian average of 40 kgs and World average of 56 kgs. India is considered as the fastest growing market for paper in the world with an average

annual growth of 6%. The domestic consumption is expected to rise to 25 million tonnes by 2024-25.

Indian Paper Industry is highly fragmented with over 750 paper mills of varying sizes spread across the Country. Only 50 mills are of a capacity of 50000 tpa or more. The overall capacity utilization is estimated at 90%.

III. STRATEGY

TNPL's operational and financial performance is one of the best in the Indian Paper Industry. TNPL's success is largely related to the following strategies:

1. Continuous sustainable growth
2. Efficient cost management
3. Financial re-engineering
4. Customer centric
5. Innovation
6. Management of Human Resources

1. Continuous Sustainable Growth:

TNPL has grown from an initial capacity of 90,000 TPA in 1984 to 6,00,000 TPA in 2016 in tandem with the Industry growth. Currently, TNPL enjoys the third position in installed capacity and second position in production of printing and writing paper in the country. The company has three paper machines each with a capacity of 1,15,000 TPA, 1,30,000 TPA, 1,55,000 TPA respectively and one board machine with a capacity of 2,00,000 TPA. The growth is supported by the latest technology and state-of-the-art equipments. Economies of scale and quality production driven by technology provide competitive edge to the Company in the market.

2. Efficient Cost Management

Costs saving measures are undertaken as a continuous exercise in TNPL to keep the cost of production low. TNPL has benchmarked the entire operations and monitor the actuals with reference to the targets set. The concerted actions on process improvement, productivity enhancement, cost reduction measures and self-sufficiency in major inputs—pulp, power and filler materials have enabled the company to be the least – cost producer of paper in the country.

3. Financial re-engineering

TNPL has implemented a sound Forex Risk Policy .The expansion schemes are funded through an appropriate mix of internal generation and borrowed funds. High cost loans are replaced with lower cost loans on regular basis. Continuous monitoring and readjusting of loan portfolio have enabled the company to keep the cost of borrowing at the minimum level. The weighted average cost of loans outstanding as on 31.3.2017 is

8.78% (31.03.2016: 9.56%). This was further reduced to 8.55% as on 26.05.2017 through swapping of loans and switching over from base rate to Marginal Cost Lending Rate.

4. Customer Centric

Quality is a way of life in TNPL. The quality control team constantly checks the consistency in quality. A functional team consisting of executives from production, quality control and marketing conduct surveys to check customer satisfaction level.

TNPL is an ISO 9001 & ISO 14001 certified company. TNPL is the largest exporter of printing and writing paper in the country. TNPL has exported 83,547 MT of PWP to 36 countries during the year 2016-17.

Customer complaints are given utmost priority for redressal. Consistency in quality, transparency in pricing and prompt delivery, has made TNPL a household name amongst domestic and export customers.

5. Innovation:

TNPL is built on the concept that environment should be protected for the benefit of present and future generations. TNPL has perfected the technology of manufacturing newsprint and printing and writing paper from bagasse, an agricultural residue. This is an outstanding innovation.

TNPL has set up a 900 tpd Capacity Cement plant for producing high grade cement from inorganic solid wastes-lime sludge and fly ash. TNPL is the first and only paper mill in the country to have set up a cement plant within the factory premises to produce cement from mill wastes. During 2016-17, TNPL has consumed 96,452 MT of lime sludge for cement manufacturing in conservation of 62,299 MT of lime stone.

Two bio-methanation plants consisting of four numbers of UASB reactors set up within the factory premises have generated cumulatively 68.52 lakh m³ of methane gas during 2016 - 2017. The methane gas is consumed in lime kilns in replacement of furnace oil and power boilers in replacement of coal. With this, TNPL has saved usage of 3864 kl of high cost furnace oil and 330 MT of imported coal during the year.

TNPL has established a separate bio-technology and bio-energy Research Centre for producing tissue culture seedlings.

6. Management of Human Resources

TNPL's vision is translated into reality by its team of dedicated executives, staff and workmen. Training is imparted to improve the knowledge and skill level of employees at all levels. Senior Executives are deputed to management programmes conducted by leading Management Institutes.

The company has implemented a periodical performance appraisal system. Key Performance Indicators (KPI) is set for the organisation, the departments and the senior executives at the beginning of each year and appraisal is carried out at periodical intervals.

IV. THE SUCCESS DRIVERS

Environment Management

TNPL treats environment improvement as a priority area. Continuous studies are undertaken to reduce the water consumption with improvement in the quality of effluent. Compliance to pollution control norms and CREP regulations are strictly adhered to. The mill has implemented several water conservation measures and reduced water consumption to 40 KL per ton of paper during 2016-17 which is one of the lowest in paper industry.

Raw material Management: Bagasse

TNPL is the largest producer of paper using bagasse an agricultural residue from the sugar industry as primary raw material. TNPL uses about 1 million tonnes of depithed bagasse for producing 4,00,000 MT of Printing & Writing Paper. TNPL sources bagasse from sugar mills. Long term agreements have been entered into with eight sugar mills in the State for sourcing bagasse in exchange of steam. Shortfall is met through open market purchases and temporary tie-up arrangements with sugar mills.

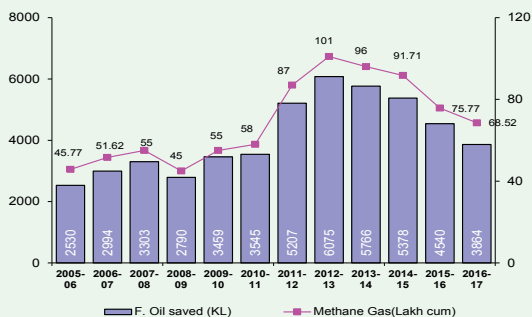
Raw material management: Pulpwood

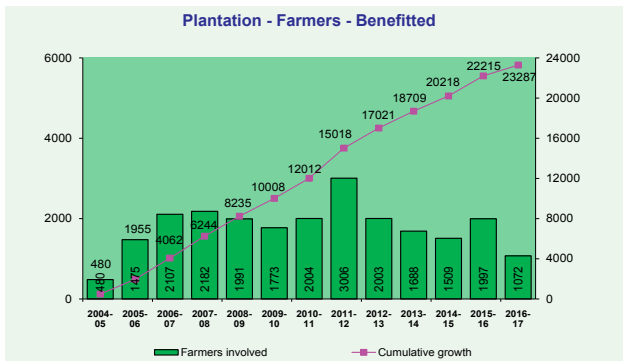
TNPL developed two plantation models viz Farm Forestry and Captive Plantation scheme during 2004-05 to improve the availability of pulpwood.

TNPL has raised plantation in 3818.22 acres during the year. Since the introduction of the scheme in 2004-05, TNPL has raised tree plantation in 1,20,715 acres of land involving 23,287 farmers.

The plantation programmes started yielding benefits from 2009-10. TNPL has procured 60,034 MT of pulpwood from the plantation sources during 2016-17 and about 9.70 lakh of MT of pulpwood have been procured from the plantation sources in last 7 years.

Bio-methanation plant graph





TNPL has established a Clonal Propagation & Research Centre (CPRC) within the factory area for producing and supplying high yield seedlings and clones to farmers at subsidized rate. During the current year, TNPL has produced 105.98 lakh plants and supplied 84.41 lakh plants to the farmers at subsidized rates.

Forest Stewardship Council (FSC) certificate

TNPL obtained certificate from Forest Stewardship Council Chain of Custody and Controlled wood by Rainforest Alliance, New York, USA for complying FM-31, FM-35 FSC-STD-40-004 V2-1, FSC-STD-40-005 V2-1 and FSC-STD-40-007 V2-0. The certificate is valid from July 21, 2015 to July 20, 2020.

ISO 9001 & 14001 Certification based on 2015 version

TUV NORD CERT GmbH, recertified TNPL's Quality Management system for "Design, Manufacture and Supply of Printing and Writing Paper" and TNPL's Environment Management system for "Development and Manufacture of Printing and Writing Paper" both based on 2015 version and the certificate is valid from 21 February, 2017 to 20th February, 2020.

Fuel Management

TNPL uses solid fuel in the power boilers and black liquor in the recovery boiler for generation of steam. As black liquor solid has been recognized as bio-mass, power generated from steam produced in the recovery boiler using black liquor solid is eligible for Renewable Energy Certificates (RECs). TNPL is the First Company in the Paper Industry to have availed this benefit. However, since 01.04.2016, this facility has been restricted to the facilities set up between 29th September 2010 and 31st March 2016. As the facility in TNPL was established prior to the cutoff date, TNPL has become ineligible to avail this facility from 01.04.2016. TNPL has generated revenue of Rs.12.51 crore during the year through sale of RECs carried over for sale from the earlier years and cumulatively Rs. 61.70 Crore in last 5 years.

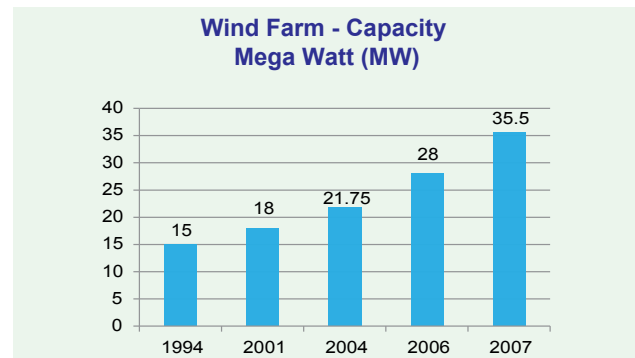
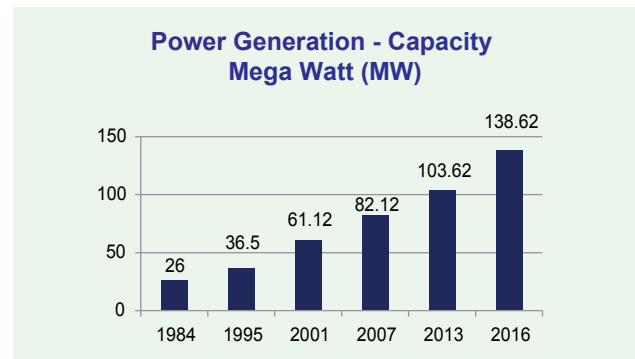
Water Management

TNPL sources water from the river Cauvery for both the units. TNPL has installed a series of rain water harvesting structures in the factory campus. With the implementation of various water conservation measures, the overall water

consumption is reduced to 40 KL per ton of paper- the lowest in the Industry. The Board Plant also has implemented water conservation measures and overall specific water consumption is restricted to 11.11 KL per ton of board.

Energy Management

TNPL has 138.62 MW power generation capacity comprising of four power boilers and four turbo generators with a power generation capacity of 103.62 MW in Unit I and two power boilers and one Turbo generator with a generation capacity of 35 MW in Unit II. TNPL is 100% self-sufficient in power. Surplus power is exported to TANGEDCO.



TNPL installed its first Wind Farm of 15MW capacity during 1993-94 at Devarkulam and Perungudi in Tirunelveli District. Since then, TNPL has progressively increased its Wind Farm capacity till 2007 to 35.5 MW. Wind Power is exported to the grid. A small percentage is wheeled for self-consumption.

Marketing Management

TNPL has stopped producing newsprint as it is uneconomical to produce newsprint from virgin fibre. The Company is utilizing its entire resources in Unit I only for production of Printing & Writing Papers. Printing & Writing Papers manufactured in unit I at Kagathipuram are sold in domestic market through a country-wide network of 86 dealers and exports to 36 countries. Sales mix in the domestic market and exports during 2016-17 was in the ratio of 4:1.

TNPL unit II has established a strong marketing network of dealers for the board products. In addition, the board is sold in the export market also through dealers. During the year, TNPL Unit II has sold 73,244 MT in the domestic market and 5,725 MT in the export market.

Research and Development

TNPL produces and consumes three kinds of pulp: bagasse pulp, wood pulp and deinked pulp. TNPL has perfected the usage of all three kinds of pulp in producing high quality papers. TNPL R&D efforts are focused on producing high quality materials with least cost. TNPL has achieved good progress in this endeavor.

Quality Control

TNPL Quality Control team plays a pivotal role to set norms for a specific product in collaboration with design and development wing, maintains the stringent quality requirements demanded by our customers through proper appraisal activities and ensures corrective action taken by production department. TNPL Quality Control uses the state-of-art automatic paper testing equipment with self-calibrating smart sensors to measure the quality parameters accurately and precisely within few minutes of sample collection. All the testing is carried out as per ISO standards following a well-designed plan prescribed in our Quality Management System.

Excellence in Corporate Governance

The Institute of Company Secretaries of India (ICSI), New Delhi, conferred on TNPL, the "ICSI National Award for Excellence in Corporate Governance" for the year 2004 recognizing the company's adoption of effective management practices, compliance with law, adherence to ethical standards, distribution of wealth and discharge of social responsibility for the benefit of all stakeholders.

V. KEY PROJECTS

During the year the company has implemented some of the new projects and some of the projects are under implementation. These projects are as follows:

PROJECTS IMPLEMENTED

TNPL Unit II - Multilayer Double Coated Board Project

Following commissioning of Multilayer Double Coated Board Plant, the company made a foray into the Packaging Board segment. The teething troubles faced in the machine operations during the first year of operation have been successfully attended. The products have been certified for food grade under FXA, BFR and BIS standards. The products have been well received in the Market.

Establishment of Conversion Unit

TNPL has established a "Conversion Centre of Paper and Packaging Board (CCPPB) Unit" in Mayanur in Karur District during the year 2016-17. A manufacturing unit to produce Core pipes required for TNPL Unit I and Unit II and a Poly coating unit to poly coat the cup stock manufactured in

Unit II have been located in the conversion centre. The Company is taking steps to set up few more industrial units in this campus.

PROJECTS UNDER IMPLEMENTATION

Capacity Expansion of TNPL Unit II

As part of the growth plan, TNPL has planned a Mill Expansion Plan (MEP) to enhance the capacity of TNPL Unit II by 1,65,000 MT per annum, by installing a Paper Machine of a capacity of 1,65,000 tonnes per annum, a hard wood pulp plant of capacity 400 tpd, upgrade the existing waste paper plant to produce deinked pulp, additional power generator 50 MW, setting up a new recovery boiler and other facilities, at an estimated capital outlay of Rs.2100 Crore. The mill expansion plan will enable TNPL to enhance the total capacity to 7,65,000 tonnes per annum with adequate pulping facility.

Installation of Roll grinding machine in TNPL Unit II

A new Roll grinding machine is being installed in TNPL Unit II, at a capital outlay of Rs.25 Crore. Civil works are in progress. The Roll grinding machine will be installed and commissioned during October, 2017.

Installation of additional Electrostatic Precipitator for Recovery Boiler in TNPL Unit I

The recovery boiler is provided with a twin chamber Electrostatic precipitator (ESP) to control the particulate emissions to less than 50 mg/NM³. An additional ESP chamber, is being installed to improve the overall operational efficiency of the Recovery Boiler. Civil works are in progress. The work will be completed by November 2017.

VI. RESOURCES & LIQUIDITY

TNPL funded the first expansion project for doubling the capacity from 90,000 tpa to 1,80,000 tpa implemented during 1993-96 through internal generation, issue of shares and borrowed funds. The capacity expansion from 1,80,000 tpa to 2,45,000 tpa and Life Cycle Extension of Paper Machine I were carried out exclusively through internal generation.

All other projects namely Mill Development Plant, Mill Expansion Plan, setting up and expansion of 900 tpd Cement mill under Lime Sludge and Fly Ash Management, setting up a 300 tpd De-inking Plant, revamping of steam & power system and setting up a state-of-the-art Multilayer Double Coated Board Plant with an annual capacity of 200,000 MT per annum were funded through appropriate mix of internal generation and borrowed funds. TNPL has repaid loans on due dates.

Term loans outstanding as on 31.03.2017 is Rs. 2080.84 Crore. The working capital loans outstanding as on 31.03.2017 is Rs. 742.58 Crore. The weighted average cost of loan outstanding as on 31.03.2017 is 8.78%.

VII. OUTLOOK, OPPORTUNITIES AND CHALLENGES

Newsprint

As manufacture of newsprint is not economical, TNPL stopped manufacturing newsprint from 2009 onwards.

Printing & Writing Paper

The market size of Indian Paper Industry is estimated at 14.70 million tonnes consisting of Printing & Writing Paper 5.20 million tonnes, Newsprint 2.72 million tonnes, Industrial Paper and Packaging Boards 6.45 million tonnes and specialty paper 0.33 million tonnes. In the Printing & Writing Paper segment, uncoated varieties constitute 4.36 million tonnes and coated varieties 0.84 million tonnes. Within uncoated varieties, Creamwove grades account for 50% and Surface Sized Grades for the balance 50%.

Packaging Boards

The Packaging Board market size is estimated at 3.00 million tonnes. Grey-back Boards constitute 45% and White-back Coated Boards, Folding Box Board, Solid Bleached Sulphate Board other specialty Boards account for the balance 55%.

Opportunities and Challenges

The demand for uncoated Printing & Writing Paper is expected to grow at 4% per annum and high end Packaging Board at 12% per annum. Per capita consumption of paper in India is low at 11 kgs. India is considered as the fastest growing market in the paper sector in the world. With the consistent growth in demand, there is a good potential for capacity addition and fresh investments in the industry.

Scarcity of pulpwood, rising pulpwood prices in the domestic market, poor wastepaper collection and recovery mechanism in the country, rising imports under Free Trade Agreements (FTAs) are some of the major areas of concern for the paper industry.

Indian paper industry has to manage the above challenges through rising pulpwood plantation, increasing wastepaper collection mechanism and implementing effective and efficient cost control measures.

RISKS AND CONCERNS

Risks and uncertainties are an inherent part of every business, and yet it is important to identify the risks and take proactive steps to mitigate them. At periodical intervals TNPL identifies and evaluates risks and takes preventive measures.

Risk management is a part of the Company's business planning and controlling process.

Depending on the dynamics and severity, risks are categorized by functions wise and classified further as High Risk, Medium Risk and Low risk.

VIII. ENVIRONMENT

TNPL believes that the environment and associated natural capitals must be protected and used in a sustainable way to cater the today's demand as well as the needs of future generations.

TNPL is committed to:

- Produce Eco-friendly quality paper adopting environment friendly technologies
- Improve environmental performance through sustained R&D efforts and continual improvement in the process
- Comply with all relevant environmental legislation and regulation.
- Stimulate rational use of resources through behavioral and technological improvements.
- Minimise waste and maximise recycling / reuse.
- Creating social and ecological awareness in Environment, Safety and Health.

Environmental Monitoring:

The continuous online data collected from final treated effluent stream, stack emissions from power boiler, recovery boiler and lime kiln, stack emissions from cement plant were successfully uplinked to TNPCB and CPCB servers during the year and being continuously displayed in the electronic board installed at the entrance of main plant and cement plant.

In TNPL, cement plant has consumed about 96,452 MT of lime sludge generated in TNPL main plant (Pulp and Paper manufacturing facility), saving of usage of 62,299 MT of lime stone. 20,175 MT of fly ash is used in manufacture of cement during the year.

The Bio gas generated in Bio methanation plant using high COD Bagasse wash effluent is being used in the lime kilns to replace furnace oil to reduce carbon foot print. During 2016-17, TNPL utilized 64.39 Lakh m³ of bio gas in lime kiln and 2.56 Lakh m³ of bio gas in power boilers resulted in savings of 3864 KL of furnace oil and 330 MT of imported coal.

IX. HUMAN RESOURCES DEVELOPMENT

a) KNOWLEDGE MANAGEMENT

A Knowledge Management (KM) portal is in place for past 2 years. The employees share their experience with respect to problems faced in plant operations, trouble shooting, technological developments etc., in the KM portal. This enables all the employees to keep themselves abreast of the latest developments in the mill operations.

b) INDUSTRIAL RELATIONS

TNPL takes pride in its track record of maintaining congenial work atmosphere thereby leading to harmonious industrial relations. During the year, a four year wage revision with effect from May, 2014 was concluded amicably for Workmen, Chargemen and Staff. Pay revision for Executives also was finalized and implemented. Election for Recognized Trade Unions has been conducted smoothly and four unions have been elected as recognized Unions. Positive work culture built over the years has enabled the company to effectively utilize its human resources.

c) TRAINING

Learning is indeed a lifelong process. Training programmes basically serve the purpose of creating opportunities for employees to hone their skills and acquire new ones within the frame work of their companies. In order to translate the TNPL's vision into reality by its team of dedicated employees at all levels and to stay ahead in the market, Training is imparted to improve and update the knowledge / skill level of employees. Senior executives are sent to Management Development Programmes conducted by leading Management Institutes. Many young graduates have joined the TNPL in the last few years and they have all been inducted through well-designed induction programmes. Executives from various departments have been imparted training on ISO standards. Training programmes on TNPL's new system relating to E - Procurement and Goods and Service Tax (GST) have been conducted. During the year 2016-17, 49 in-house training programmes were conducted on various topics covering 1703 mandays. Besides this, 273 mandays were covered through external training programmes sponsored by TNPL. TNPL has established a healthy and productive learning climate for all the employees.

X. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is a way of life in TNPL. TNPL's CSR activities are implemented mostly in the villages/Town Panchayats located in the vicinity of TNPL plants. Corporate Social Responsibility in TNPL is considered and taken as Personal Social Responsibility. Employees from different departments / levels come forward to pool their resources and provide required assistance for carrying out several projects in CSR activities. TNPL is committed to help the inhabitants of the surrounding villages by taking part in drinking water supply schemes, construction of retaining

walls in the irrigation channels, laying and improving roads, culverts, providing lighting facilities, Development of parks, Supply of equipment and instruments to Fair Price Shops, Improving infrastructure facilities in Government Schools, Constructing community hall, Conducting medical camps, Providing financial assistance to needy people, Contributing for Cultural programmes, Sports activities. This has paved the way for establishing a harmonious relationship in the local areas.

TNPL spends approximately 2% of the average profit before tax of the previous three years for various CSR activities covering Education, Health, Infrastructure, Drinking Water Supply, Sports, Training, etc. During 2016-17, TNPL has spent Rs. 5.05 crore for CSR activities.

In line with the provisions of the Companies Act, 2013, TNPL has constituted Corporate Social Responsibility Committee consisting of Independent Directors.

XI. AWARDS AND ACCOLADES RECEIVED DURING THE YEAR

- TNPL has bagged the "IPMA Paper Mill of the Year award" for the year 2015-16 from Indian Paper Manufacturers' Association (IPMA), New Delhi. This award is given once in two years for the overall best performance in Industry. TNPL has received this prestigious award five times out of seven occasions and three times in a row.
- Dun & Bradstreet Mumbai has selected TNPL as the "Top Indian Company under the sector Paper & Pulp for "Dun & Bradstreet Corporate Awards 2017", sixth time in a row.
- TNPL's project "Lime Sludge and Fly ash Management (LSFM) System" has been selected and awarded "Most Innovative Project" award for the "Best Practices in Waste Management during GreenCo Best Practices Award 2016 competition conducted by CII-Sohrabji Godrej Green Business Centre, Hyderabad on 15th June, 2016 at Hyderabad.
- During the year, the company received the Top Export Award for the year 2014-15 from CAPEXIL (Chemicals & Allied Products Export Promotion Council of India). This award is given in recognition of the company's export achievement in respect of Paper, Paper Board & Paper Products Panel.

ANNEXURE – VII

REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report relating to the year ended on 31st March, 2017 has been issued in compliance with the requirements of Regulation 34(3) read with Clause C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forms a part of the Report of the Directors to the Members of the Company.

A. MANDATORY REQUIREMENTS

1. Company's Philosophy

TNPL's philosophy on Corporate Governance is to achieve high levels of integrity, equity and transparency in all its operations. The company believes that good Corporate Governance is essential for achieving long term goals and enhancing stakeholders' value. The Company's business objective is to manufacture and market products which create value that can be sustained over time for the benefit of customers, shareholders, employees, bankers and Government.

2. Board of Directors

a. Composition and Category of Directors

As on 31st March, 2017, the Board consisted of ten directors - a Chairman & Managing Director and two non-executive Directors nominated by GOTN, one Executive Director and six independent non-executive Directors including one woman director.

As per Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the board of directors shall comprise of non-executive directors. Where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.

The composition of the Board of Directors of TNPL complied with the provisions of Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Tvl.V.Narayanan, N.Kumaravelu, M R Kumar, V Nagappan, N.Narayanan, IAS (Retd.) and Tmt. Sarada Jagan are categorized as independent directors.

During the year 2016-17, following changes took place in the composition of the Board:

| Sl. No. | Name of Director | Event Date | Appointment / Cessation |
|---------|---------------------------------|------------|---|
| 1. | Thiru T. Udhayachandran, IAS | 11.07.2016 | Ceased to be a Director |
| 2. | Thiru K. Shanmugam IAS | 11.07.2016 | Appointed as Additional Director and regularized as Director at the AGM held on 28.9.2016. |
| 3. | Thiru N. Narayanan, IAS (Retd.) | 14.07.2016 | Appointed as Additional (Independent) Director and appointed as Independent Director at the AGM held on 28.9.2016 |
| 4. | Thiru C.V. Sankar, IAS | 31.07.2016 | Ceased to be a Director |
| 5. | Dr. Rajeev Ranjan, IAS | 17.08.2016 | Appointed as Director designated as Chairman and Managing Director) |
| | | 07.09.2016 | Ceased to be a Director |
| 6. | Thiru Vikram Kapur, IAS | 07.09.2016 | Appointed as Additional Director designated as Chairman and Managing Director and regularized as Director at the AGM held on 28.9.2016. |

There is no inter se relationship between the directors.

Board Diversity

Your Company has over the years been fortunate to have eminent persons from diverse fields as Directors on its Board.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination & Remuneration Committee has formalized a policy on Board Diversity to ensure diversity of experience, knowledge, perspective, background, gender, age and culture. The policy is posted on the Company's website and can be accessed on web link <http://www.tnpl.com>

Independent Directors

Based on the confirmations / disclosures received from the Directors and on evaluation of the relationships disclosed, all the Non-Executive – Independent Directors are independent in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015). All the directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than twenty companies, including ten public companies. None of the directors are related to each other. All Non-Executive Directors, excluding the nominee director are liable to retire by rotation.

The company has issued formal letters of appointment to independent directors in the manner as provided in the Companies Act, 2013.

The terms and conditions of appointment of independent directors have been disclosed on the company's website at www.tnpl.com

The Independent Directors on the Board are experienced, competent and highly respected persons. They take active part in the Board and Committee meetings. Necessary disclosures have been made by the Directors as required by SEBI.

Separate meeting of independent directors

During the year, the Independent Directors of the Company met separately without the presence of other Directors or management representatives on 24th March 2017 to discuss:

- Evaluation of the performance of non-independent directors and the Board of Directors as a whole
- Evaluation of the performance of the Chairman, taking into account the views of the executive and non-executive directors
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Familiarisation Programme

The Company has framed familiarisation programme for Independent Directors. The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. A new Director is welcomed to the Board of Directors of the Company by sharing various documents and information of the Company for his/her reference such as brief introduction to the Company and profile of Board of Directors of the Company, details of various Committees of the Board, latest Annual Reports, Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Code of Conduct for Independent Directors, Code of Conduct for Prevention of Insider Trading in shares of the Company etc. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, business strategy and risks involved. This enables the Directors to get a deeper insight into the operations of the Company. Such presentations also provide an opportunity to the Independent Directors to interact with the Senior Management team of the Company and help them to understand the Company's policies, its long term vision and strategy, business model, operations and such other areas as are relevant from time to time. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take a well-informed and timely decisions and contribute significantly to the Company.

All Directors are apprised of any changes in the codes or policies of the Company. The Board of Directors has access to the information within the Company which is necessary to enable them to perform their role and responsibilities diligently.

The Independent Directors, from time to time request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise.

The Statutory Auditors and External Internal Auditors of the Company make presentations to the Board of Directors with regard to regulatory changes from time to time while approving the Financial Results.

The details of familiarisation programme is disclosed at Company's website at www.tnpl.com.

Board Meetings Process

The Board plays a pivotal role in ensuring good governance. The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the Management towards creating long term sustainable growth that benefits all stakeholders. The Board also sets standards of behavior and ethical conduct for all the employees.

It also ensures strict compliance with the law and all regulations by the Company. Board's key functions include:

- a) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditures, acquisitions and divestments.
- b) Monitoring the effectiveness of the company's governance practices and making changes as needed.
- c) Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- d) Aligning key executive and Board remuneration with the longer term interests of the company and its shareholders.
- e) Ensuring a transparent Board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.
- f) Monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- g) Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards.
- h) Overseeing the process of disclosure and communications.
- i) Monitoring and reviewing Board Evaluation framework..

The notice of Board Meeting is given well in advance to all the Directors. The meetings are usually held at the company's Registered Office at 67 Mount Road, Guindy, Chennai 600 032. The Agenda and Pre-reads are circulated well in advance in the prescribed agenda format before each meeting to all the Directors for facilitating effective discussion and decision making. Where it is not practicable to attach any document to the agenda, the same is placed on the table at the meeting with specific reference to this effect in the agenda. With the permission of Chairman, in special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

Sensitive subject matters may be discussed at the meeting without written material being circulated in advance of the meeting.

In case of business exigencies or urgency of matters, resolutions are passed by circulation and the same is placed before the Board in the next meeting.

Considerable time is spent by the Directors on discussion and deliberations at the Board Meetings.

Support and Role of Company Secretary

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary is also responsible for preparation of the Agenda and convening of the Board and Committee meetings. The Company Secretary attends all the Meetings of the Board and its Committees, advises/assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects.

Invitees & proceedings

Apart from the Board members, Company Secretary, Senior Management executives are invited as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes presentation on the quarterly and annual operating & financial performance and on annual operating & capex budget. The CFO and other senior executives make presentations on capex proposals & progress, operational health & safety, marketing & industry scenario and other business issues. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at the respective committee meetings, which are generally held prior to the Board meeting.

- b. Attendance of each Director at the Board of Directors' Meetings held during 2016-2017, the last AGM and number of other company boards or board/committees in which each of the directors of the company is a member or chairperson are as follows:

| Name of Director | Category | No. of Board meetings | | Whether attended last AGM | Directorships held in other companies | | Committee* Memberships held in other companies | |
|---|---------------------------|-----------------------|----------|---------------------------|---------------------------------------|----------|--|----------|
| | | Held | Attended | | Director | Chairman | Member | Chairman |
| Thiru Vikram Kapur, IAS Chairman & Managing Director (w.e.f. 07.09.2016) | Executive | 5 | 5 | Yes | 6 | - | - | - |
| Dr. Rajeev Ranjan IAS Chairman & Managing Director (from 17.8.2016 to 07.09.2016) | Executive | 1 | 1 | NA | 9 | 1 | - | - |
| Thiru C V Sankar IAS Chairman & Managing Director (upto 31.07.2016) | Executive | 2 | 2 | NA | 12 | 6 | - | - |
| Thiru A Velliangiri Deputy Managing Director | Executive | 8 | 8 | Yes | - | - | - | - |
| Thiru T Udhayachandran IAS (upto 11.7.2016) | Non-Executive | 1 | 1 | NA | 10 | - | 2 | - |
| Thiru K Shanmugam IAS (from 11.7.2016) | Non-Executive | 7 | 2 | No | 10 | - | 3 | 2 |
| Thiru Mahesan Kasirajan IAS | Non-Executive | 8 | 4 | No | 2 | 1 | 0 | 0 |
| Thiru V Narayanan | Independent Non-Executive | 8 | 8 | Yes | 1 | 0 | 1 | 0 |
| Thiru N Kumaravelu | Independent Non-Executive | 8 | 6 | Yes | 3 | - | - | - |
| Thiru M R Kumar | Independent Non-Executive | 8 | 7 | No | 1 | - | - | - |
| Thiru V Nagappan | Independent Non-Executive | 8 | 8 | Yes | 2 | 0 | 2 | 0 |
| Tmt Sarada Jagan | Independent Non-Executive | 8 | 6 | Yes | - | - | - | - |
| Thiru N Narayanan IAS (Retd.) (from 14.7.2016) | Independent Non-Executive | 7 | 4 | Yes | 1 | - | - | - |

*Chairmanship / membership of the Audit Committee and Stakeholders' Relationship Committee has been taken.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 across all companies in India of which he is a Director.

Limit on number of directorships

- a) A person shall not serve as an independent director in more than seven listed companies.
- b) Further, any person who is serving as a whole time director in any listed company shall not serve as an independent director in more than three listed companies.

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

Eight Board Meetings were held during the year 2016-17 as against the minimum requirement of four meetings. The meetings were held on the following dates:

27.05.2016, 28.07.2016, 17.08.2016, 16.09.2016, 28.09.2016, 29.11.2016, 10.02.2017, 24.03.2017.

d. Information placed before the Board of Directors

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

- 1) Minutes of the meetings of the Board, Audit Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration 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
- 4) Capital budgets and any updates
- 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
- 19) The information on recruitment and remuneration of senior officers just below the Board level including appointment or removal of Chief Financial Officer and the Company Secretary
- 20) Details of any joint venture or collaboration agreement
- 21) Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- 22) Sale of material nature of investments, subsidiaries, assets which is not in normal course of business
- 23) Perspective plan for the future of the company
- 24) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

e. Recording minutes of proceedings at Board Meeting

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. The minutes of the proceedings of a meeting are entered in the minutes book within thirty days from the conclusion of the meeting and signed by the Chairman of the Board or Committee.

f. Post Meeting Follow-up Mechanism

Action Taken Report is prepared by the Company Secretary and reviewed periodically by the Management for the action taken / pending to be taken.

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, 2013 read with the rules issued there under 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 37th Annual General Meeting along with the Explanatory Statement.

3. Audit Committee – (Statutory) Regulation 18(3)**Powers of Audit Committee**

The Audit Committee shall have powers which should include the following:

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

a) Terms of reference

The terms of reference of this Committee are wide enough to cover the matters specified for Audit Committee under Sec.177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has also included in the terms of reference of the Audit Committee the monitoring, implementing and review of risk management plan as required under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (previously Clause 49(VI) of the revised Listing Agreement with Stock Exchanges) and therefore a separate Risk Management Committee has not been constituted. The broad terms of reference of the Audit Committee therefore include:

- 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 (c) of Sub section 3 of section 134 of the Companies Act, 2013
 - 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, debenture holders, 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) Review and monitor the auditor's independence and performance and effectiveness of audit process.
 - 18) Approval or any subsequent modification of transactions of the company with related parties
 - 19) Scrutiny of inter-corporate loans and investments
 - 20) Valuation of undertakings or assets of the company, wherever it is necessary
 - 21) Reviewing with the management the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter
 - 22) To review the functioning of the Whistle Blower mechanism
 - 23) Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
 - 24) 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.
 - 25) Considering such other matters as may be required by the Board.
 - 26) To review periodically statutory compliances of various laws, regulatory changes, if any.
 - 27) Periodically review pending legal cases.

The Audit Committee mandatorily reviews the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

There are no instances of Board not accepting the recommendations of the Audit Committee during the year.

b) Composition, name of members and Chairperson

In TNPL, the Audit Committee was established even before the introduction of the Corporate Governance code (Cl.49 (III A of the earlier Listing Agreement)). As on 31st March, 2017, the following six non-executive Independent Directors are the members in the Audit Committee:

1. Thiru V Narayanan, Chairman of the Committee
2. Thiru N Kumaravelu, Member
3. Thiru M R Kumar, Member
4. Thiru V Nagappan, Member
5. Tmt Sarada Jagan, Member
6. Thiru. N. Narayanan, IAS (Retd.), Member

The Company Secretary acts as the Secretary to the Committee.

The Chairman and Managing Director (CMD), Dy. Managing Director, Senior Management Executives, Statutory Auditors, External Internal Auditors and Cost Auditors if required, are invited to attend the Audit Committee meetings.

c) Meetings and attendance during the year [Regulation 18(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

| Director | No. of Meetings Held | Attended |
|----------------------------|----------------------|----------|
| Tvl. | | |
| V Narayanan | 8 | 8 |
| N Kumaravelu | 8 | 6 |
| M R Kumar | 8 | 7 |
| V Nagappan | 8 | 8 |
| N. Narayanan, IAS (Retd.)* | 6 | 4 |
| Tmt. Sarada Jagan | 8 | 6 |

*Inducted as a member of Audit Committee w.e.f. 28.7.2016

The Audit Committee met 8 times during 2016-17 as against the minimum requirement of 4 meetings. The dates on which the meetings were held are given below:

27.05.2016, 28.07.2016, 17.08.2016, 16.09.2016, 28.09.2016, 29.11.2016, 10.02.2017, 24.03.2017.

Invitees / Participants:

1. The Deputy Managing Director is a permanent invitee to all Audit Committee meetings.
2. The representatives of the Internal Auditors have attended all the Audit Committee meetings, as far as possible and briefs the Committee on all the points covered in the Internal Audit Report as well as the other issues that comes up during discussions.
3. The Heads of Manufacturing and Marketing, other Senior management personnel are invited to attend the meeting as and when required, to provide inputs on issues relating to internal audit findings, internal controls, accounts, taxation, risk management etc.

4. Stakeholders` Relationship Committee (Statutory)

a) Stakeholders` Relationship Committee

Shareholders` complaints/grievances are redressed by the Registrar and Transfer Agent, namely M/s.Cameo Corporate Services Limited. The Board also constituted Shareholders`/Investors` Grievances Committee in August 2001. As per section 178(5) of the Companies Act 2013, the Board of Directors of the company which consists of more than one thousand shareholders, debenture holders, deposit holders and any other security holders at any time during a financial year shall constitute a Stakeholders` Relationship Committee consisting of a Chairman who shall be a non-executive director and such other members as may be decided by the Board. As the company is already having an Investors Grievances Committee to look into the redressing of Stakeholders and Investors` grievances, in compliance with the above section, the Investors Grievances Committee is renamed as "Stakeholders` Relationship Committee." In addition to Section 178(5) of the Companies Act, 2013, this Committee complies with Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The following four non-executive Independent Directors are the members in the Stakeholders` Relationship Committee as on 31st March, 2017:

| | |
|-----------------------|---------------------------|
| 1. Thiru V Narayanan | Chairman of the Committee |
| 2. Thiru N Kumaravelu | Member |
| 3. Thiru M R Kumar | Member |
| 4. Thiru V. Nagappan | Member |

The Stakeholders Relationship Committee met on 29th November, 2016 and reviewed the grievances / complaints received and the action taken on the grievances / complaints.

Meetings and attendance during the year

| Director | No. of Meetings Held | Attended |
|--------------|----------------------|----------|
| Tvl. | | |
| V Narayanan | 1 | 1 |
| N Kumaravelu | 1 | 1 |
| M R Kumar | 1 | 1 |
| V Nagappan | 1 | 1 |

Terms of reference:

The functioning and broad terms of reference of the Stakeholders` Relationship Committee as adopted by the Board are as under:

- 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
- Approval of issue of duplicate share certificates against the original share certificates
- 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.
- To do all other acts or deeds as may be necessary or incidental thereto
- The Committee also reviews the performance of the company`s RTA and their system of dealing with and responding to correspondence from all categories of shareholders. The manner and timeliness of dealing with complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc. and the responses thereto are reviewed by this Committee.

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

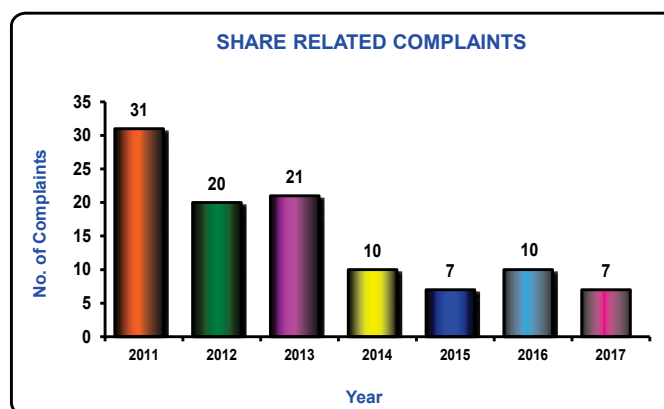
The Company Secretary, being the Compliance Officer, is entrusted with the responsibility, to specifically, look into the redressal of the shareholders and investors complaints and report the same to the Investors` Grievances Committee.

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

| Type of Complaints | Number of complaints |
|-----------------------------------|----------------------|
| Non-receipt of Annual Reports | 5 |
| Non-receipt of Dividend Warrants | 2 |
| Non-receipt of Share Certificates | - |
| Miscellaneous/ Others | - |
| Total | 7 |

Complaints Status: 1.4.2016 to 31.3.2017

| Nature of complaints (Received and Resolved) | Q1 | Q2 | Q3 | Q4 | Total |
|--|----------|----------|----------|----------|----------|
| Securities and Exchange Board of India | - | - | - | - | - |
| Stock Exchanges | - | 1 | 4 | 1 | 6 |
| Shareholders | - | - | 1 | - | 1 |
| Total | - | 1 | 5 | 1 | 7 |



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

All valid share transfers during the year ended 31st March, 2017 have been acted upon. No share transfer was pending as on 31st March, 2017.

5. Corporate Social Responsibility Committee (Statutory)

To comply with Section 135(1) of the Companies Act 2013, the company has constituted the Corporate Social Responsibility Committee with the following Independent Directors as members of the Committee:

- | | |
|-------------------------------------|---------------------------|
| 1. Thiru V Narayanan* | Chairman of the Committee |
| 2. Thiru N Narayanan, IAS (Retd.)** | Chairman of the Committee |
| 3. Thiru N Kumaravelu | Member |
| 4. Thiru M R Kumar* | Member |
| 5. Thiru V. Nagappan | Member |
| 6. Tmt. Sarada Jagan | Member |

*Ceased to be a member on 28.07.2016

**Inducted as member of Corporate Social Responsibility Committee w.e.f. 28.7.2016

Meetings and attendance during the year

The Corporate Social Responsibility Committee met on 27th May 2016 and 10th February, 2017.

| Director | No. of Meetings Held | Attended |
|---------------------------|----------------------|----------|
| Tvl. | | |
| V Narayanan* | 1 | 1 |
| N Narayanan IAS (Retd.)** | 1 | 1 |
| N Kumaravelu | 2 | 1 |
| M R Kumar* | 1 | 1 |
| V Nagappan | 2 | 2 |
| Tmt. Sarada Jagan | 2 | 2 |

* Ceased to be a member on 28.07.2016

**Inducted as member and Chairman of Corporate Social Responsibility Committee w.e.f. 28.7.2016

The company had formulated CSR Policy guidelines in 2011 and last updation was done in September 2014. As per Sec.135(5) of the Companies Act 2013, the Board of every company has to ensure that the company spends in every financial year at least two percent of the average net profits of the company made during three immediately preceding financial years. Currently, the CSR activities are grouped as follows:

1. Education
2. Health
3. Socio Economic development
4. Environment
5. Culture & Heritage

6. Nomination and Remuneration Committee

To comply with Section 178 of the Companies Act 2013 and the earlier Clause 49(IV) of the revised Listing Agreement now Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has formed a Nomination and Remuneration Committee with the following Directors as members:

- | | |
|-----------------------------------|---------------------------|
| 1. Thiru N Narayanan,IAS (Retd.)* | Chairman of the Committee |
| 2. Thiru V Narayanan** | Member |
| 3. Thiru M R Kumar | Member |
| 4. Tmt. Sarada Jagan | Member |

*Inducted as member and Chairman of Nomination and Remuneration Committee w.e.f. 28.07.2016

** Ceased to be Chairman but continues to be a member of Nomination and Remuneration Committee w.e.f. 28.07.2016

The Nomination and Remuneration Committee met on 20th January 2017 and 24th March, 2017.

Meetings and attendance during the year

| Director | No. of Meetings Held | Attended |
|---------------------------|----------------------|----------|
| Tvl. | | |
| N Narayanan IAS (Retd.)** | 2 | 2 |
| V Narayanan | 2 | 2 |
| M R Kumar | 2 | 2 |
| Tmt. Sarada Jagan | 2 | 2 |

**Inducted as member of Nomination and Remuneration Committee w.e.f. 28.7.2016

Terms of reference of the Committee:

- Shall identify persons who are qualified to become director and who may be appointed in Senior Management in accordance with the criteria laid down
- Recommend to the Board their appointment and removal
- Shall lay down an evaluation criteria for performance evaluation of independent directors and the Board.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director
- Devising policy on Board's diversity
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Evaluate and approve the appointment and remuneration of senior executives, the company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the company, policies and programs such as succession planning, employment agreements, severance agreements and any other benefits.
- Evaluate executive team performance regularly to strengthen the cumulative annual assessment and to provide timely feed-back to the assessed individuals
- 'Senior Management' means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Performance Evaluation of Directors

A performance evaluation of each Independent Director of the Company was done by the Board of Directors. The attendance, participation and contributions of each Independent Directors during the proceedings of meetings of the Directors were appreciated. The knowledge, experience and advice shared by the Independent Directors from time to time have ensured governance and good conduct, adherence to laws, mitigating risks and growth. The overall outcome from the evaluation was that the Board and its individual Directors were performing effectively.

Remuneration Policy

While formulating policy, the Committee has ensured that:

- Level and composition of remuneration is reasonable and sufficient to attract/ retain/ motivate directors
 - Relationship of remuneration to performance
 - Remuneration to directors/key management personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals
 - Policy and evaluation criteria shall be disclosed in the Board's report.
- a. The remuneration/compensation to the Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. This will be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
 - b. The composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate the Key Managerial Personnel and Senior Management of the quality required to meet high standards of performance. The relationship of remuneration to performance shall be clear and meet appropriate performance benchmarks. The Committee may review remuneration of senior management personnel from time to time.

Remuneration to Non-Executive & Independent Directors:

- c. The Non-executive Directors and Independent Directors of the Company are entitled to sitting fees as determined by Board from time to time for attending Board / Committee meetings thereof in accordance with the provisions of Act.
- d. The Key Managerial Personnel, Senior Management Personnel and other employees shall be paid remuneration as revised through the Salary Review process of the Company from time to time. In respect of officers/executives including whole time directors, the salary revision is effected with the approval of the Board generally after reaching a settlement with the workmen. The last such revision was given in November 2016 covering the period from 16th May 2014 to 15th May 2018. The whole time directors and the executives in senior management appointed by following the normal recruitment procedure are covered under the compensation package approved by the Board of Directors.

Remuneration for Senior Executives on contractual basis:

Due to work needs, the company shall re-engage executives on contract basis with specific tenor after retirement.

Thiru C V Sankar, IAS was appointed as Chairman and Managing Director (full additional charge) by the Government on 25th October, 2013 and he ceased to be director w.e.f 17.08.2016. He was paid remuneration in accordance with the Govt. rules as applicable to his cadre.

Thiru Rajeev Ranjan, IAS was appointed as Chairman and Managing Director, by the Government on 17th October 2016 and he ceased to be a director w.e.f 07.09.2016. He was paid remuneration in accordance with the Govt. rules as applicable to his cadre.

Later, Thiru Vikram Kapur, IAS was appointed as Chairman and Managing Director by the Government on 07th September 2016. He is being paid remuneration in accordance with the Govt. rules as applicable to his cadre.

No remuneration except sitting fees for attending the Board/Committee Meetings is paid to Non Executive Directors.

a) Details of remuneration for the year ended 31st March, 2017**Executive Directors****(Rs. in lakh)**

| Name & Position | Pay & Allowances | Reimbursement of medical expenses | Perquisites | Total |
|--|------------------|-----------------------------------|-------------|--------------|
| Tvl C V Sankar IAS CMD | 11.33 | - | - | 11.33 |
| Rajeev Ranjan IAS CMD | - | - | - | - |
| Vikram Kapur IAS CMD | 2.47 | - | - | 2.47 |
| A Velliangiri Dy. Managing Director | 35.87 | - | 3.13 | 39.00 |
| Total | 49.67 | - | 3.13 | 52.80 |

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 Meeting | Audit Committee Meeting | Stakeholders' Relationship Committee | CSR Committee | Nomination and Remuneration Committee | Independent Director's Meeting |
| Thiru T Udhayachandran IAS Ceased to be a director w.e.f.11.07.2016 | 25000* | 0 | 0 | 0 | 0 | 0 |
| Thiru Mahesan Kasirajan IAS | 100000* | 0 | 0 | 0 | 0 | 0 |
| Thiru K. Shanmugam IAS Appointed as a director w.e.f. 11.7.2016 | 50000* | 0 | 0 | 0 | 0 | 0 |
| Thiru V Narayanan | 200000 | 200000 | 25000 | 25000 | 50000 | 25000 |
| Thiru N Kumaravelu | 150000 | 150000 | 25000 | 25000 | 0 | 0 |
| Thiru M R Kumar | 175000** | 175000** | 25000** | 25000** | 50000** | 25000** |

| Name of the Director | Sitting Fees paid (Rs.) | | | | | |
|--|-------------------------|-------------------------|--------------------------------------|---------------|---------------------------------------|--------------------------------|
| | Board Meeting | Audit Committee Meeting | Stakeholders' Relationship Committee | CSR Committee | Nomination and Remuneration Committee | Independent Director's Meeting |
| Thiru V Nagappan | 200000 | 200000 | 25000 | 50000 | 0 | 25000 |
| Tmt.Sarada Jagan | 150000 | 150000 | 0 | 50000 | 50000 | 25000 |
| Thiru N.Narayanan, IAS (Retd.) Appointed as a director w.e.f.14.07.2016 | 100000 | 100000 | 0 | 25000 | 50000 | 25000 |
| Total | 1150000 | 975000 | 100000 | 200000 | 200000 | 125000 |

* remitted to Govt. of Tamil Nadu

** remitted to LIC of India Ltd.

Independent Directors were paid sitting fees of Rs.25000/- per meeting.

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 any unintentional wrongful acts.

Shareholdings of Directors

No Director is holding any shares in the company.

7. General Body Meetings

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

| Year | Location | Date | Time | Special Resolution passed in the AGM by shareholders |
|---------|--|-----------|----------|--|
| 2013-14 | The Music Academy, 168, T.T.K.Road, Chennai-600 014. | 15.9.2014 | 10.15 AM | No |
| 2014-15 | -do- | 18.9.2015 | 10.15 AM | No |
| 2015-16 | -do- | 28.9.2016 | 10.15 AM | No |

II. Postal Ballot

During the year under review, no resolution has been passed through postal ballot. None of the items to be transacted at the ensuing Annual General Meeting is required to be passed by postal ballot.

E-voting System

Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 20 of The Companies (Management and Administration) Rules 2014 state that every listed company or a company having not less than 1000 shareholders, shall provide to its members facility to exercise their right to vote at general meetings by electronic means. Thiru R Sridharan of M/s. R Sridharan & Associates, Practicing Company Secretary, was appointed to act as Scrutiniser to conduct, supervise and control the exercise of e-voting for passing of resolutions of the company at the last AGM held on 28th September, 2016.

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 (4) circular resolutions by the Board and Five (5) circular resolutions by the Nomination & Remuneration Committee (NRC) were passed which was recorded at the subsequent Board/ NRC meeting.

Secretarial Audit Report

Section 204 of the Companies Act, 2013 has mandated appointment of a Secretarial Auditor. Accordingly, M/s. R Sridharan & Associates, Practicing Company Secretaries, have been appointed as Secretarial Auditor for the year 2016-17. The Secretarial Audit Report in Form MR-3 is attached as an annexure to the Board's Report.

Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Company Secretary has carried out the Reconciliation of Share Capital 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. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The Audit inter alia, confirms that the total listed and paid up capital of the company 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 |
|----------------------------------|-------------------------------|
| 30 th June, 2016 | 5 th July, 2016 |
| 30 th September, 2016 | 5 th October, 2016 |
| 31 st December, 2016 | 5 th January, 2017 |
| 31 st March, 2017 | 12 th April, 2017 |

Role of Company Secretary in overall governance process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

Quarterly Compliance Report

The Company has submitted for each of the 4 quarters during 2016-17 the Compliance Report on Corporate Governance to stock exchanges in the prescribed format within 15 days from the close of the quarter.

8. Disclosures

- a. The company has formulated a policy for Related Party Transaction and the same has been uploaded on the company's website at the following link http://www.tnpl.com/web_pdf_files/Related%20Party%20Transactions%20policy.pdf

There are no materially significant transactions with related parties during the year which are potentially conflicting with company's interest at large.

Suitable disclosure as required by the Accounting Standards (AS 18) has been made in the notes to Accounts forming part of this Annual Report.

- b. Pursuant to Regulations 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Chief Executive Officer i.e. Chairman and 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 2017 in the form prescribed by Part B of Schedule II of the said Listing Regulations.
- c. The criteria for making payments to non-executive directors is placed on the website of the company www.tnpl.com
- d. None of the non-executive directors is holding shares / convertible instruments of the company.
- e. There were no instances of non-compliance on any matter relating to the capital market during the last three years
- f. 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 37th Annual General Meeting.
- g. The Company has complied with all mandatory items of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Code of Conduct – Regulation 26 (3)

The company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings. The Board of Directors has framed 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 for Board Members and Senior Management adopted pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been detailed below:

The code is applicable to all Directors and specified Senior Management Executives. The code impresses upon Directors and Senior Management Executives to uphold the interest of the company and its stakeholders and to endeavor to fulfil all the fiduciary obligations towards them. Another important principle on which the code is based is that the Directors and Senior Management Executives shall act in accordance with the highest standard of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 have included duties for Independent Directors in the Code of Conduct for Board Members. The company has suitably incorporated the same in the Code of Conduct for Board Members. The code has been posted on the website of the company www.tnpl.com

Affirmation of compliance of Code of Conduct for the financial year 2016-17 has been received from the Directors and Senior Management personnel of the company.

Prevention of Insider Trading

In January 2015, SEBI notified the SEBI (Prevention of Insider Trading) Regulations, 2015 which came into effect, from May 15, 2015. Pursuant thereto, the Company has formulated and adopted a new Code for Prevention of Insider Trading. The new code viz. "Code of Internal Procedures and Conduct for Regulating, Monitoring And Reporting of Trading by Insiders" and the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" (TNPL Code) allow the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares by the Directors, designated employees and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

The Company Secretary is responsible for implementation of the Code. The Board of Directors, designated employees and connected persons have affirmed compliance with the Code.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The company has framed a vigil mechanism / whistle blower policy wherein the employees are free to report any improper activity resulting in violations of laws, rules, regulations or code of conduct by any of the employees to the Competent Authority or Chairman of the Audit Committee, as the case may be. Any such complaint is reviewed by the Competent Authority or Chairman of the Audit Committee. The confidentiality of those reporting violations shall be maintained and they shall not be subjected to any discriminatory practice. No employee has been denied access to the Audit Committee. The policy has been posted on the website of the company.

9. Means of Communication

- | | | | |
|----|--|---|---|
| a. | Half-yearly report sent to each household of shareholders | : | No* |
| b. | Quarterly results: | | |
| | Newspapers published in | : | Financial Express Business Standard, Dinathanthi |
| | Website where displayed | : | www.tnpl.com |
| c. | Whether the website also displays official news releases and presentations to the media, analysts, institutional investor's etc. ? | : | Yes |

d. Audited financial results (Newspapers published in) : Financial Express
Business Standard, Dinathanthi

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.

f. Presentation to analysts: The Company's shares are listed on both BSE Limited and National Stock Exchange of India Limited. The presentations broadly cover operations, financials and industry outlook. The company also displays official news at our company's website. The Company also uploads on the BSE Listing Centre and on NSE NEAPS portals, details of analysts and institutional investor meetings whenever the Company's representatives attend any meeting of the investors.

g. Annual Report: Annual Report containing, inter alia, audited Annual Accounts, Directors' Report, Auditors' Report and other important information is sent to Members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report. The Annual Report is also available on the Company's website.

h. Chairman's communiqué: Printed copy of the Chairman's speech is distributed to all the shareholders at the Annual General Meeting.

i. The Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI Regulations including material information having a bearing on the performance / operations of the listed entity or other electronically on BSE's online Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), the on-line portal of National Stock Exchange of India Limited.

j. The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the Stock Exchanges. The Chairman & Managing Director and Deputy Managing Director & CFO of the Company are severally / jointly authorized to determine Materiality of any event or information while Deputy Managing Director & CFO / Company Secretary & AGM Internal Audit are severally authorised to make disclosures of the same to stock exchange(s), subject to the provisions of this Policy.

k. All disclosures made to the stock exchanges as statutorily required are also available on the Company's website www.tnpl.com

l. Extensive Business Reporting Language(XBRL): XBRL is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyse such information which aids better analysis and decision making. Ministry of Corporate Affairs(MCA) vide its circular No. 37/2011 dated 7th June 2011 had mandated certain companies to file their Annual Accounts vide this mode. The company has filed its Annual Accounts on MCA through XBRL.

m. Ministry of Corporate Affairs: The company has periodically filed all the necessary documents with the MCA.

n. SEBI Complaints Redress System(SCORES): A centralized web based complaints redress system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports(ATRs) by the concerned companies and online viewing by the investors of action taken on the complaint and its current status.

o. The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- p. Shareholders are encouraged to correspond with the Registrars & Share Transfer Agents and the Company via email to speed up response, reduce paperwork and also to help us redress complaints faster. Shareholders are requested to mention their Folio nos. (DP-ID and Client ID in case of demat shares), phone or mobile number and their Email ID so that we can contact them and redress their complaints immediately. However, for instructions like change of bank mandate, change of address, transfers & transmission of shares etc. letters duly signed by the Shareholders concerned should be sent otherwise such requests cannot be processed by the Registrars. Email ID of Shareholders will have to be registered with the Depositories to enable the Registrars to communicate electronically. Registration of Email ID can be done by sending them a letter duly signed by the Shareholders.
- q. The Corporate Governance Report of the Company for the year 2016-17 is in compliance with the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10. Risk Management

The Company has a risk management policy and a supporting frame work which facilitates the identification and assessment of new risks and review of existing risks. The process is based on identified risks and the risk events or factors which require regular assessment and quick response. Based on the probability and impact of the risk, the requisite controls and action plans are designed.

The objective of risk management in the company is to act as enabler in maintaining its knowledge edge, sustaining and expanding the business and ensuring execution of projects within budgeted cost and time resulting in improved turnover and profitability. Risks, their root causes, controls and action plans are prepared by process owners and updated regularly.

The responsibility of risk management, adherence to risk management plan and procedures and risk related matters have been delegated to the Audit Committee and hence there is no separate Risk Management Committee.

The status of risk management policy is presented to Audit Committee on periodical basis which are reviewed by Board of Directors also. Based on periodic reviews and implementations of recommendations resulting from review process, the risk management process is continuously being improved and strengthened.

The communication is sent regularly, across the organization to spread awareness on risks, root causes and action plans through in-house risk management awareness programs, external trainings & seminars, etc..

The management is committed to further strengthen its risk management capabilities in order to protect and enhance shareholder value by improving its business performance. Continuous efforts in creating new opportunities, improving competencies/knowledge in various areas leading to improved performance and leveraging existing knowledge resources, in line with the risk appetite of the company, has enabled the company to protect the interests of shareholders.

11. SHAREHOLDERS' INFORMATION

- 37th Annual General Meeting

| | |
|---------------------------|--|
| Day, Date and Time | Tuesday, 19 th September 2017 at 10.15 AM |
| Venue | The Music Academy, 168, T.T.K.Road, Chennai-600 014 |

- Financial Year Calendar (2017-2018) (Tentative):

The Company follows the period of 1st April to 31st March, as the Financial Year. For the Financial year 2017 -2018, Financial Results will be announced as per the following tentative schedule.

| | |
|---|------------------------------------|
| 1 st quarter ending June 30, 2017 | First/Second week of August 2017 |
| 2 nd quarter ending September 30, 2017 | First/Second week of November 2017 |
| 3 rd quarter ending December 31, 2017 | First/Second week of February 2018 |
| 4 th quarter ending March 31, 2018 | Third/Fourth week of May 2018 |

- Book closure date: 13.09.2017 to 19.09.2017(both days inclusive) on account of AGM and Dividend.
- Record Date in respect of shares held in dematerialised form, is 12.09.2017 for determining those who will be entitled to receive dividend to be declared at the ensuing Annual General Meeting.

5. Cut Off Date is 12.09.2017 for determining those who will be entitled to vote electronically on the resolutions mentioned in the Notice convening the Annual General Meeting by remote e-Voting and also vote at the meeting venue.

6. Electronic Voting

Pursuant to section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 37th Annual General Meeting will be made through electronic voting. The electronic voting period will be from 9.00 a.m. IST on 15.09.2017 to 5.00 p.m. IST on 18.09.2017, both days inclusive

7. Scrutiniser for electronic voting: Mr.R.Sridharan & Associates, Practicing Company Secretaries (Membership No. FCS 4775) has been appointed as the Scrutiniser to scrutinise the electronic voting process in a fair and transparent manner and to give his report to the Chairman.

8. (a) Dividend payment date : 22.09.2017 onwards.

(b) Dividend Policy:

Dividends, other than Interim dividend(s), are to be declared at the Annual General Meetings of Shareholders based on the recommendation of the Board of Directors. Generally, the factors that may be considered by the Board of Directors before making any recommendations for dividend include, without limitation, the Company's future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also from time to time pay interim dividend(s) to Shareholders. The Board of Directors have framed a Dividend Distribution Policy which is posted on the website of the Company at http://www.tnpl.com/web_pdf_files/Dividend-Distribution-Policy-TNPL.pdf

9. Listing of Equity Shares on

(a) Stock Exchanges at :

| | |
|---|--|
| National Stock Exchange of India Limited Listing Department Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E) - Mumbai - 400 051 | BSE Limited PhirozeJeejeebhoyTowers 25 th Floor Dalal Street Mumbai 400 001 |
|---|--|

(b) Depositories at :

| | |
|--|---|
| National Securities Depository Ltd. Trade World, 4 th Floor, 'A' Wing Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 | Central Depository Services (India) Limited 16 th -17 th Floor Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001. |
|--|---|

- Listing fee for Equity shares for the year 2016-2017 have been paid to the above Stock Exchanges. For NSE, Listing fee has been paid through "NEAPS" (NSE Electronic Application Processing System).
- The Annual Custodial fees for the Financial Year 2016-17 have been paid to National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)

10. Stock Code / Symbol

| | |
|--|-----------------------|
| 1. BSE | 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 |

11. (a) Market Price Data (In Rs.)

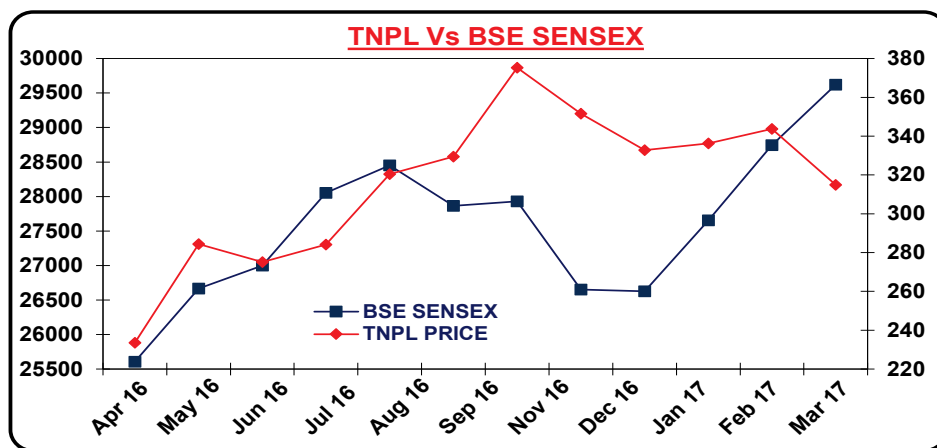
| Month/Year | Bombay Stock Exchange (BSE) | | | National Stock Exchange (NSE) | | |
|----------------|-----------------------------|-----------|-----------|-------------------------------|-----------|-----------|
| | High Price | Low Price | Volume | High Price | Low Price | Volume |
| April 2016 | 242.80 | 218.00 | 3,60,306 | 242.85 | 217.65 | 25,12,261 |
| May 2016 | 287.50 | 230.30 | 8,36,060 | 287.65 | 231.60 | 55,42,070 |
| June 2016 | 292.00 | 258.00 | 5,70,700 | 291.90 | 257.95 | 32,80,813 |
| July 2016 | 308.00 | 259.80 | 7,79,811 | 308.00 | 260.35 | 44,55,796 |
| August 2016 | 345.00 | 280.10 | 8,07,745 | 344.90 | 276.30 | 40,68,979 |
| September 2016 | 347.70 | 313.85 | 5,23,587 | 346.95 | 313.05 | 23,39,252 |
| October 2016 | 392.45 | 328.40 | 6,31,666 | 392.35 | 324.00 | 41,02,882 |
| November 2016 | 385.00 | 315.05 | 4,88,176 | 385.35 | 315.00 | 27,55,728 |
| December 2016 | 359.35 | 322.45 | 2,82,756 | 359.70 | 321.05 | 17,78,727 |
| January 2017 | 358.00 | 331.15 | 2,77,041 | 356.80 | 331.20 | 16,20,022 |
| February 2017 | 368.05 | 334.25 | 3,88,742 | 367.00 | 335.00 | 23,89,136 |
| March 2017 | 363.00 | 312.60 | 12,88,494 | 363.50 | 313.00 | 50,97,546 |

11. (b) Market Capitalization (Rs.)

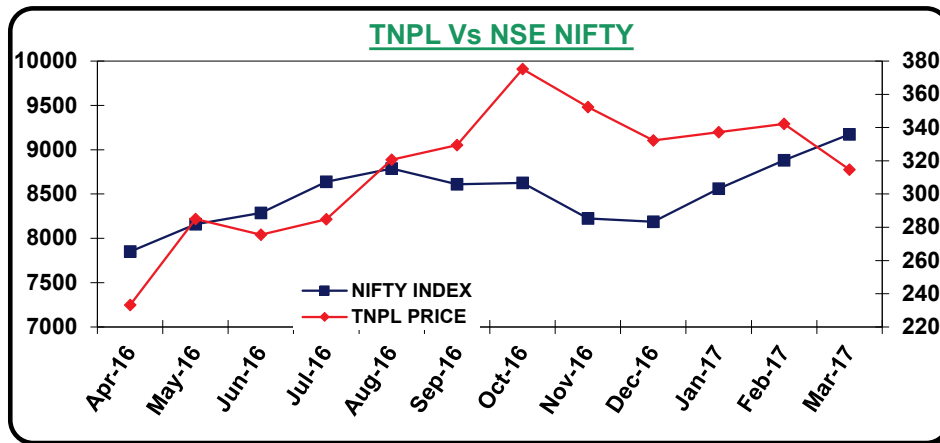
| Market Capitalization | BSE | NSE |
|-----------------------|-----------------|-----------------|
| As on March 31, 2016 | 15,13,63,58,220 | 15,12,25,16,100 |
| As on March 31, 2017 | 21,79,44,17,940 | 21,77,71,15,290 |

12. Share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty : For the years 2015-16 to 2016-17:

| YEAR | BSE SENSEX | | | NSE NIFTY | | |
|-----------|------------------------------|--------------------|-------------------------|------------------------------|-------------------|------------------------|
| | % CHANGE IN TNPL SHARE PRICE | % CHANGE IN SENSEX | TNPL REACTIVE TO SENSEX | % CHANGE IN TNPL SHARE PRICE | % CHANGE IN NIFTY | TNPL REACTIVE TO NIFTY |
| 2015-2016 | (+) 76.87 | (-) 9.36 | (+) 86.23 | (+) 73.21 | (-) 8.86 | (+) 82.07 |
| 2016-2017 | (+) 43.99 | (+) 16.88 | (+) 27.11 | (+) 44.00 | (+) 18.55 | (+) 25.45 |
| 2015-2017 | (+) 154.67 | (+) 5.95 | (+) 148.72 | (+) 149.43 | (+) 8.04 | (+) 141.39 |



Sensex and TNPL share prices are based on month end closing rates



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

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

M/s Cameo Corporate Services Ltd.
V Floor, "Subramanian Building"
No.1 Club House Road, Chennai – 600 002
Tel.No.044-28460390 - 28460395
Fax No.044-28460129
E-mail ID: cameo@cameoindia.com

14. Share Transfer System:

- a) 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/ transmissions/ remat received are processed and approved by the Share Transfer Committee which normally meets twice/ thrice in a month. Shares under objection are returned within two weeks.

- b) Nomination facility for shareholding : As per the provisions of the amended Companies Act 2013, 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.

- c) Payment of dividend through National Electronic Clearing Services (NECS) : As per RBI notification, with effect from 1st October 2009, the remittance of dividend through Electronic Clearing Service (ECS) is replaced by National Electronic Clearing Service (NECS).

Shareholders who have not intimated the DPs/Registrars are once again requested to intimate the above information in respect of shares held in electronic form to the DPs and in respect of shares held in physical form, to the Registrars at their address.

Those shareholders who do not wish to avail of the NECS facility, are requested to furnish to the DPs/Registrars, the name and branch of the bank and bank account No. allotted by their banks after implementation of Core Banking Solutions, which will be printed on the warrants.

- d) 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 (IEPF) established by the Government. The Company will accordingly be required to transfer the dividend in the year 2017 for the year ended 31st March, 2010 which has remained unclaimed / unpaid. Before transferring the monies to IEPF, individual letters are sent to those Members whose unclaimed dividends are due for transfer so as to enable them to claim the dividends before the due date. The information on unclaimed dividend is also posted on the website of the Company www.tnpl.com.

Details of dividend pending to the Unpaid / Unclaimed Dividend Account as on 31st March, 2017:

| Sl. No. | Year | Amount (Rs.) | % to the total dividend |
|---------|----------------------|--------------|-------------------------|
| 1. | For the year 2009-10 | 1080148.50 | 0.35% |
| 2. | For the year 2010-11 | 1091730.00 | 0.32% |
| 3. | For the year 2011-12 | 1143785.00 | 0.33% |
| 4. | For the year 2012-13 | 1304685.00 | 0.38% |
| 5. | For the year 2013-14 | 1671798.00 | 0.40% |
| 6. | For the year 2014-15 | 1675440.00 | 0.40% |
| 7. | For the year 2015-16 | 1992037.50 | 0.38% |

As regards unclaimed dividend, dividend warrants are sent to addresses available as per the company records. Where the shareholders have not informed the change of address to the company, the dividend warrants are returned to the company. The company remits the unclaimed dividend to the Central Government after seven years. If any claim is received from the shareholders within seven years period, payment is made.

Following amounts have been transferred to IEPF account during the year:

| Particulars | Date of Warrant | Due Date for Transfer | Date of Transfer | Amount transferred Rs. |
|-------------------------------|-----------------|-----------------------|------------------|------------------------|
| 1. Dividend :-2008-09 (Final) | 10.09.2009 | 14.11.2016 | 11.11.2016 | 7,59,605.00 |
| TOTAL | | | | 7,59,605.00 |

Transfer of 'Underlying Shares' into Investor Education and Protection Fund (IEPF) (in cases where unclaimed dividends have been transferred to IEPF for a consecutive period of seven years)

Pursuant to the provisions of Section 124 and 125 of the Companies Act 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account. The Company has initiated the process and issued individual notices to the concerned equity shareholders, who have not claimed their dividends for the last seven consecutive years. As required under the said Rules, the Company has also published a Notice in the newspapers inviting the Members attention to the aforesaid Rules. The Company has also uploaded full details of such shares due for transfer as well as unclaimed dividends on the website of the company. Both the unclaimed dividends and the shares transferred to the IEPF can be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the "Rules" as mentioned in the Guidelines below.

With effect from September 7, 2016, Investors / Depositors whose unpaid dividends, matured deposits or debentures etc. were transferred to IEPF under Companies Act, 1956 and/or Companies Act, 2013 can claim the amounts as per the following procedures/guidelines:

Guidelines for Investors to file claim

- Download the Form IEPF-5 from the website of IEPF (<http://www.iepf.gov.in>) for filing the claim for refund. Read the instructions provided on the website/instruction kit alongwith the e-form carefully before filling the form.
- After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading, an acknowledgement will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.

- c) Take a print out of the duly filled IEPF-5 and the acknowledgement issued after uploading the form.
- d) Submit an indemnity bond in original, copy of the acknowledgement and self attested copy of e-form alongwith the other documents as mentioned in the Form IEPF-5 to the Nodal Officer (IEPF) of the Company at its Registered Office in an envelope marked "Claim for refund from IEPF Authority". Kindly remember that submission of documents to the Company is necessary to initiate the refund process.
- e) Claim forms completed in all respects will be verified by the concerned Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhar linked bank account through electronic transfer. The Nodal Officer of the Company for IEPF Refunds Process is Mr V. Sivakumar whose e-mail id is sivakumar.vs@tnpl.co.in

Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2010 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 Unpaid Dividend Account of respective year shall be transferred to Investor Education and Protection Fund (IEPF) in terms of Section 125 of the Companies Act, 2013.

- f) Correspondence regarding change of address:

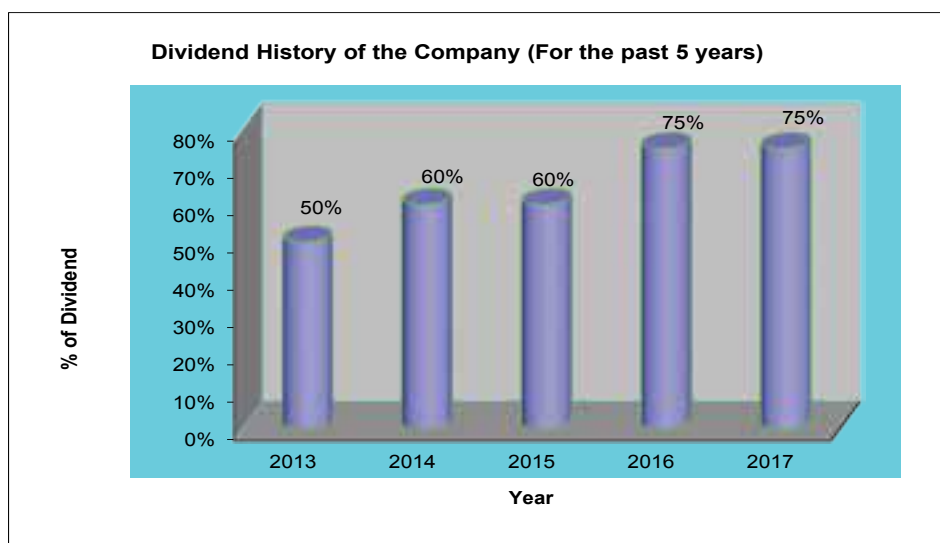
Shareholders are requested to ensure that any correspondence for Change of Address, change in Bank Mandates etc. should be signed by the first named shareholder. Shareholders who hold shares in dematerialized form should correspond with the Depository participant with whom they have opened Demat Account/s.

- g) Pending Investors' Grievances:

Any shareholder whose grievance has not been resolved to his/her satisfaction may kindly write to the Company Secretary at the Registered Office with a copy of the earlier correspondence.

15. Dividend Details

| Financial Year | Dividend % | Total Dividend (Rs. in Lakhs) |
|----------------|------------|-------------------------------|
| 2012-13 | 50% | 3460.53 |
| 2013-14 | 60% | 4152.64 |
| 2014-15 | 60% | 4152.64 |
| 2015-16 | 75% | 5190.80 |
| 2016-17 | 75% | 5190.80 |



16. Distribution of Shareholding as on 31st March, 2017**DISTRIBUTION SCHEDULE AS ON 31ST MARCH 2017**

| Category (Amount) | No. of. Cases | % of Cases | Total Shares | Amount | % of Amount |
|--------------------|---------------|------------|-----------------|------------------|---------------|
| 1 - 5000 | 28902 | 89.05 | 2923182 | 29231820 | 4.22 |
| 5001 - 10000 | 1591 | 4.90 | 1319037 | 13190370 | 1.90 |
| 10001 - 20000 | 886 | 2.73 | 1370492 | 13704920 | 1.98 |
| 20001 - 30000 | 287 | 0.88 | 742027 | 7420270 | 1.07 |
| 30001 - 40000 | 131 | 0.40 | 469371 | 4693710 | 0.68 |
| 40001 - 50000 | 145 | 0.45 | 683394 | 6833940 | 0.99 |
| 50001 - 100000 | 214 | 0.66 | 1588658 | 15886580 | 2.30 |
| 100001 - And Above | 302 | 0.93 | 60114439 | 601144390 | 86.86 |
| Total : | 32458 | 100 | 69210600 | 692106000 | 100.00 |

DISTRIBUTION OF SHAREHOLDING AS ON 31.3.2017

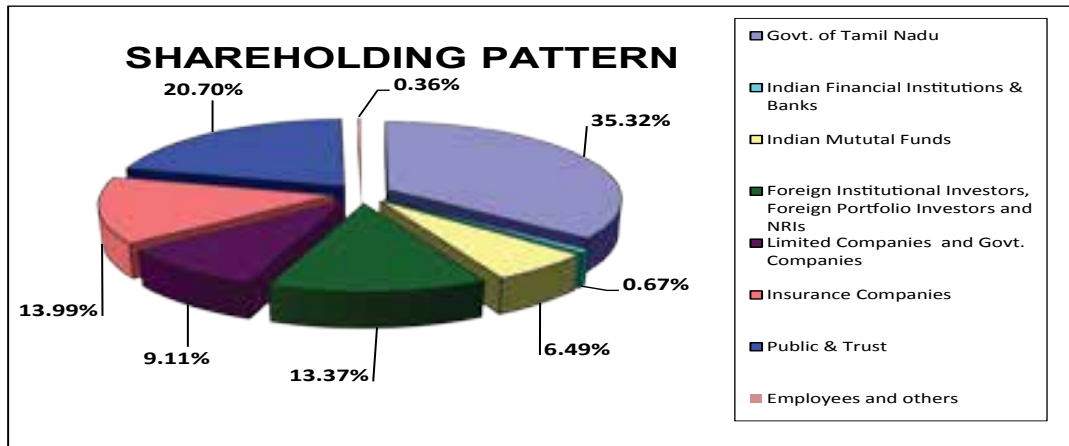
| | CATEGORY | NO. OF HOLDERS | NO. OF SHARES | PERCENTAGE |
|-----------|--|----------------|-----------------|---------------|
| A | PROMOTERS' HOLDING | | | |
| 1 | Promoters | | | |
| | - Indian Promoters | 1 | 24444900 | 35.32 |
| | - Foreign Promoters | | Nil | Nil |
| 2 | Persons acting in Concert | | --- | --- |
| | SUB-TOTAL | 1 | 24444900 | 35.32 |
| B. | NON-PROMOTERS' HOLDING | | | |
| 1. | Indian Financial Institutions | 1 | 405168 | 0.59 |
| 2. | Mutual Funds and UTI | 32 | 4489111 | 6.49 |
| 3. | Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions/Non-Government Institutions) | 19 | 12549960 | 18.13 |
| 4 | Foreign Institutional Investors | 6 | 160564 | 0.23 |
| 5 | FPI | 72 | 8338437 | 12.05 |
| | SUB-TOTAL | 130 | 25943240 | 37.48 |
| C | OTHERS | | | |
| 1 | Private Corporate Bodies | 643 | 3493134 | 5.05 |
| 2 | Indian Public | 30712 | 14302356 | 20.66 |
| 3 | NRIs/OCBs | 719 | 751748 | 1.09 |
| 4 | Others | 253 | 275222 | 0.40 |
| | SUB-TOTAL | 32327 | 18822460 | 27.20 |
| | GRAND TOTAL (A+B+C) | 32458 | 69210600 | 100.00 |

LIST OF TOP TEN SHAREHOLDERS AS ON 31ST MARCH, 2017

| Sl. no. | Name of the Shareholder(s) | Shares | % |
|---------|---|----------|-------|
| 1 | Governor of Tamil Nadu | 24444900 | 35.32 |
| 2 | Life Insurance Corporation of India | 6305949 | 9.11 |
| 3 | General Insurance Corporation of India | 2110074 | 3.05 |
| 4 | Sundaram Mutual Fund A/C Sundaram Select Midcap | 1808919 | 2.61 |
| | Sundaram Mutual Fund A/C Sundaram Rural India Fund | 48421 | 0.07 |
| | Sundaram Mutual Fund A/C Sundaram Monthly Income Plan - Aggressive Plan | 9258 | 0.01 |
| | Sundaram Mutual Fund A/C Sundaram Value Fund Series – II | 3703 | 0.01 |
| | Sundaram Mutual Fund A/C Sundaram Select Microcap Series VIII | 14841 | 0.02 |
| | Sundaram Mutual Fund A/C Sundaram Select Microcap Series IX | 7623 | 0.01 |
| | Sundaram Mutual Fund A/C Sundaram Select Microcap Series X | 4837 | 0.01 |
| 5 | Government Pension Fund Global | 1770000 | 2.56 |
| 6 | HDFC Trustee Company Limited A/C HDFC Balanced Fund | 1498000 | 2.16 |
| | HDFC Trustee Co Ltd- HDFC Multiple Yield Fund- Plan 2005 | 25000 | 0.04 |
| | HDFC Trustee Co Ltd A/C HDFC Retirement Savings Fund-Hybrid-Equity Plan | 38000 | 0.05 |
| | HDFC Trustee Co Ltd A/C HDFC Retirement Savings Fund-Hybrid-Debt Plan | 5000 | 0.01 |
| | HDFC Trustee Co Ltd A/C HDFC Retirement Savings Fund-Equity Plan | 100000 | 0.14 |
| 7 | Warburg Value Fund | 1300000 | 1.88 |
| 8 | L and T Mutual Fund Trustee Ltd- L and T India Value Fund | 875160 | 1.26 |
| 9 | United India Insurance Company Limited | 773213 | 1.12 |
| 10 | Anil Kumar Goel | 750000 | 1.08 |
| | Anil Kumar Goel | 150000 | 0.22 |

SHAREHOLDING PATTERN

| SL. No. | Category | Shareholding Pattern As on 31 st March, 2017 | | | Shareholding Pattern As on 31 st March, 2016 | | |
|---------|---|---|------------------|---------------|---|------------------|------------|
| | | Number of Shareholders | Number of Shares | % | Number of Shareholders | Number of Shares | % |
| 1 | Governor of Tamil Nadu | 1 | 24444900 | 35.32 | 1 | 24444900 | 35.32 |
| 2 | Foreign Institutional Investors and Foreign Portfolio Investors | 78 | 8499001 | 12.28 | 57 | 7449726 | 10.76 |
| 3 | Indian Mutual Funds | 32 | 4489111 | 6.49 | 27 | 3845490 | 5.56 |
| 4 | Banks | 5 | 57871 | 0.08 | 6 | 47958 | 0.07 |
| 5 | Financial Institutions | 1 | 405168 | 0.59 | 1 | 495168 | 0.72 |
| 6 | Insurance Companies | 5 | 9683509 | 13.99 | 5 | 9593509 | 13.86 |
| 7 | Govt. Companies | 9 | 2808580 | 4.06 | 9 | 2808580 | 4.06 |
| 8 | Employees | 148 | 27000 | 0.04 | 154 | 28100 | 0.04 |
| 9 | Limited Companies | 643 | 3493134 | 5.05 | 627 | 4230637 | 6.11 |
| 10 | NRIs | 719 | 751748 | 1.09 | 593 | 922281 | 1.33 |
| 11 | Public & Trust | 30716 | 14328787 | 20.70 | 28480 | 15082604 | 21.79 |
| 12 | Shares Dematerialised/ Shares in Transit | 101 | 221791 | 0.32 | 123 | 261647 | 0.38 |
| | Total | 32458 | 69210600 | 100.00 | 30083 | 69210600 | 100 |

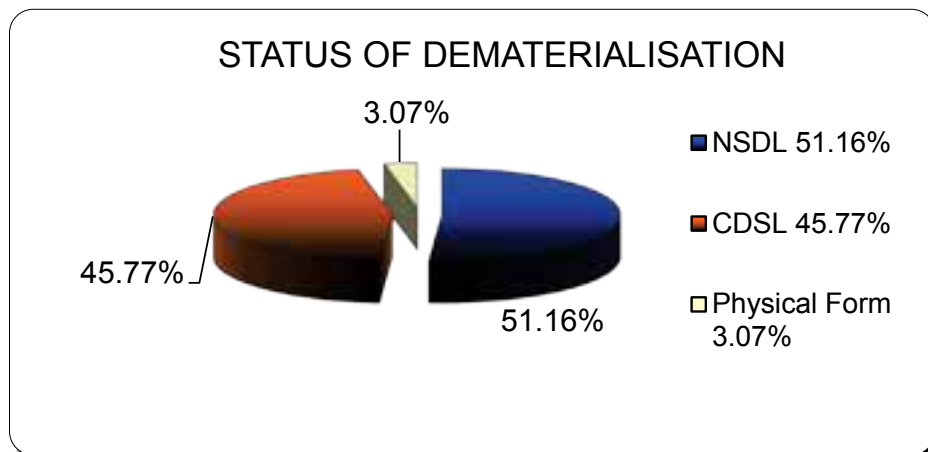


17. Dematerialisation of Shares and liquidity : For Dematerialisation of Equity shares, the Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's Equity shares have been included in the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

Details of Physical & Demat shares as at 31st March, 2017:

| Category | No. of Shareholders | No. of Shares | % to Capital |
|--------------|---------------------|-----------------|---------------|
| PHYSICAL | 3540 | 2124571 | 3.07 |
| NSDL | 19011 | 35406515 | 51.16 |
| CDSL | 9907 | 31679514 | 45.77 |
| TOTAL | 32458 | 69210600 | 100.00 |

From the above table, as on 31st March 2017, there are 6,70,86,029 shares in demat form aggregating to 96.93% of the total Equity Share capital while 21,24,571 shares are in Physical form aggregating to 3.07% of the total Equity Share capital.



18. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity : Nil

19. Credit Rating:

a) ICRA has assigned the following credit rating for the Company as below:

- (i) Long term rating of (ICRA) A (Pronounced ICRA A).
- (ii) Short term rating of (ICRA) A1 (Pronounced ICRA A one).

The outlook on long term rating is 'stable'. The long term rating of '(ICRA) A' indicates adequate degree of safety regarding timely servicing of financial obligations, it carries low credit risk. The short term rating of '(ICRA) A1' indicates very strong degree of safety regarding timely payment of financial obligations, it carries lowest credit risk.

b) CARE Ltd has assigned the following credit rating for the Company as below:

- (i) Long term facilities - CARE A+ (Pronounced Single A plus)
- (ii) Short term facilities - CARE A1 (Pronounced A one)

The long term rating of CARE A+ indicates adequate degree of safety regarding timely servicing of financial obligations, it carry low credit risk. The short term rating of CARE A1 indicates very strong degree of safety regarding timely payment of financial obligations, it carry lowest credit risk.

20. Plant locations:

UNIT I :

Kagithapuram
Karur District Tamil Nadu
Pin : 639 136
Tel.No.04324-277001 to 277017
Fax : 04324-277025/277026/277027

UNIT II :

Mondipatti Village,
K. Periyapatti Post
Mannaparai Taluk,
Thiruchirapalli District,
Tamil Nadu – 621 306

21. Address for correspondence:

- (a) Investor correspondence for transfer/dematerialisation 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 : investor@cameoindia.com cameo@cameoindia.com
Contact Person : Thiru D Narasimhan Joint Manager
- (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 : sivakumar.vs @tnpl.co.in,
invest_grievances@tnpl.co.in
Contact Person : Thiru V Sivakumar, Company Secretary
- (c) E-mail ID of Investor Grievances Section : invest_grievances@tnpl.co.in
- (d) Name of the Compliance Officer : Thiru V Sivakumar, Company Secretary

22. 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:
 - Name of Sole/First Joint holder and Folio number
 - 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 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.
- 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.
- There are chances of fraudulent transactions taking place in relation to dormant folios, where the shareholder has either expired or has changed his residence. Hence investors are requested to exercise due diligence and notify us of any change in address or demise of any shareholder as soon as possible. Investors are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified. Investors are also requested not to disclose your Folio No. / DP.Id. to an unknown person and not to hand over signed blank transfer deeds/delivery instruction slips to any unknown person.
- Investors must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/ confirmation memo from the broker/sub-broker, within 24 hours of execution of the trade and it should be ensured that the contract note/confirmation memo contains order no., trade no., trade time, quantity, price and brokerage.
- Investors should register their mobile numbers with DPs for SMS alert facility. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) proactively inform investor of transaction in the demat account by sending SMS. Investors will be informed about debits and credits to their demat account without having to call up their DPs and investors need not wait for receiving Transaction Statements from DPs to know about the debits and credits.
- Correspondence containing certificates of securities and high value dividend/interest warrants should be sent by registered post/courier or lodged with the Company`s Secretarial Department by hand delivery.
- 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 125 of the Companies Act, 2013.

Year wise details of the amount to be transferred to IEPF are given below:

| Year | Dividend type | Dividend (%) | Date of declaration | Due for transfer to IEPF |
|---------|---------------|--------------|---------------------|--------------------------|
| 2009-10 | Final | 45 | 08.09.2010 | 13.11.2017 |
| 2010-11 | Final | 50 | 15.09.2011 | 20.11.2018 |
| 2011-12 | Final | 50 | 21.09.2012 | 26.11.2019 |
| 2012-13 | Final | 50 | 19.09.2013 | 24.11.2020 |
| 2013-14 | Final | 60 | 15.09.2014 | 20.11.2021 |
| 2014-15 | Final | 60 | 18.09.2015 | 23.11.2022 |
| 2015-16 | Final | 75 | 28.09.2016 | 03.12.2023 |

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

A non-executive Chairman may be 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 CMD is an executive director in the company.

2. Shareholders' Rights

A half-yearly declaration of financial performance including summary of the significant events in last six months may be sent to each household of shareholders.

The quarterly financial results are announced within 45 days from the close of the respective quarter. However, in case of the last quarter, the quarterly results and the annual results are announced within 60 days 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

The half-yearly results of the company are published in more than one English newspaper having a wide circulation and in one Tamil Newspaper having wide circulation. The results are not sent to the shareholders individually.

3. Audit qualifications

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

4. Separate posts of Chairman and CEO

The company may appoint separate persons to the post of Chairman and Managing Director/CEO.

As per the Companies Act, 2013, no individual shall be appointed or reappointed as the Chairperson of the company as well as the Managing Director or Chief Executive Officer of the company at the same time after the date of commencement of the new Act if the Articles of such a company provides otherwise. In order to comply with the new Act, the Articles of Association of the company has been amended to provide for appointment as Chairman & Managing Director.

5. Reporting of Internal Auditor

At the recommendations of the Audit Committee, the Board has appointed M/s. R Subramanian & Co., Chartered Accountants as its Internal Auditor that Audits and reviews internal controls and operating systems and procedures of the Company.

The Internal Auditor may report directly to the Audit Committee and the report on findings of Internal Audit are submitted to the Audit Committee periodically. This is the practice being followed.

Compliance with the Corporate Governance Voluntary Guidelines 2009

With an objective of encouraging adoption of better practice in achieving the highest standard of corporate governance, the Ministry of Corporate Affairs, Government of India published the Corporate Governance Voluntary Guidelines 2009. These guidelines will also translate into a much higher level of stakeholders' confidence to ensure long term sustainability and value generation by business. The guidelines broadly focus on areas such as Board of Directors, responsibilities of the Board, Audit Committee functions, roles and responsibilities, appointment of Auditors, compliance with Secretarial Standards and a mechanism for whistle blower support. The company is substantially in compliance with the Corporate Governance Voluntary Guidelines 2009 and is in the process of adopting and implementing other practices as suggested in the Guidelines.

For and on behalf of the Board

Place: Chennai

Date : 29th May, 2017

ATULYA MISRA IAS
CHAIRMAN

**CERTIFICATE BY CEO AND CFO PURSUANT TO REGULATION 17(8) OF SEBI
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,
The Board of Directors,
Tamil Nadu Newsprint and Papers Limited

1. We have reviewed the financial statements and the cash flow statement for the year ended 31.03.2017 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 ended 31.03.2017 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 that 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 we have taken or propose to take to rectify these deficiencies
4. We have indicated to the Auditors and the Audit Committee:
 - a) that there are no significant changes in internal control over financial reporting during the year ended 31.03.2017;
 - b) that there are no significant changes in accounting policies during the year ended 31.03.2017; and
 - c) that there are no 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**

Place: Chennai
Date : 29th May, 2017

DR. R. SELVARAJ IAS
MANAGING DIRECTOR

A. VELLIANGIRI
DY. MANAGING DIRECTOR

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the period ended 31st March 2017.

For **TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Place: Chennai

Date : 29th May, 2017

ATULYA MISRA IAS

CHAIRMAN

**INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

1. We, Raman Associate, Chartered Accountants, the Statutory Auditors of Tamil Nadu Newsprint and Papers Limited ["the Company"], have examined the compliance of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses [b] to [i] of regulation 46 [2] and para C and D of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 ["SEBI Listing Regulations"].

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility

3. Our responsibility is limited to examining the 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.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. 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 Registrars of Company, there were no investors' grievances remaining unattended / pending for more than 30 days as at 31st March 2017.
6. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses [b] to [i] of regulation 46 [2] and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.
7. We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Raman Associate

Chartered Accountants
FRN: 002910S

N. Raguraman

Partner
M. No. 202578

Place : Chennai

Date : 29th May, 2017

ANNEXURE – VIII

BUSINESS RESPONSIBILITY REPORT

Preface

The Securities and Exchange Board of India (SEBI) in 2012 mandated the top 100 listed entities based on market capitalization at BSE and NSE to include 'Business Responsibility Report' as part of the annual report.

Later in 2015, this got extended to the top 500 listed entities as per clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI Listing Regulations**). This report outlines Tamil Nadu Newsprint and Papers Limited's (TNPL's) performance on the environmental, social and governance aspects.

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L22121TN1979PLC007799
2. Name of the Company: Tamil Nadu Newsprint and Papers Limited
3. Registered address: 67, Mount Road, Guindy, Chennai - 600032.
4. Website: www.tnpl.com
5. E-mail id: invest_grievances@tnpl.co.in
6. Financial Year reported: 2016-17
7. Sector(s) that the Company is engaged in (industrial activity code-wise):
 - i. Paper & Pulp Industry, Packaging Board – Paper – 4802
 - ii. Power Utility – 2716
 - iii. Cement Manufacturing – 2523
8. List three key products/services that the Company manufactures/provides (as in balance sheet)

| Products | Services |
|----------------------|----------|
| Paper and Paperboard | Energy |
| Cement | |

9. Total number of locations where business activity is undertaken by the Company
 - i. Number of International Locations (Provide details of major 5) – None
 - ii. Number of National Locations – Regd. Office - 1
Factory/Mill - 2 Locations
Branches - 7 Locations
10. Markets served by the Company – We serve the Local / State / National /International markets.

Section B: Financial Details of the Company

1. Paid up Capital (Rs. In Crore) – 69.21
2. Total Turnover (Rs. In Crore) – 3048.73
3. Total profit after taxes (Rs. In Crore) – 264.56
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) – We are committed to make growth more inclusive by focusing on the needs of our society and thereby creating a larger societal value. We have spent 2% on the CSR activities in the reporting year. Please refer to CSR Report for the year on page no. 35-36 of this Annual Report.
5. List of activities in which expenditure in 4 above has been incurred:
We have been working in the following areas for the benefit of communities:
 - i. Education
 - ii. Healthcare
 - iii. Socio-economic development and security
 - iv. Environment
 - v. Culture and Heritage

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

The Company does not have any subsidiary

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Since the Company does not have any subsidiary, this is not applicable

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No other entities that our Company does business with, participate in the Business Responsibility (BR) initiatives of the Company.

Section D: BR Information

1. **Details of Director/Directors responsible for BR**

- a) Details of the Director/Directors responsible for implementation of the BR policy/policies

| Name | DIN Number | Designation |
|--------------------|------------|-----------------------|
| Mr. A. Velliangiri | 00153169 | Dy. Managing Director |

- b) Details of the BR head

| Sr.no | Particulars | Details |
|-------|----------------------------|--------------------------|
| 1. | DIN Number (if applicable) | 00153169 |
| 2. | Name | Mr. A. Velliangiri |
| 3. | Designation | Dy. Managing Director |
| 4. | Telephone number | 044-22350811 |
| 5. | e-mail id | velliangiri.a@tnpl.co.in |

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

| S No | Particulars | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|------|--|--|----|----|----|----|----|----|----|----|
| 1 | Do you have a policy/policies for | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Does the policy conform to any national /international standards? If yes, specify? (50 words) | Y The policies have been developed as per The Companies Act, 2013 and SEBI Listing Regulations. These are also on the lines of the 'National Voluntary Guidelines on Social, Environment, and Economic responsibilities of businesses' (NVG-SEE) established by the Ministry of Corporate Affairs, Government of India in 2011. | | | | | | | | |
| 4 | Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5 | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 6 | Indicate the link for the policy to be viewed online?* | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | Link for policies on our website provided below | | | | | | | | | |

| S No | Particulars | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|------|--|----|----|----|----|----|----|----|----|----|
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8 | Does the company have in-house structure to implement the policy/policies | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

* The weblink of various policies are as follows:

Principle 1: http://www.tnpl.com/DisplayPage.aspx?file=code_of_conduct.htm

Principle 2: http://www.tnpl.com/Policies/Forest_Policy.pdf
http://www.tnpl.com/Policies/Energy_Management_Policy.pdf

Principle 3: <http://www.tnpl.com/HRpolicy.pdf>

Principle 4: http://www.tnpl.com/Policies/Dividend_Distribution_Policy_TNPL.pdf
http://www.tnpl.com/Policies/TNPL_FSC_Public_Policy.pdf

Principle 5: http://www.tnpl.com/Policies/Policy_on_Sexual_Harassment.pdf

Principle 6: <http://www.tnpl.com/Environmentpolicy.pdf>

Principle 7: http://www.tnpl.com/Policies/Policy_on_Responsible_Advocacy.pdf

Principle 8: http://www.tnpl.com/DisplayPage.aspx?file=corporate_social_responsibility.htm

Principle 9: http://www.tnpl.com/Policies/Quality_Policy.pdf
http://www.tnpl.com/Policies/Customer_Care_Policy.pdf

2a. If answer to Sr.no 1 against any principle, is 'No', please explain why: (Tick up to 2 options): Not Applicable

| S No | Particulars | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|------|---|----------------|----|----|----|----|----|----|----|----|
| 1 | The company has not understood the Principles | Not Applicable | | | | | | | | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done within next 6 months | | | | | | | | | |
| 5 | It is planned to be done within the next 1 year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

3. Governance related to BR

1. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually:

The Company's BR performance shall be assessed annually.

2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business responsibility report FY 2016-2017 is the company's first report. The report is published along with the annual report and uploaded on the company's website. Going forward, the company plans to publish the report annually.

Section E: Principle-wise performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability:

At TNPL, we appreciate the value of responsible corporate governance, characterized by high standards to demonstrate transparency, reliability and ethical values. Constructed on a sound philosophy, ethics, values and accountability, our corporate governance ethos works within a culture that emphasizes a framework of conformance and compliance. Our governance framework is about maximizing shareholder value legally, ethically and sustainably.

Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Our policy relating to the above aspects cover only the Company. Our Code of Conduct shape the culture and reputation of the Company and serve as the groundwork in how we act and make decisions.

How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During this reporting period, we have received seven complaints from shareholders and the same have been resolved. We have not received complaints from any other stakeholders.

The Company Secretary is entrusted with the responsibility to look into the redressal of the shareholders and investors complaints and report the same to the Stakeholders Relationship Committee.

Principle 2: Sustainable products and services:

It is our constant endeavor to embed sustainability into our products and services. Our prime focus for ensuring sustainability is to use environment friendly raw materials (bagasse – agricultural residue, waste paper and wood from social forestry and plantations) for manufacture of paper, conservation of resources, minimization of air emissions and reducing wastes.

List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

The Printing and Writing Paper (PWP) with the brand name Greenpal is produced using environmental friendly raw materials, bagasse (agricultural residue) and waste paper only. We do not use any wood pulp in the manufacture of paper. TNPL cement is produced by making use of solid wastes namely lime sludge and dry fly ash which is generated in the process of manufacturing of paper. Our wind farm produces 35.5 MW of green power and the same is exported to the state grid.

For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product.

We manufacture PWP, packing board and cement. The resources utilized per ton of product are as follows:

| Product | Consumption per ton of production | | |
|-----------------|-----------------------------------|-------------------------|--|
| | Power / Steam | Water | Raw-material |
| Paper | 1416 kWh | 40 m ³ /MT | Fiber - 0.764Tons/Tons |
| Packaging Board | 536 kWh | 11.11m ³ /MT | Pulp - 0.80-0.90 PMT |
| Cement | 130 kWh | | Lime sludge 48259 Tons; Fly ash – 44659 Tons |

Does the company have procedures in place for sustainable sourcing (including transportation)?

We have established a set of procedures for procuring bagasse, a primary raw material, in exchange of steam on barter basis from the sugar mills through entering into long term contracts. Pulpwood is procured from responsible plantation programmes covered by Forest Management Certification (FSC) which ensures that pulp wood procured for production of paper is sourced from the plantation which is managed socially and environmentally in a responsible way.

We have obtained a certificate from the Forest Stewardship Council Chain of Custody for our farm forestry and captive plantation. We have also received the Controlled Wood (CW) and Chain-Of-Custody (CoC) certification from Smart Wood programme/Rainforest Alliance, USA for complying with FSC-STD-40-004V2-1, FSC-STD-40-005V2-1 and FSC STD-40-007-V2-0 with validity period from July 21, 2015 to July 20, 2020.

We have raised pulp wood in 1,20,715 acres of land (as on 31.03.2017) covering various parts of Tamil Nadu under Farm forestry Scheme and captive plantation leading to about 39 lakh MT CO₂ sequestration.

What percentages of the inputs were sourced sustainably?

100% of raw materials required for manufacturing paper & board and cement are sourced sustainably.

Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes. We always give preference to the local and small vendors while sourcing materials wherever possible. In the farm forestry, we have involved 23,287 farmers. We believe that such arrangements are not only beneficial to our operations but also enhances local employment and overall social and environmental well-being.

We have identified local suppliers to indigenize spares for machinery. We also encourage local contractors for doing small engineering works.

Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

We always follow the philosophy of Reduce, Re-use, & Re-cycle (3R's) in all our manufacturing activities. The pith separated from bagasse and wood bark separated from pulp wood are used as fuel in the boilers. The lime sludge and dry fly ash are converted into cement and sold in the market. The treated effluent water is used for irrigating about 2,000 acres of land. With maximum recycling of water, the water consumption is reduced to 40 KL per ton of paper, which is the lowest in the paper industry.

Principle 3: Businesses should promote the wellbeing of all employees

We comply with the applicable requirements regarding employee engagement covering collective bargaining, grievance redressal and other labour laws. To ensure well-being of our employees irrespective of whether they are permanent or contractual, we have taken conscious steps to implement relevant practices and processes for enhancing work place safety. We have engaged 175 female permanent/contract employees.

Do you have an employee association that is recognized by management? What percentage of your permanent employees is member of this recognized member association?

We, at TNPL, have developed a system of determining "Recognized Trade Unions" through secret ballot conducted once in 4 years. 97.66% of permanent employees are members of the trade unions.

Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year

During the reporting period there have not been any incidents of child labour, forced and involuntary labour, sexual harassment or any form of harassment.

Policies and measures taken to prevent cases of Child Labour, Sexual Harassment and discriminatory employment**Prevention of Child Labour**

The minimum age limit for recruitment is 18 years as stated in our Code of Conduct and the standing order which is extended to our suppliers and contractors.

Prevention of Forced Labour / Involuntary Labour

Forced Labour / Involuntary Labour is prohibited in the work place which covers contractors and suppliers as well. We have developed robust systems and process and have adopted good practices to address such incidents as per the statutory requirements.

Prevention of Sexual Harassment

We have constituted an Internal Complaints Committee (ICC) and have implemented a policy on prevention, prohibition and redressal of sexual harassment at workplace as per the provisions of the sexual harassment of women at workplaces including contractual women employees (Prevention, Prohibition and Redressal) Act, 2013 and Rules there under.

Prevention of Discriminatory Employment

As part of the employment practices and processes covering contractual work force, we follow policies which provide equal opportunities to all and do not discriminate based on caste, creed, ethnicity, gender, race and religion.

What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

- Permanent employees
- Permanent women employees
- Casual / Temporary / Contractual employees
- Employees with disability

All our employees have been given mandatory safety training, as part of our Company's protocol. Besides, we regularly impart safety training on any potential new processes implemented.

We have maintained an excellent safety record and have implemented systems with a strong focus on compliance and operational discipline, performance monitoring and enforcement of rules where necessary.

We have formulated an Occupational Health, Safety and accident prevention program at the facility. We conduct regular safety inspections and internal safety audits of hazardous process and chemical storages through qualified safety officers. To improve the safety aspects, we conduct safety committee meetings periodically and provide suggestions.

We conduct regular safety audits, Hazard and Operability Study (HAZOP), study and risk analysis through experts in industrial safety and ensure that the recommendations are implemented.

A training calendar is prepared at the beginning of each year to impart training to employees to meet the skill gaps and, development of their competencies. On the job training is provided to employees through the respective departmental personnel. Employees are also sent to different industrial organizations in the country to gain knowledge. The executives are also sponsored to attend seminars and workshops organized by leading institutions like IIMs, FICCI, NITIE, CII and NPC etc.

Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantage vulnerable, and marginalized.

We are actively involved in developing and sustaining relationships with our key stakeholders. Our stakeholder engagement strategies have been designed in line with the needs of respective communities. Our engagement process with stakeholders serves a dual purpose of improved risk management to ensure better outcomes on the ground.

Has the company mapped its internal and external stakeholders?

We have mapped our internal and external stakeholders to include the following internal and external stakeholder groups

| Internal Stakeholders | External Stakeholders |
|--------------------------|--------------------------------|
| Employees and Management | Suppliers and Vendors |
| | Customers |
| | Banks and Lending Institutions |
| | Government |
| | NGO |
| | Local Community / Society |
| | Shareholders |

The Company's website www.tnpl.com contains comprehensive information for the stakeholders about the Company. The Company also has designated an exclusive email-id for investor services – invest_grievances@tnpl.co.in. The Company also promptly intimates the Stock Exchanges about all price-sensitive information or such other matters which in its opinion are material and of relevance to the stakeholders of the Company.

Has the company identified the disadvantaged, vulnerable, and marginalized stakeholders?

Yes. Our business operations have evolved balancing business principles and responsibility towards economic, environmental and social sustainability. Based on our socio-economic impact assessment studies, we have developed measures to identify, prioritize concerns of stakeholders coming from sections of society which are disadvantaged, vulnerable and marginalized. These stakeholders are children, differently abled people, unemployed youth, women and vulnerable farmers.

Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

We have undertaken several programmes in the areas of Education, Healthcare, Socio-economic development, Environment, Infrastructure, to support the disadvantaged, vulnerable and marginalized section of stakeholders. Educational assistance, free education, aids and appliances to differently abled sections of the society, medical camps, learning and development, cattle care and vaccination camps are some of the initiatives we have undertaken in the current financial year.

Principle 5: Businesses should respect and promote human rights

Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Our policy on human rights is applicable to all our manufacturing facilities, off-sites at sugar mills/ wind farms, conversion centre of paper and packaging board, corporate office and marketing branches across the country. Besides the above, other stakeholders viz. suppliers, vendors and surrounding residents can approach the senior management personnel and discuss about grievance, if any, relating to human rights.

How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There have been no stakeholder complaints concerning violation of human rights received during the FY 2016-17. In case of violation, employees can lodge a formal complaint or avail the grievance redressal mechanism, anonymously if required.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Our environmental policy guides us in producing eco-friendly paper, improving environmental performance by investing in research and development, complying with regulations, enhancing environmental and social awareness among our work force and managing waste effectively. We encourage our suppliers and contractors to abide by all applicable laws including those related to environment.

Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

Yes, following are the major initiatives undertaken to reduce Green House Gas (GHG) emissions and address global environmental issues.

Generation of Biogas from waste water: We have commissioned bio-methanation plants to treat high Biological Oxygen Demand (BOD) effluent generated from bagasse yard leachate and bagasse wash water. The bio gas generated from the plant is being utilized to replace furnace oil consumption in lime kiln and power boilers resulting in reduction of fossil fuel consumption and thus GHG emissions for FY 2016-17.

| Parameter | 2016-17 |
|------------------------------|------------------------------|
| Biogas generated | 68.52 lakh m ³ |
| Furnace oil savings | 3864 KL |
| Imported coal savings | 330 MT |
| GHG emissions | 0.88 lakh tCO ₂ e |

Firing Black Liquor Solids (BLS) in Chemical Recovery Boiler: We have in place, the facility required for segregating lignin from biomass raw materials viz. hard wood and bagasse and utilizing the same as fuel in chemical recovery boiler to generate power through turbo generator. Following are the details on BLS utilization in steam generation and subsequent CO₂ emission reduction for FY 2016-17:

| Parameter | 2016-17 |
|--|-------------|
| Black Liquor Solids (BLS) utilized for steam & power generation | 4,11,671 MT |
| Reduction in CO₂ emissions | 4.7 Lakh MT |

TNPL Captive Plantations and Farm Forestry: As discussed in principle 2, we have raised pulpwood in 1,20,715 acres of land (as on 31.03.2017) covering various parts of Tamil Nadu under farm forestry scheme and captive plantation leading to about 39 lakh MT CO₂e sequestration. In FY 2016-17, we have developed pulp wood plantations in 7,388 acres as compared to 6,897 acres in FY 2015-16 with a 6.7% increase since the previous year.

Using Carbon neutral Bio fuel: We utilize internally generated agro fuel (i.e.) carbon neutral bio fuel to operate our boilers fulfilling around 40% of our energy requirements from renewable sources.

| Parameter | 2016-17 |
|--|--------------|
| Agro fuel utilized in boilers | 1.72 Lakh MT |
| Reduction in CO₂ emissions | 1.18 Lakh MT |

Wind Farm: We have installed wind electricity generators of 35.5 MW capacities in Devarkulam and Perungudi, Tirunelveli District, Tamil Nadu. Following are the values of electricity generation and GHG emissions avoided:

| Parameter | 2016-17 |
|--|-----------------|
| Electricity generated | 512.65 lakh KWh |
| Avoided tCO₂eGHG emissions | 0.48 Lakh |

GHG reduction initiatives in Lime sludge and fly ash management (LSFM): We have installed Precipitated Calcium Carbonate (PCC) and Wet Ground Calcium Carbonate (WGCC) plant on Build, Operate, Own (BOO) basis. The flue gas generated from LSFM is used for the PCC plant.

About 26,000 cubic meter per hour of flue gas with 39.9% CO₂ (Dry weight basis) is used for production of PCC. With the production of 50,000 MT of PCC per annum, we are able to reduce 22,000 MT of CO₂ which otherwise would have been let out to the atmosphere.

Utilization of lime sludge & fly ash in LSFM: The lime sludge generated in our soda recovery process and fly ash generated in our power boiler (both Unit-I and Unit-II) are utilized in manufacturing of cement. This served a dual purpose of fulfilling raw material requirement and effective waste management.

| Parameter | 2016-17 |
|--|-----------|
| Lime sludge utilization in cement manufacturing | 48,259 MT |

| Parameter | 2016-17 |
|---|-----------|
| Fly ash utilization in cement manufacturing (Unit1 &2) | 28,364 MT |
| Fly ash utilization from Mettur power plant | 16,295 MT |

Utilization of used refractory bricks and used Alumina Gel in LSFM: Used refractory bricks and alumina gel are reused in our cement mill which otherwise would have posed a disposal problem.

Does the company identify and assess potential environmental risks?

Yes. At TNPL, we identify the potential environmental risks and have developed action plans to mitigate the same. For embedding the culture of effective environmental management, we have adopted the ISO 14001:2015 as Environmental Management System standard. As a part of this management system, a detailed impact assessment is conducted to identify all the environmental impacts of our operations. We identify and assess various risks being faced in our day-to-day activities and thereafter determine the responses to either mitigate the risk or eliminate it.

Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if yes, whether any environmental compliance report is filed?

Yes, we have registered for four projects in Clean Development Mechanism (CDM) with an annual GHG emission reduction equivalent to 2, 11, 401 tCO₂e. The details of these projects are given below.

| Sr. No | Project Title | Year of Registration | UNFCCC Ref. No. | Certified Emission Reduction (CER) per Year |
|--------|---|----------------------|-----------------|---|
| 1 | Methane Extraction and Fuel Conservation Project at Tamil Nadu Newsprint and Papers Limited | 2006 | 124 | 35,860 |
| 2 | 6.75 MW Small Scale Grid connected "Wind Electricity Generation Project" by Tamil Nadu Newsprint and Papers Limited | 2007 | 1053 | 14,431 |
| 3 | Energy Efficiency Improvement at Tamil Nadu Newsprint and Papers Limited | 2011 | 4438 | 1,32,632 |
| 4 | 13.75 MW Grid connected "Wind Electricity generation Project by Tamil Nadu Newsprints and Papers Limited" | 2012 | 5500 | 28,478 |

Environmental compliance report is filed as per the requirements of Pollution Control Boards (PCBs). More information on these projects can be availed on the webpage linked: <http://www.tnpl.com/DisplayPage.aspx?file=CDMProject.htm>

Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?Y/N. If yes, please give hyperlink for web page etc.

We have taken concerted efforts to incorporate new and better techniques which help us in enhancing our environmental performance.

Some of the initiatives taken in accordance to the parameters are listed below:

- **Clean technology**

Unit I: Paper plant:

1. Installed Elemental Chlorine Free (ECF) bleaching in Hard Wood and Chemical Bagasse streets.
2. Installed 300 MT capacity De-inking plant which in turn saved 3.3 Lakh MT of wood in FY 2016-17.
3. Installed Tertiary Treatment System viz. Ozone Treatment for the effluents.
4. Non-condensable Gas (NCG) fired in lime kiln generated during pulping to avoid environmental pollution.
5. Received 'GreenCO Gold Certification' in GreenCO Rating by Confederation of Indian Industry (CII) during 2015, Forest Stewardship Council (FSC) ,Forest Management (FM) Certificate, FSC Chain of Custody (CoC), Controlled Wood (CW) Certificate
6. Upgraded to 2015 version for
 - Quality Management System (ISO 9001:2015)
 - Environment Management System (ISO 14001:2015)

The Certificates can be availed on the link below.

QMS: http://www.tnpl.com/web_pdf_files/TNPL_ISO_9001-2015_Certificate.pdf

EMS: http://www.tnpl.com/web_pdf_files/TNPL_ISO_14001-2015_Certificate.pdf

FSC: http://www.tnpl.com/Two_FSC_Certificates.pdf

Unit II: Packaging Board Plant

1. Recycled and reused treated waste water effluent for plantation of 575 acres (Green Belt Development) with drip irrigation system in and around the plant.
2. Utilized Fly Ash generated from the plant for cement manufacturing.
3. Equipped the Unit with 2 X 90 Tons per hour Atmospheric Fluidized Bed Combustion (AFBC) boiler with Electrostatic Precipitators (ESPs) having an efficiency of 99.99%.

- **Energy Conservation and Renewable Energy**

- **Unit I: Paper Plant:**

1. Consumption of bio-fuel and bio-gas accounts for 41.60% of the total energy conserved during the year.
2. Under the Perform Achieve Trade (PAT) Scheme, received 4,969 Energy Saving Certificates towards actual specific energy consumption -which is lower than the notified specific energy conservation 0.530 TOE/MT against the target SEC of 0.550 TOE /MT
3. Implemented 25 energy conservation measure by investing INR 86.76 lakh in FY 2016-17 thereby saving electrical energy equivalent to 18.86 lakh KWh and thermal energy equivalent to 4,765 MT of imported coal and 3,864 KL of furnace oil.
4. Received Excellent Energy Unit Certificate consistently for the fourth time by CII for the FY 2015-16.

- **Unit II: Packaging Board:**

1. Installed planetary gear boxes by replacing conventional gear boxes thereby reducing transmission losses.
2. Installed Light Emitting Diode (LED) street lights along internal roads and approach roads.

- **LSFM:**

1. Optimized coal consumption in kiln and pre-calciner firing by adjusting the temperature and reduced coal consumption from 120 kg to 100 kg per MT of clinker.

- **Water Conservation and Waste Management**

- **Paper Plant:**

1. Implemented water conservation projects and kept water consumption at 40 m³ per MT of paper and 11.11 m³ per MT of Packaging Board.
2. Installed air cooled condenser for Turbo Generator 6 as a part of Revamping Steam and Power System (RSPS) Project.
3. Installed 900 TPD capacity cement plant to utilize the inorganic wastes generated viz. lime sludge and fly ash.
4. Utilized all organic wastes such as fresh pith, screw pith, wood dust, wood bark (partial) as fuel in power boilers.

- **LSFM:**

1. CO₂ emissions from cement mill are used in Precipitated Calcium Carbonate (PCC) plant set up adjacent to the cement mill.

- **Other Initiatives**

1. Erected wind barriers to avoid dust pollution in nearby areas.
2. Used water sprinklers for suppressing the floating dust emitted from LSFM campus.
3. Extended the green belt coverage.

Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Air emissions: The stack emission air qualities at all chimneys are monitored as prescribed by the PCB. The ambient air quality is continuously monitored online through Continuous Ambient Air Quality Monitoring System (CAAQMS) as per the requirement of PCB. The air quality levels are well within the standards and limits prescribed by the PCBs.

Effluents: The effluent treatment plant installed at the factory works effectively in meeting the regulatory norms prescribed by the PCBs. The treated water is discharged for irrigation through Treated Effluent Water Lift Irrigation Society scheme (TEWLIS).

Solid waste: The solid waste generated at the factory and the housing colony is disposed off as per the guidelines prescribed by the PCBs.

Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

We ensure that the emissions and waste generated by us at our various locations is well below the limits given by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB). We have not received any show cause notices from either CPCB or SPCB in the reporting year.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

We are members of the following associations through which we actively participate for overall development of the industry.

- a) IPMA – India Paper Manufacturers Association
- b) CII – Confederation of Indian Industries
- c) FIEO – Federation of Indian Export Organizations
- d) CAPEXIL – Chemicals & Allied Products Export Promotion Council
- e) Andhra Chamber of Commerce
- f) IMPA – Indian Paper Mills Association

Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

As a member of various associations, our efforts have been to make a difference in the areas of economic/tax reforms, inclusive development policies, energy security, water availability/management & sustainability issues, sustainable business principles and environmental policy.

As a part of the Indian Paper Mills Association (IMPA), we have supported the initiative of using degraded land for plantation of eucalyptus trees to source wood for our paper production.

Principle 8: Businesses should support inclusive growth and equitable development.

Our strategy towards inclusive growth ensures the equitable distribution of economic benefits. We have been able to achieve this by creating productive economic opportunities and upliftment of the poor vulnerable sections of the society.

Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Our focus areas for the FY 2016-17 were primarily Education, Health, Socio Economic Development and Security, Environment and Culture and Heritage, Industrial Training, Infrastructure and other miscellaneous welfare activities.

Industrial Training:

Since August 2014, we have initiated an Industrial Training Institute in affiliation with National Council for Vocational Training (NCVT) and the Quality Council of India (QCI). The programme is conducted at the premises of our township area covering four trades, instrument mechanics, fitting, electrical repairs and maintenance and welding. Our initiative has been recognized by the Government in 53rd state level skill competition, where in one of our ITI student was selected as state best trainee in the trade of electrician.

Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

We carry out our community welfare initiatives with the support of our trust the "TNPL Arakkodai Trust". It mainly covers the Education, Health, Socio Economic Development and Security, Environment and Culture and Heritage, Industrial Training sectors. We also collaborate with different partners such as esteemed educational institutions, various Government bodies and donor agencies to fulfill our community development objectives. Majority of the administrative and supporting efforts are carried out in-house by our representatives.

Have you done any impact assessment of your initiative?

In the year 2016, we engaged an external agency to conduct a CSR Audit. Based on the audit observations we have developed an action plan to carry out the improvements necessary in terms of our implementation, budget and mechanism of receiving feedback on various initiatives from the stakeholders.

What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?

Our contribution towards CSR initiatives for the current financial year was allocated as follows:

| Enlist the initiatives undertaken by the Company for Supporting Inclusive Development | Amount contributed directly in the initiative by the Company in Lakh/INR |
|---|--|
| Education | 109.55 |
| Health care | 88.72 |
| Socio-economic development and security | 230.43 |
| Environment | 50.61 |
| Culture and Heritage | 25.68 |
| Total | 504.99 |

Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**Community Needs Assessment and On-going Review:**

Yes, prior to initiating a project we carry out a needs assessment survey. As a part of the survey we invite proposals from eight of the adjacent town panchayats and 5 village panchayats. The senior executives from the CSR team evaluate the needs of the panchayats. After due considerations, a final proposal is drawn for and placed before the CSR Committee comprising of independent Directors for consideration and approval.

Additionally, we also have a review mechanism to ensure the benefits of our initiatives are widespread and are recorded as per actuals. The key milestones, expected results and outcome have been mapped for each initiative. The strategic planning, implementation, evaluation and review will thus ensure wider outreach across each of our projects.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**What percentage of customer complaints / consumer cases are pending as on the end of the financial year?**

Nil

Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

In case of paper and paperboard, we display relevant product information (environment friendly aspect) on the packaging material to ensure safe and appropriate use besides complying with the statutory requirements. For cement, we display the product information mandated by the Bureau of Industrial Standards. Product labeling is done in compliance with the requirements regarding brand name, weight, grade, name of the manufacturer etc.

Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year. If so provide details thereof, in about 50 words or so.

No cases have been filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising / or anti-competitive behavior during the last five years and pending as on end of the financial year.

Did your company carry out any consumer survey / consumer satisfaction trends?

We have implemented Customer Satisfaction Index aligned to applicable global standards for paper and paper board. On a scale of "8" we have been scored on the higher side consistently for the last four years. During the financial year 2016 – 17, we scored 7.7.

NVG Mapping

| Principle | Description | NVG Mapping | GRI Mapping (attempted) |
|-------------|--|-------------|---|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. | Pg. 103 | G4-34 |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. | Pg. 103-104 | G4-EC9, G4-EN27, G4-12 |
| Principle 3 | Businesses should promote the wellbeing of all employees. | Pg. 104-105 | G4-LA2,G4-LA9 |
| Principle 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. | Pg. 105-106 | G4-24, G4-26 |
| Principle 5 | Businesses should respect and promote human rights. | Pg. 106 | G4-HR2, G4-HR5, G4-HR6 |
| Principle 6 | Business should respect, protect, and make efforts to restore the environment. | Pg. 106-110 | G4-EN3, G4-EN6, G4-EN16, G4-EN19, G4-EN23 |
| Principle 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. | Pg. 110 | G4-15, G4-16 |
| Principle 8 | Businesses should support inclusive growth and equitable development | Pg. 110-111 | G4-SO1 |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner. | Pg. 111 | G4-PR1, G4-PR3, G4-PR5, G4-PR8 |

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMIL NADU NEWSPRINT AND PAPERS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of M/s. Tamil Nadu Newsprint and Papers Limited [the Company] which comprise the Balance Sheet as at 31st March 2017 and the Statement of Profit and Loss [including other comprehensive income], the statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information [hereinafter referred to as "standalone Ind AS financial statements"].

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134[5] of the Companies Act, 2013 ["the Act"] with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards [Ind AS] specified under Section 133 of the Act, read with relevant rules issued in the Companies [Accounts] Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 [10] of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at 31st March 2017, and its financial performance including other comprehensive income, its Cash Flows and the changes in equity for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required under Section 143 [5] of the Companies Act, 2013, we give in the "Annexure A" our report on the directions issued by the Comptroller and Auditor General of India.
2. As required by the Companies [Auditor's Report] Order, 2016 ["the Order"], issued by the Central Government of India in terms of Sub-section [11] of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143 [3] of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flows and the Statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued in the Companies [Accounts] Rules, 2014;
 - e) On the basis of written representations received from the directors as on 31st March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017, from being appointed as a director in terms of Section 164 [2] of the Act and;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls as required under Clause [i] of Sub-section 3 of Section 143 of the Companies Act, 2013, we give in the "Annexure B" our report on Internal Financial Controls of the Company for the year ended 31st March 2017 and
 - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies [Audit and Auditors] Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements as referred to in Notes 37 to the standalone Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts as referred to in Notes 39 to the standalone Ind AS financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and
 - iv. The Company has provided requisite disclosures in its standalone Ind AS financial statement as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Notes 38 (f) to the standalone Ind AS financial statements.

For Raman Associate

Chartered Accountants

FRN: 002910S

N. Raguraman

Partner

M. No. 202578

Place : Chennai

Date : 29th May, 2017

“Annexure A” to the Independent Auditor’s Report of even date on the Standalone Ind AS financial statements of M/s. Tamil Nadu Newsprint and Papers Limited

| No. | Compliance | Comments | | | |
|-----|--|---|----------------|---------------------|---------------------|
| 01 | If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets [including intangible assets and land] and Liabilities [including Committed & General Reserves] may be examined including the mode and present stage of disinvestment process | Not Applicable | | | |
| 02 | Please report whether there are any cases of waiver / write-off of debts / loans / interest, etc. If yes, the reasons therefore and the amount involved | NIL | | | |
| 03 | Whether proper records are maintained for inventories lying with third parties and assets received as gift from Government or other authorities | There were no inventories lying with third parties during the year under review. During the year, the Company did not receive anything as gift from Government or other authorities | | | |
| 04 | A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases [foreign and local] may be given | Mostly cases are pending due to the obligations of the counter party or due to further appeals / revision petitions filed. Approval from Senior Executives is obtained for legal expenses in accordance with the delegation of powers as approved by the Board. The Company has a Legal Department which is monitoring the legal cases and reported to the Board periodically. Age-wise analysis of pending legal / arbitration cases is as given below: | | | |
| | | | Sl. No. | Period | No. of Cases |
| | | | 01 | Less than 1 year | 35 |
| | | | 02 | 1 year to 3 years | 30 |
| | | | 03 | 3 years to 5 years | 48 |
| | | | 04 | 5 years to 10 years | 46 |
| | | | 05 | More than 10 years | 86 |
| | Total | 245 | | | |
| 05 | Whether the Company’s pricing policy absorbs all fixed and variable costs of production as well as the allocation of overheads? | Yes | | | |
| 06 | Whether the Company has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence? | Yes | | | |
| 07 | What is the system of valuation of by-products and finished products? List out the cases of deviation from its declared policy | Finished Goods are valued at cost which includes cost of inputs [net of taxes and duties eligible for credits] | | | |
| 08 | State the extent of utilization of plant and machinery during the year vis-à-vis installed capacity | Paper – 100.82% Packaging Board – 45.68% | | | |
| 09 | Whether the Company has effective system for physical verification, valuation of stock, treatment of non-moving items and accounting of effect of shortage / excess noticed during physical verification | Yes. The company has a policy to provide for non-moving items. | | | |

For Raman Associate
Chartered Accountants
FRN – 002910S

N. Raguraman
Partner
M. No. 202578

Place : Chennai
Date : 29th May, 2017

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statement of M/s. Tamil Nadu Newsprint and Papers Limited

Report on the Internal Financial Controls under Clause [i] of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of M/s. Tamil Nadu Newsprint and Papers Limited [“the Company”] as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria that are established by the Company in their separate internal control manuals considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting [“the Guidance Note”] and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under Section 143 [10] of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Controls over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that [1] pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; [2] provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company and [3] provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operative effectively as at March 31, 2017, based on the internal control over financial reporting criteria that are established by the Company in their separate internal control manuals considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Raman Associate

Chartered Accountants

FRN: 002910S

N. Raguraman

Partner

M. No. 202578

Place : Chennai

Date : 29th May, 2017

Annexure to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statement for the year ended 31st March 2017, on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we report that –

Fixed Assets

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the Management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) All title deeds of the immovable properties are held by the Company except 10 grounds and 425 square feet on which the Corporate Office of the Company functioning at Chennai. The transfer of title of the said land by the Government of Tamil Nadu in favour of the Company is yet to be done pending completion of necessary formalities.
- d) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

Inventory and its physical verification

- a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verifications.

Loans granted / taken from related Companies

- a) The Company has not granted any loans and advances, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- b) The Company has not taken any loans and advances, secured or unsecured from companies, firms or other parties covered in the register maintained under section 189 of the Act.

Guarantees given / acquired by the Company

- a) In our opinion and according to the information and explanation given to us and based on the records produced before us during the course of our audit, the Company has not given any guarantee or to provide security in connection with a loan or acquire by way of subscription, purchase or otherwise, the guarantees or securities during the year under review.

Public Deposits

- a) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.

Cost Records

- a) The Central Government has prescribed the maintenance of cost records by the Company under Section 148 [1] of the Companies Act, 2013 and we are of the opinion that prima facie, the books of accounts have been maintained by the Company and the proforma specified therein for the year are under preparation. We have however not carried out a detailed verification of such records.

Statutory Dues

- a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess and any other statutory dues applicable to it with appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no material dues of Sales Tax / Value Added Tax / Income Tax / Customs Duty / Wealth Tax / Service Tax / Excise Duty / Cess which have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of statutory dues have not been deposited by the Company on account of disputes:

| Name of the Statute | Nature of Dues | Period to which the amount pertains | Amount [Rs. Lakhs] | Forum where the dispute is pending |
|---------------------------|--|---|--------------------|------------------------------------|
| Cenvat Credit Rules, 2004 | Excise Duty Exemption | 1997-1998 1998-1999 | 4.25 | CESTAT Chennai |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 1997-1998 1998-1999 1999-2000 2000-2001 2001-2002 | 61.55 | Hon'ble High Court of Madras |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2003-2004 2004-2005 2005-2006 2006-2007 | 1523.69 | CESTAT Chennai |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2006-2007 2007-2008 | 11582.62 | CESTAT Chennai |
| Cenvat Credit Rules, 2004 | Input credit reversal on effluent sludge waste | 2006-2007 2007-2008 2008-2009 2009-2010 | 6035.33 | CESTAT Chennai |

| Name of the Statute | Nature of Dues | Period to which the amount pertains | Amount [Rs. Lakhs] | Forum where the dispute is pending |
|---------------------------|---|-------------------------------------|--------------------|---|
| Cenvat Credit Rules, 2004 | Input Service Credit | 2007-2008 2008-2009 | 1074.46 | CESTAT Chennai |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2008-2009 | 11.94 | Hon'ble High Court of Madras |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2008-2009 | 37.25 | Hon'ble High Court of Madras |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2009-2010 | 453.97 | CESTAT Chennai |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2009-2010 2010-2011 | 16543.42 | CESTAT Chennai |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2010-2011 | 4.94 | Hon'ble High Court of Madras |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2010-2011 | 5.90 | Hon'ble High Court of Madras |
| Cenvat Credit Rules, 2004 | Input credit reversal on effluent sludge waste | 2010-2011 | 1066.48 | CESTAT Chennai |
| Cenvat Credit Rules, 2004 | Capital Goods Credit | 2010-2011 | 1096.39 | CESTAT Chennai |
| Cenvat Credit Rules, 2004 | Input credit reversal on coal | 2013-2014 2014-2015 | 1565.46 | CESTAT Chennai |
| Customs Act, 1962 | Custom Duty | 1999-2000 | 106.29 | Commissioner Chennai |
| Customs Act, 1962 | Custom Duty | 1999-2000 | 20.44 | Commissioner Cochin |
| Customs Act, 1962 | Custom Duty | 1991-1992 | 1.30 | Commissioner Appeals, Chennai |
| Customs Act, 1962 | Custom Duty | 1991-1992 | 1.03 | Commissioner Appeals, Trichy |
| Customs Act, 1962 | Custom Duty | 1991-1992 | 33.33 | Commissioner Chennai and Hon'ble High Court of Madras |

| Name of the Statute | Nature of Dues | Period to which the amount pertains | Amount [Rs. Lakhs] | Forum where the dispute is pending |
|----------------------|----------------|-------------------------------------|--------------------|---|
| Customs Act, 1962 | Custom Duty | 1991-1992 | 8.68 | Commissioner Chennai |
| Customs Act, 1962 | Custom Duty | 1997-1998 | 14.94 | Commissioner Chennai |
| Customs Act, 1962 | Custom Duty | 1997-1998 | 39.87 | Commissioner Chennai |
| Customs Act, 1962 | Custom Duty | 2012-2013 | 2180.99 | Commissioner Trichy |
| Customs Act, 1962 | Custom Duty | 2014-2015 | 75.70 | Commissioner Chennai |
| Income Tax Act, 1961 | Income Tax | 2002-2003 | 16.48 | Assessing Officer Chennai |
| Income Tax Act, 1961 | Income Tax | 2003-2004 | 612.81 | Commissioner appeals & Assessing Officer, Chennai |
| Income Tax Act, 1961 | Income Tax | 2004-2005 | 40.87 | ITAT, Chennai |
| Income Tax Act, 1961 | Income Tax | 2006-2007 | 41.18 | Assessing Officer, Chennai |
| Income Tax Act, 1961 | Income Tax | 2007-2008 | 138.53 | Assessing Officer, Chennai |
| Income Tax Act, 1961 | Income Tax | 2009-2010 | 808.30 | ITAT, Chennai |
| Income Tax Act, 1961 | Income Tax | 2012-2013 | 609.48 | ITAT, Chennai |
| Income Tax Act, 1961 | Income Tax | 2013-2014 | 385.42 | Commissioner of Appeals, Chennai |
| Income Tax Act, 1961 | Income Tax | 2014-2015 | 149.89 | Commissioner of Appeals, Chennai |
| Wealth Tax Act, 1957 | Wealth Tax | 1997-1998 | 1.37 | Commissioner of Appeals, Chennai |
| Wealth Tax Act, 1957 | Wealth Tax | 1998-1999 | 6.50 | Commissioner of Appeals, Chennai |
| Wealth Tax Act, 1957 | Wealth Tax | 1999-2000 | 5.81 | Commissioner of Appeals, Chennai |

| Name of the Statute | Nature of Dues | Period to which the amount pertains | Amount [Rs. Lakhs] | Forum where the dispute is pending |
|-----------------------------|------------------|-------------------------------------|--------------------|---|
| Wealth Tax Act, 1957 | Wealth Tax | 2001-2002 | 5.63 | Commissioner of Appeals, Chennai |
| Wealth Tax Act, 1957 | Wealth Tax | 2002-2003 | 0.15 | Commissioner of Appeals, Chennai |
| TNVAT Act, 2006 | Value Added Tax | 2010-2011 | 15.21 | Appellate Deputy Commissioner [CT] Trichy |
| TNVAT Act, 2006 | Value Added Tax | 2011-2012 | 52.12 | Appellate Deputy Commissioner [CT] Trichy |
| TNVAT Act, 2006 | Value Added Tax | 2012-2013 | 87.82 | Appellate Deputy Commissioner [CT] Trichy |
| Central Sales Tax Act, 1956 | Central Sale Tax | 1997-1998 | 11.47 | Appellate Deputy Commissioner [CT] Trichy |
| Central Sales Tax Act, 1956 | Central Sale Tax | 1998-1999 | 12.90 | Appellate Deputy Commissioner [CT] Trichy |
| Central Sales Tax Act, 1956 | Central Sale Tax | 1999-2000 | 8.30 | Appellate Deputy Commissioner [CT] Trichy |
| Central Sales Tax Act, 1956 | Central Sale Tax | 2000-2001 | 10.04 | Appellate Deputy Commissioner [CT] Trichy |
| | | Total | 46570.50 | |

- d) According to the information and explanation given to us, the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder have been transferred by the Company to the fund within time.

Term Loans

- a) The Company has obtained term loans during the year which were prima facie, applied for the purpose which they were obtained.
- b) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders during the year under review.
- c) The Company did not raise any monies by way of issue of debentures or further public offer including debt instruments during the year.

Frauds noticed

- a) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and to the best of our knowledge and according to the information and explanations given to us, no fraud of material nature on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of any such case by the management.

Managerial Remuneration

- a) On the basis of verification of records and according to the information and explanations given to us and based on our examination of records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013 during the year under review.

Nidhi Company

- a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the provisions of the Nidhi Rules, 2014 are not applicable to the Company.

Related Party Transactions

- a) On the basis of verification of records and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been properly disclosed in the standalone Ind AS financial statements for the year under review.

Shares and Debentures

- a) On the basis of verification of records and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

Non-cash Transactions

- a) According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him / her during the year under review.

Registration under RBI Act, 1934

- a) In our opinion and according to the information and explanations given to us and in accordance with the nature of activity of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

As per our report of even date

For Raman Associate

Chartered Accountants

FRN – 002910S

N. Raguraman

Partner

M. No. 202578

Place : Chennai

Date : 29th May, 2017

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF TAMIL NADU NEWSPRINT AND PAPERS LIMITED
FOR THE YEAR ENDED 31ST MARCH 2017.**

The preparation of financial statements of Tamil Nadu Newsprint and Papers Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 29-05-2017.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of Tamil Nadu Newsprint and Papers Limited for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Place: Chennai
Date: 03rd August, 2017

R. THIRUPPATHI VENKATASAMY
Accountant General

BALANCE SHEET AS AT 31ST MARCH, 2017**(Rs. in Lakh)**

| Sl. No. | Particulars | Notes | As at 31-03-2017 | As at 31-03-2016 | As at 01-04-2015 |
|-----------|--|-------|---------------------|---------------------|---------------------|
| I | ASSETS | | | | |
| 1) | Non-Current Assets | | | | |
| | (a) Property, Plant and Equipment | 4 | 407260.05 | 240654.96 | 239894.55 |
| | (b) Capital Work-In-Progress | 5 | 5902.43 | 181455.47 | 63123.39 |
| | (c) Investment Property | 6 | 533.80 | 535.73 | 537.60 |
| | (d) Other Intangible Assets | 7 | 2101.07 | 2555.32 | 3139.35 |
| | (e) Biological Assets other than Bearer Plants | 8 | 804.10 | 699.01 | 1407.27 |
| | (f) Financial Assets | | | | |
| | i) Investments | 9 | 107.18 | 99.19 | 101.40 |
| | ii) Loans | 10 | 8496.15 | 6969.37 | 6888.86 |
| | (g) Other Non - Current Assets | 11 | 2202.22 | 2356.95 | 30496.18 |
| | Total Non-Current Assets | | 427407.00 | 435326.00 | 345588.60 |
| 2) | Current Assets | | | | |
| | (a) Inventories | 12 | 57132.99 | 38729.83 | 43323.85 |
| | (b) Financial Assets | | | | |
| | i) Trade Receivables | 13 | 52986.85 | 48577.37 | 54036.26 |
| | ii) Cash and Cash Equivalents | 14 | 2144.62 | 1621.28 | 2033.17 |
| | iii) Loans | 15 | 8457.11 | 5560.12 | 8129.01 |
| | (c) Other Current Assets | 16 | 14903.95 | 12056.14 | 7699.20 |
| | Total Current Assets | | 135625.52 | 106544.74 | 115221.49 |
| | Total Assets | | 563032.52 | 541870.74 | 460810.09 |
| II | EQUITY AND LIABILITIES | | | | |
| | Equity | | | | |
| | (a) Equity Share Capital | 17 | 6937.78 | 6937.78 | 6937.78 |
| | (b) Other Equity | 18 | 163527.46 | 144021.91 | 119424.86 |
| | Total Equity | | 170465.24 | 150959.69 | 126362.64 |
| | LIABILITIES | | | | |
| 1) | Non-Current Liabilities | | | | |
| | (a) Financial Liabilities | | | | |
| | (i) Borrowings | 19 | 165212.42 | 193871.88 | 136916.63 |
| | (b) Provisions | 20 | 10490.52 | 10040.13 | 10191.70 |
| | (c) Deferred Tax Liabilities (Net) | 21 | 20583.26 | 23379.18 | 21860.34 |
| | (d) Other Non-Current Liabilities | 22 | 32.81 | 3.98 | 4.20 |
| | Total Non-Current Liabilities | | 196319.01 | 227295.17 | 168972.87 |
| 2) | Current Liabilities | | | | |
| | (a) Financial Liabilities | | | | |
| | (i) Borrowings | 19 | 74258.82 | 59040.05 | 51427.95 |
| | (ii) Trade Payables | 23 | 55773.51 | 58559.81 | 58018.04 |
| | (iii) Other financial Liabilities | 24 | 52561.27 | 22289.62 | 32454.08 |
| | (b) Other Current Liabilities | 25 | 10383.19 | 20119.85 | 21123.51 |
| | (c) Provisions | 20 | 1673.36 | 1087.70 | 1040.00 |
| | (d) Current Tax Liabilities | | 1598.12 | 2518.85 | 1411.00 |
| | Total Current Liabilities | | 196248.27 | 163615.88 | 165474.58 |
| | Total Equity and Liabilities | | 563032.52 | 541870.74 | 460810.09 |

The accompanying notes are an integral part of this financial statements

ATULYA MISRA, IAS
CHAIRMAN
(DIN -02210369)

Dr. R. SELVARAJ, IAS
MANAGING DIRECTOR
(DIN-01797405)

A.VELLIANGIRI
DY.MANAGING DIRECTOR
(DIN-00153169)

vide our report of even date
For RAMAN ASSOCIATE
CHARTERED ACCOUNTANTS
Firm Reg. No.002910S

N. RAGURAMAN
Partner
Membership No.202578

Place : Chennai
Date : 29th May, 2017

V. SIVAKUMAR
COMPANY SECRETARY

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**(Rs. in Lakh)**

| SI No. | Particulars | Notes | For the year ended 31-03-2017 | For the year ended 31-03-2016 |
|--------|---|-------|-------------------------------|-------------------------------|
| I | REVENUE FROM OPERATIONS | 26 | 309396.87 | 253151.35 |
| II | OTHER INCOME | 27 | 3695.45 | 2232.65 |
| III | TOTAL INCOME (I+II) | | 313092.32 | 255384.00 |
| IV | EXPENSES | | | |
| | Cost of materials consumed | 28 | 108249.34 | 75904.57 |
| | Purchase of Stock-in-Trade | 29 | 9447.02 | 10748.37 |
| | Changes in inventories of finished goods, work-in-progress & Stock-in-Trade | 30 | (11311.98) | 4507.64 |
| | Excise Duty | | 14421.09 | 11396.89 |
| | Employee Benefit Expense | 31 | 24685.16 | 18673.82 |
| | Finance Costs | 32 | 25202.13 | 12184.69 |
| | Depreciation | 33 | 20338.43 | 13947.35 |
| | Amortization Expense | 33 | 429.43 | 429.43 |
| | Power ,Fuel & water charges | | 52041.73 | 42457.12 |
| | Other Expenses | 34 | 38969.15 | 32776.62 |
| | TOTAL EXPENSES (IV) | | 282471.50 | 223026.50 |
| V | PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III - IV) | | 30620.82 | 32357.50 |
| VI | Exceptional Items | | - | - |
| VII | PROFIT BEFORE TAX (V-VI) | | 30620.82 | 32357.50 |
| VIII | TAX EXPENSE | | | |
| | - Current Tax | | 6587.00 | 6770.00 |
| | - Deferred Tax Charges / (MAT Credit Entitlement) | | (2205.00) | (256.00) |
| | - Income-tax relating to previous year | | (217.57) | (137.36) |
| | | 35 | 4164.43 | 6376.64 |
| IX | PROFIT / (LOSS) FOR THE PERIOD (VII -VIII) | | 26456.39 | 25980.86 |
| X | OTHER COMPREHENSIVE INCOME | | | |
| | A (i) Items that will not be reclassified to Profit or Loss | | (551.16) | 281.85 |
| | (ii) Income tax relating to items that will not be reclassified to Profit or Loss | | 190.74 | (97.54) |
| | B (i) Items that will be reclassified to Profit or Loss | | (524.38) | 5245.13 |
| | (ii) Income tax relating to items that will be reclassified to Profit or Loss | | 181.48 | (1815.23) |
| | | | (703.32) | 3614.21 |
| XI | TOTAL COMPREHENSIVE INCOME (IX + X) | | 25753.07 | 29595.07 |
| XII | EARNINGS PER SHARE (EPS) | | 38.23 | 37.54 |

The accompanying notes are an integral part of this financial statements

ATULYA MISRA, IAS
CHAIRMAN
(DIN -02210369)

Dr. R. SELVARAJ, IAS
MANAGING DIRECTOR
(DIN-01797405)

A.VELLIANGIRI
DY.MANAGING DIRECTOR
(DIN-00153169)

vide our report of even date
For RAMAN ASSOCIATE
CHARTERED ACCOUNTANTS
Firm Reg. No.002910S

Place : Chennai
Date : 29th May, 2017

V. SIVAKUMAR
COMPANY SECRETARY

N. RAGURAMAN
Partner
Membership No.202578

(Rs. in Lakh)

Statement of changes in equity**A. Equity Share Capital**

| Particulars | Amount |
|---|----------------|
| Balance at the beginning of the period 1.4.2015 (Includes Shares forfeited Rs.16.72 lakh) | 6937.78 |
| Changes in Equity Share Capital during 2015-16 | 0.00 |
| Balance as at 31.03.2016 | 6937.78 |
| Changes in Equity Share Capital during 2016-17 | 0.00 |
| Balance as at 31.03.2017 (Includes Shares forfeited Rs.16.72 lakh) | 6937.78 |

B. Other Equity

(Rs. in Lakh)

| Particulars | Reserves and Surplus | | | | | Equity instruments through other comprehensive income | Effective portion of cash flow hedges | Remeasurement of defined benefit plans | Total |
|--|----------------------|--------------------------|-----------------------------------|-------------------|------------------------------|---|---------------------------------------|--|------------------|
| | Capital reserves | security premium reserve | Other reserves (General reserves) | Retained Earnings | Debenture Redemption Reserve | | | | |
| Balance at the beginning of the period 01.04.2015 | 125.00 | 17973.11 | 96834.14 | 3130.92 | 138.89 | 0.00 | (4975.66) | - | 113226.40 |
| Total Comprehensive Income | (125.00) | 0.00 | 138.89 | 6336.11 | (138.89) | (12.65) | 0.00 | - | 6198.46 |
| Tax on Other Comprehensive Income | - | - | - | (1726.36) | - | 4.38 | 1721.98 | - | 0.00 |
| Balance after adjustment on transition to Ind AS | 0.00 | 17973.11 | 96973.03 | 7740.67 | 0.00 | (8.27) | (3253.68) | 0.00 | 119424.86 |
| Total Comprehensive Income | - | - | - | 25980.86 | - | (2.21) | 5245.13 | 284.06 | 31507.83 |
| Dividends | - | - | - | (4152.64) | - | - | - | - | (4152.64) |
| Dividend Distribution Tax | - | - | - | (845.38) | - | - | - | - | (845.38) |
| Transfer from retained earnings | - | - | 19000.00 | (19000.00) | - | - | - | - | - |
| Tax on Other Comprehensive Income | - | - | - | - | - | 0.77 | (1815.23) | (98.31) | (1912.77) |
| Balance at the end of the reporting period 31.03.2016 | 0.00 | 17973.11 | 115973.03 | 9723.51 | 0.00 | (9.71) | 176.22 | 185.75 | 144021.91 |
| Balance at the beginning of the period 01.04.2016 | - | 17973.11 | 115973.03 | 9723.51 | - | (9.71) | 176.22 | 185.75 | 144021.91 |
| Total Comprehensive Income | - | - | - | 26456.39 | - | 7.99 | (524.38) | (559.15) | 25380.86 |
| Dividends | - | - | - | (5190.80) | - | - | - | - | (5190.80) |
| Dividend Distribution Tax | - | - | - | (1056.72) | - | - | - | - | (1056.72) |
| Transfer from retained earnings | - | - | 19000.00 | (19000.00) | - | - | - | - | 0.00 |
| Tax on Other Comprehensive Income | - | - | - | - | - | (2.77) | 181.48 | 193.51 | 372.22 |
| Balance at the end of the reporting period 31.03.2017 | 0.00 | 17973.11 | 134973.03 | 10932.38 | 0.00 | (4.49) | (166.68) | (179.88) | 163527.46 |

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2017**(Rs. in Lakh)**

| Sl. No. | Particulars | 2016-2017 | 2015-2016 |
|----------|---|-------------------|------------|
| A | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Total Comprehensive Income | 25753.07 | 29595.07 |
| | Adjustments for : | | |
| | Provision for Income-tax | 3792.21 | 8289.41 |
| | Depreciation and amortisation | 20767.86 | 14376.78 |
| | Interest Income | (935.90) | (759.17) |
| | Dividend Income | 0.00 | (1.07) |
| | Rental Income | (110.27) | (96.55) |
| | (Profit)/Loss on write off/ sale of Fixed Assets | (12.93) | (105.16) |
| | Fair value of Equity instruments | (7.99) | 2.21 |
| | Fair value movement of Biological Assets | (206.86) | (126.65) |
| | Exchange Fluctuations | 144.41 | 42.88 |
| | Provision for doubtful debts and Advances | 93.51 | 87.31 |
| | Finance Cost | 25202.13 | 12184.69 |
| | Operating Profit before working capital changes | 74479.24 | 63489.75 |
| | Decrease(Increase) in Inventories | (18301.38) | 5428.93 |
| | Decrease(Increase) in Sundry Debtors | (4479.59) | 5410.27 |
| | Decrease(Increase) in Loans and Advances | (7271.58) | (1868.56) |
| | Increase(Decrease) in Current Liabilities | (8696.57) | (4833.44) |
| | Cash from Operations | 35730.12 | 67626.95 |
| | Income Tax paid | (7508.86) | (5662.72) |
| | Cash from Operating before exceptional Items | 28221.26 | 61964.23 |
| | Exceptional Items | 0.00 | 0.00 |
| | Cash from Operating Activities | 28221.26 | 61964.23 |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Proceeds on Sale of Fixed Assets | 14.76 | 106.82 |
| | Additions to Fixed Assets,Capital Work-In-Progress & Capital Advance | (9894.77) | (90397.11) |
| | Interest Income | 935.90 | 759.17 |
| | Dividend Income | 0.00 | 1.07 |
| | Rental Income | 110.27 | 96.55 |
| | Net Cash from Investing Activities | (8833.84) | (89433.50) |
| C | CASH FLOW FROM FINANCING ACTIVITIES | | |
| | Proceeds from Borrowings | 29052.22 | 79617.56 |
| | Repayment of Borrowings | (15419.34) | (21588.31) |
| | Interest paid | (26260.12) | (25981.40) |
| | Dividend paid | (5190.80) | (4152.64) |
| | Dividend tax paid | (1056.72) | (845.38) |
| | Net Cash from Financing Activities | (18874.76) | 27049.83 |
| D | TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR (A+B+C) | 512.66 | (419.44) |
| | Cash and cash equivalents at the beginning of the year | 1532.36 | 1951.80 |
| | Cash and cash equivalents at the end of the year | 2045.02 | 1532.36 |

Notes : 1. Cash Flow statement has been prepared by following Indirect method

2. Figures of previous year has been regrouped/restated/reclassified wherever necessary

ATULYA MISRA, IAS
CHAIRMAN
(DIN -02210369)

Dr. R. SELVARAJ, IAS
MANAGING DIRECTOR
(DIN-01797405)

A.VELLIANGIRI
DY.MANAGING DIRECTOR
(DIN-00153169)

vide our report of even date
For RAMAN ASSOCIATE
CHARTERED ACCOUNTANTS
Firm Reg. No.002910S

Place : Chennai
Date : 29th May, 2017

V. SIVAKUMAR
COMPANY SECRETARY

N. RAGURAMAN
Partner
Membership No.202578

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Tamil Nadu Newsprint and Papers Limited (the 'Company' or 'TNPL') is a company domiciled in India, with its registered office situated at No. 67, Mount Road, Guindy, Chennai – 600 032, India. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange (NSE) in India. Paper Machine (Unit I) was commissioned in October 1985 with an installed capacity of 90,000 Tons Per Annum ('TPA') of Newsprint and Fine Paper. The Company has added two more paper machines and present installed capacity is at 400,000 TPA. The Company has recently started a new plant in Trichy district ("Unit II") to produce 200,000 TPA high grade paper board for usage in pharmaceuticals, healthcare, food, cosmetics and consumer products.

As a part of solid waste management, TNPL has setup 900 tons per day cement plant.

TNPL is self-sufficient with regard to Power to manufacture Paper & Paper Board and Cement.

2. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 (the 'Act') and the relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in the Notes.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement basis |
|---|--|
| Certain financial assets and liabilities (including derivative instruments) | Fair value |
| Biological assets | Fair value less costs to sell |
| Net defined benefit liability | Present value of defined benefit obligations |

d. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the concerned notes.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2017 is included in the concerned notes.

e. Measurement of fair values

A number of the company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is required, the Company assesses the evidence obtained by the third parties to support the conclusions that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Notes 6 – Investment Property

Notes 8 – Biological Assets

Notes 39 – Financial Instruments

3. Significant accounting policies

a. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange differences are recognized in profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognized in Other Comprehensive Income(OCI).

As per option given under Ind AS 101, whereby a first time adopter can continue its Indian GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the Indian GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Accordingly, the company has exercised the option of capitalizing the exchange difference on Long Term Foreign Currency Loans in relation to depreciable fixed assets / capital work-in-progress.

b. Financial instruments

i. Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortized cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value Through Profit and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss. |

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss

iii) De-recognition

Financial assets

The company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also de-recognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions and firm commitments arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Company designates only the change in fair value of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognized. For all other hedged forecast transactions, the amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

c. Property, Plant and Equipment**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment

iii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognized in the statement of profit and loss. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment are as follows:

| Asset | Management estimate of useful life |
|-------------------|---|
| Buildings | 3 to 30 years |
| Plant & Equipment | 5 to 30 years |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed off).

v. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

d. Other intangible assets

i. Recognition and measurement

Intangible assets are initially measured at cost. These items of other intangible assets are subsequently measured at cost less accumulated amortization and accumulated impairment losses, if any.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

iii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iv. Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortization in Statement of Profit and Loss.

The estimated useful lives are as follows:

| Asset | Management estimate of useful life |
|--------------------------|--|
| Software | 4 years |
| Right to procure Bagasse | Tenure of the respective sugar mills agreement |

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Internally generated: Research and Development

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses

e. Biological assets

Biological assets, i.e. standing crops are measured at fair value less costs to sell, with any change therein recognized in profit or loss.

f. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, if any.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its investment property recognized as at 1 April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of such investment property.

The estimated useful lives are as follows:

| Asset | Management estimate of useful life |
|----------|------------------------------------|
| Land | --- |
| Building | 30 years |

Any gain or loss on disposal of an investment property is recognized in profit or loss.

The fair value of investment property is disclosed in the notes. Fair value is determined by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued or by utilizing guideline value.

g. Inventories

All inventories are initially recorded at cost. Cost represents all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost for the purpose of valuation is determined by using the weighted average cost, net of taxes and duties eligible for credit and discounts.

Raw materials, stores, consumables and spare parts

Raw materials, stores, consumables and spare parts held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

Cost of wood transferred from biological assets (captive plantation) is valued initially at their fair value less costs to sell at the point of harvest. Weighted average cost has been followed for subsequent measurement as stated above.

All spares having useful life less than one year are treated as inventories and measured accordingly.

Work-in-process

All work-in-process are valued at cost which includes cost of inputs, net of taxes and duties eligible for credit and overheads up to the stage of completion.

Finished goods

Finished goods at factory are measured at lower of cost which includes cost of inputs (net of taxes and duties eligible for credits) and overheads and net realizable value. Finished goods at branches are valued on the above basis and also include transportation cost to branches and insurance cost.

Traded Goods

Traded goods are measured at lower of purchase cost net of taxes and duties, if any and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

h. Impairment**i. Impairment of financial instruments**

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 365 days or more;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than biological assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is determined based on asset's value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

To determine impairment of a corporate asset (e.g., Corporate office building for providing support to various CGUs), recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss.

i. Non-current assets held for sale

Non-current assets comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortized or depreciated.

j. Employee benefits**i. Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g. under short-term cash bonus / Ex-gratia, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards pension and superannuation scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

iii. Defined benefit plan

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 recognized as expenses and is charged to Statement of Profit and Loss. While the obligation to the Company is limited to such fixed contribution, as per the rules of Employee's 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.

Liabilities in respect of defined benefit plan in the form of Gratuity and Long-term compensated absences 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.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in OCI.

k. Provisions (other than for employee benefits)

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

Decommissioning costs

Decommissioning costs are measured as the best estimate of the expenditure to settle the obligation or to transfer the obligation to a third party. Provisions for decommissioning obligations are required to be recognized at the inception of the arrangement. The estimated costs to be incurred at the end of the arrangement are discounted to its present value using the market rate of return.

l. Revenue

Revenue is measured at the fair value of the consideration received or receivable after netting trade discounts, volume discounts and sales returns. Revenue from sale of goods is recognized when significant risks and rewards have been transferred to buyer.

Liquidated damages and penalties recovered from suppliers/contractors, in relation to property, plant and equipment are credited to statement of profit and loss 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.

Rental income from investment property is recognized as part of other income in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation.

Renewable Energy Certificate (REC) benefits are recognized in the statement of Profit and Loss on sale of REC's.

Dividend from investments is recognized when the right to receive the payment is established.

Barter transactions

The Company has engaged into barter transactions comprising of exchanging steam/fuel for bagasse. This exchange though is of dissimilar goods, would not qualify as sale since it is not a product sold by the Company.

m. Government grants

Government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and the same is recognized in profit or loss as other income on a systematic basis.

Grants that compensate the Company for expenses incurred are recognized in profit or loss as other income on a systematic basis in the periods in which such expenses are recognized.

n. Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

ii. Lease payments

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

o. Recognition of dividend income, interest income or expense

Dividend income is recognized in profit or loss on the date on which the company's right to receive payment is established. Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

p. Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

q. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of fund. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

r. Cash flow statements

Cash flow statements are prepared under Indirect Method whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Cash and cash equivalents comprise of cash in hand, current and other accounts (including fixed deposits) held with banks.

s. Events occurring after the balance sheet date

Assets and liabilities are adjusted for events occurring after the reporting period that provides additional evidence to assist the estimation of amounts relating to conditions existing at the end of the reporting period.

Dividends declared by the Company after the reporting period are not recognized as liability at the end of the reporting period. Dividends declared after the reporting period but before the issue of financial statements are not recognized as liability since no obligation exists at that time. Such dividends are disclosed in the notes to the financial statements.

t. Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BoD) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has identified following operating segments i.e. Paper & Paper Board, Energy and Cement.

| Reportable Segments | Operations |
|---------------------|---|
| Paper & Paper Board | Manufacturing and selling of Paper and Paper Board |
| Energy | Generation of Power through TGs and Wind mills for captive consumption and for export of power. |
| Cement | Manufacturing and selling of Cement. |

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 are not allocable to a segment on a reasonable basis have been disclosed as un-allocable assets and liabilities.

Inter segment revenue / expenses are recognized at cost.

Geographical segments considered for reporting are India and Rest of the World.

Information about reportable segments

Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on cost basis.

- u. The company commissioned commercial production of its Board Plant (Unit II) on 01.05.2016 at Trichy District. The data given for the year 2016-2017 is inclusive of Unit I & Unit II. The figures of the previous year relate to Unit I only. The company has restated the figures of previous year in compliance with Ind AS and therefore the current year figures are not comparable with the previous year.

NOTES TO THE FINANCIAL STATEMENTS

See Accounting Policies in Note No.3 (c, d & f)

(Rs. in Lakh)

| Notes | PARTICULARS | DEEMED COST (GROSS CARRYING AMOUNT) | | | ACCUMULATED DEPRECIATION / ACCUMULATED AMORTISATION | | | | | CARRYING AMOUNT (NET) | | | | |
|-------|--|-------------------------------------|---------------------------|---------------------|---|---------------------------|-----------------|--------------------|---------------------|---------------------------|-----------------|--------------------|---------------------|---------------------|
| | | As at 01/04/2015 | Additions/ (Deletions) | As at 31/03/2016 | As at 01/04/2015 | Additions/ (Deletions) | Trfd to CWIP | Upto 31/03/2016 | As at 01/04/2016 | Additions/ (Deletions) | Trfd to CWIP | Upto 31/03/2017 | As at 31/03/2017 | As at 31/03/2016 |
| 4 | Property Plant and Equipment (PPE) | | | | | | | | | | | | | |
| | Land | 5072.86 | 0.00 | 5072.86 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5218.28 | 5072.86 | 5072.86 |
| | Buildings | 27931.37 | 2110.51 | 30041.88 | 0.00 | 1495.87 | 0.00 | 1495.87 | 1495.87 | 0.00 | 4040.73 | 63329.56 | 28546.01 | 27931.37 |
| | Plant & Machinery | 206346.64 | 12097.52 | 218443.08 | 1477.58 | 7.98 | 11925.39 | 99.19 | 12032.19 | 17245.63 | 11.84 | 336911.98 | 206410.89 | 206338.66 |
| | Furniture, Fixture and other Equipment | 366.70 | 122.28 | 488.40 | 1310.01 | 0.00 | 103.51 | 0.00 | 103.47 | 220.10 | 32.09 | 1440.92 | 384.93 | 366.70 |
| | Vehicles | 184.96 | 102.68 | 287.64 | 167.26 | 0.00 | 38.06 | 9.31 | 47.37 | 47.37 | 0.85 | 359.31 | 240.27 | 184.96 |
| | Sub-Total | 239902.53 | 14432.99 | 254333.86 | 186709.66 | 7.98 | 13562.83 | 108.50 | 13678.90 | 20057.89 | 44.85 | 407260.05 | 240654.96 | 239894.55 |
| | | (1.66) | (2.38) | | | (0.41) | | | | (0.55) | | 5902.43 | 181455.47 | 63123.39 |
| 5 | Capital Work-in-Progress | | | | | | | | | | | | | |
| 6 | Investment Property | | | | | | | | | | | | | |
| | Land | 451.23 | 0.00 | 451.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 451.23 | 451.23 | 451.23 |
| | Building | 86.37 | 0.00 | 86.37 | 0.00 | 1.87 | 0.00 | 1.87 | 1.87 | 1.87 | 3.80 | 82.57 | 84.50 | 86.37 |
| | Sub-Total | 537.60 | 0.00 | 537.60 | 0.00 | 1.87 | 0.00 | 1.87 | 1.87 | 1.87 | 3.80 | 533.80 | 535.73 | 537.60 |
| 7 | Other Intangible Assets | | | | | | | | | | | | | |
| | Computer software | 530.93 | 228.05 | 758.98 | 285.84 | 0.00 | 382.65 | 0.00 | 382.65 | 278.61 | 32.05 | 351.51 | 376.33 | 530.93 |
| | Right-to Procure Bagasse | 2608.42 | 0.00 | 2608.42 | 0.00 | 429.43 | 0.00 | 429.43 | 429.43 | 0.00 | 888.86 | 1749.56 | 2178.99 | 2608.42 |
| | Sub-Total | 3139.35 | 228.05 | 3367.40 | 285.84 | 0.00 | 812.08 | 0.00 | 812.08 | 708.04 | 32.05 | 2101.07 | 2555.32 | 3139.35 |

Notes:

- a) The Land includes Rs.149.69 Lakhs towards the value of 10 grounds and 425 sq.ft for the construction of Corporate Office building. The transfer of title of the said Land by the Government of Tamilnadu in favour of the company is yet to be done pending completion of necessary formalities.
- b) The company has acquired 832.57 acres of Private Patta land and 41.89 acres of Government Poramboke Land for setting up the Multilayer Coated Paper Board Plant and paid interim compensation of Rs.2501.70 lakh for Private Patta Land. Pending issue of guidelines for fixation of compensation for the land acquired after enactment of "The Right to Fair Compensation and Transparency in Land Acquisition and Rehabilitation & Resettlement Act, 2013" (Central Act 30 of 2013), as exact compensation is not determinable at this stage, no provision has been made in the books towards additional compensation. The difference, if any, will be accounted on determination of final award.
- c) The Company availed of lease finance for 4 Nos of 750KW capacity each Wind Electric Generators in 2001 with lease rentals payable upto 31.03.2007. The Company has not opted for a secondary lease and hence no provision is made for secondary lease rent in the books. The formal transfer of assets by the lessor to TNPL is yet to be done pending completion of certain formalities.
- d) The company has entered into an agreement with the M/s. Sakthi Sugars Limited (SSL), Appakudal for procurement of bagasse on fuel substitution. As per the terms of the agreement, TNPL would bear initially entire capital cost of Rs.34.38 Crore. The sugar mill has to reimburse 50% of the capital cost and pay the same in 35 quarterly instalments bearing interest @ 9%. On completion of the payment, TNPL and the sugar mill will have joint ownership and equal rights on the assets installed at Appakudal.
- e) Additions to assets include a sum of Rs 21.19 lakhs (Previous Year Rs.352.55 lakhs) towards adjustment of effects of changes in Foreign Exchange rates during the year relating to Foreign Currency Long-term loans availed of for acquisition of depreciable fixed assets in line with 3 (a) (i)- Significant Accounting Policies
- f) The Company ceased capitalization of interest for Multi-Layer Double Coated Board Plant (MDCB) with effect from 15.03.2016 and capitalized the assets effective from 01.05.2016. Now, based on the Expert Advisory Committee (EAC) opinion from the Institute of Chartered Accountants of India (ICAI), both capitalization of interest and capitalization of assets is given effect from 01.05.2016, uniform date for both.
- g) The Company has capitalized the borrowing cost amounting to Rs.19635.09 lakh towards Paper Board Project (Unit-2). The company applied capitalization rate of 9.53% for general borrowings used for Unit-2 Board Project
- h) As at 31. March 2017, PPE are subject to charge on secured bank loans (Refer Notes 19)

NOTES TO THE FINANCIAL STATEMENTS

i) Capital Work-in-Progress includes: (Rs. in Lakh)

| Sl.No. | Particulars | | As at 31/03/2017 | As at 31/03/2016 |
|--------|---|-----|------------------|------------------|
| | Tangible Assets | | | |
| A) | Regular Projects | | 3321.03 | 1771.60 |
| B) | Lime Sludge Fly Ash Management (LSFM)-(Cement Plant Capacity Expansion) | | | |
| | Opening Balance | (a) | 168.06 | 0.00 |
| | Additions: | | | |
| | Buildings | | 0.00 | 818.41 |
| | Plant and Machinery | | 403.66 | 5362.29 |
| | Finance Costs | | 0.00 | 129.01 |
| | Sub-Total | (b) | 403.66 | 6309.71 |
| | Less: Transferred to Fixed Assets on capitalization | | | |
| | Buildings | | 0.00 | 836.19 |
| | Plant and Machinery | | 378.05 | 5305.46 |
| | Transfer to Regular Projects | | 193.67 | 0.00 |
| | Sub-Total | (c) | 571.72 | 6141.65 |
| | Closing Balance (a)+(b)-(c) | | 0.00 | 168.06 |
| C) | Unit - 2 - Multilayer Coated Board Project | | | |
| | Opening Balance | (a) | 179515.81 | 56134.97 |
| | Additions: | | | |
| | Land | | 84.72 | 0.00 |
| | Buildings | | 6782.31 | 9433.12 |
| | Plant and Machinery | | 3931.34 | 90175.16 |
| | Vehicles | | 88.94 | 0.00 |
| | Furniture | | 1023.46 | 0.00 |
| | Intangible Assets | | 222.07 | 0.00 |
| | Finance Costs | | 1294.88 | 14025.78 |
| | Pre-Operative Expenses | | 1997.41 | 3087.36 |
| | Materials in hand | | 0.00 | 6721.83 |
| | Sub-Total | (b) | 15425.13 | 123443.25 |
| | Less: Transferred to Fixed Assets on capitalization | | | |
| | Land | | 267.42 | 2.65 |
| | Buildings | | 36352.24 | 0.00 |
| | Plant and Machinery | | 144941.42 | 59.76 |
| | Vehicles | | 97.33 | 0.00 |
| | Furniture | | 1182.48 | 0.00 |
| | Intangible Assets | | 266.13 | 0.00 |
| | Sub-Total | (c) | 183107.02 | 62.41 |
| | Less: Materials Transferred to inventory account | (d) | 9252.52 | 0.00 |
| | Closing Balance (a)+(b)-(c) -(d) | | 2581.40 | 179515.81 |
| | Grand Total (A + B + C) | | 5902.43 | 181455.47 |

j) Disclosures relating to Investment Property
See Accounting policies in Notes 3 (f)

| Particulars | 31/03/2017 | 31/03/2016 | 01/04/2015 |
|---|----------------|------------|------------|
| Rental income for investment property | 105.33 | 98.16 | -- |
| Direct operating expenses to income generating property | 62.12 | 60.80 | -- |
| Less: Reimbursement of Expenses | (62.12) | (60.80) | -- |
| Fair value of Investment Property | | | |
| a) Land at Tirupattur | 47.06 | 47.06 | 47.06 |
| b) Land at Ambattur | 9141.00 | 9141.00 | 9141.00 |
| c) Corporate office building comprise of 6 floors, out of which 2 nd & 3 rd Floors are rented out and it is treated as investment property. The fair value for two floors | 1602.06 | 1602.06 | 1602.06 |

NOTES TO THE FINANCIAL STATEMENTS

Measurement of fair values

Fair value hierarchy

The fair value of investment property (Corporate Office Building) has been determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. Government guideline value is considered as fair value for Land

The fair value measurement for land has been categorized as Level 1 fair value and for corporate office building has been categorized as Level 2

8. Biological Assets Other than bearer plants

See Accounting policies in Notes 3 (e)

a) Reconciliation of carrying amount

(Rs. in Lakh)

| Particulars | 31/03/2017 | 31/03/2016 |
|--|------------|------------|
| Standing crops: | | |
| Opening Balance | 699.01 | 1407.27 |
| Add: New plantations / Maintenance cost | 256.21 | (53.20) |
| Less: Harvested wood transferred to inventories | (357.98) | (781.71) |
| Changes in fair value less estimated costs to sell | 206.86 | 126.65 |
| Closing Balance | 804.10 | 699.01 |

As at 31st March 2017, standing crops comprises 7538 acres of plantations (31 March 2016: 7675 acres). During the year the company harvested 8017 Mts (31 March 2016: 10764 Mts).

b) Measurement of fair values

i. Fair value hierarchy

The fair value measurements for the standing crops have been categorized as Level 3 fair values based on the inputs to the valuation techniques used.

ii. Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognized in respect of level 3 fair values (Standing crops)

(Rs. in Lakh)

| Particulars | 2016-17 | 2015-16 |
|---------------------------------|---------------|---------|
| Gain included in 'other income' | | |
| Change in fair value | 206.86 | 126.65 |

iii. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values and significant unobservable inputs used in Level 3 fair value measurements.

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|--|---|--|
| <p>Discounted cash flows:</p> <p>The valuation model considers the present value of net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 5-6 years. The expected net cash flows are discounted using a risk adjusted discount rate</p> | <p>Estimated future wood market prices per ton (31 March 2017: INR 2900)</p> <p>Estimated yields (in tons) per acre (31 March 2017: 10 ; 31 March 2016: 10)</p> <p>Risk-adjusted discount rate (31 March 2017: 9%; 31 March 2016: 9%)</p> | <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> - the estimated wood prices per ton were higher (lower); - the estimated yields per acre were higher (lower); - the risk-adjusted discount rates were lower (higher) |

NOTES TO THE FINANCIAL STATEMENTS

c) Risk management related to agricultural activities

The Company has identified the risk of fire and allied perils, natural calamities like flood, pests and drying up of plant with regard to Biological Assets. The Company has taken insurance policy covering these risks.

(Rs. in Lakh)

| Notes | Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|-------|---|---------------------|---------------------|---------------------|
| 9 | Investment | | | |
| | See Accounting policies in Notes 3 (b) | | | |
| | Quoted equity shares | | | |
| | IDBI Bank Limited (142720 equity shares of Rs.10 each, fully paid) (Held by IL&FS Securities Services Ltd as collateral Security for taking hedging positions in Currency Futures) | 107.18 | 99.19 | 101.40 |
| | | 107.18 | 99.19 | 101.40 |
| Note: | | | | |
| | Aggregate Amount of quoted Investment at cost | 114.05 | 114.05 | 114.05 |

Equity shares designated as at fair value through other comprehensive income

At 1 April 2016, the Company designated the investments shown below as equity shares as FVOCI because these equity shares represent investments that the Company intends to hold for long term for strategic purposes.

(Rs. in Lakh)

| Particulars | Fair value at 31/03/2017 | Dividend income recognized during 2016-2017 | Fair value at 31/03/2016 | Dividend income recognized during 2015-2016 | Fair value at 01/04/2015 |
|----------------------------------|-----------------------------|---|-----------------------------|---|-----------------------------|
| IDBI Bank Ltd - Equity Shares | 107.18 | 0.00 | 99.19 | 1.07 | 101.40 |

No strategic investments were disposed during 2016-2017.

(Rs. in Lakh)

| Notes | Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|-------|---|---------------------|---------------------|---------------------|
| 10 | Loans | | | |
| | See Accounting policies in Notes 3 (b) | | | |
| | Advance to Sugar Mills | | | |
| | Secured, considered good | 2696.91 | 2227.20 | 1988.86 |
| | Unsecured, considered good | 5799.24 | 4742.17 | 4900.00 |
| | | 8496.15 | 6969.37 | 6888.86 |

Secured by way of residuary subservient charge on immovable assets of Sugar Mills/Bank Guarantee.

| | | | | |
|----|---|----------------|---------|----------|
| 11 | Other Non- Current Assets | | | |
| | See Accounting policies in Notes 3 (b) | | | |
| | Capital Advances | | | |
| | Unsecured, considered good | 2202.22 | 2356.95 | 30496.18 |
| | | 2202.22 | 2356.95 | 30496.18 |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Lakh)

| Notes | Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|-----------|---|---------------------|---------------------|---------------------|
| 12 | Inventories | | | |
| | See Accounting policies in Notes 3 (g) | | | |
| | a) Raw materials | | | |
| | In Stock | 16206.45 | 9690.11 | 10016.45 |
| | In Transit | 410.88 | 353.52 | 201.55 |
| | b) Work in process | 12996.03 | 2813.87 | 3579.05 |
| | c) Stock of Finished Goods | 12203.28 | 12563.53 | 15362.10 |
| | d) Stock of Traded goods | 319.79 | 430.91 | 446.89 |
| | e) Stores, Consumables and spare parts | | | |
| | In Stock | 14984.48 | 9820.13 | 10665.67 |
| | In Transit | 12.08 | 3057.76 | 3052.14 |
| | | 57132.99 | 38729.83 | 43323.85 |

Carrying amount of inventories (included in above) pledged as securities for borrowings.

The write-down of inventories to net realizable value during the year amounted to Rs. 272 Lakh (31 March 2016: 225 Lakh).

The write-down are included in cost of stores & spares consumed.

| | | | | |
|-----------|---|-----------------|----------|----------|
| 13 | Trade Receivables | | | |
| | See Accounting policies in Notes 3 (b) | | | |
| | Un-Secured, considered good | 53167.67 | 48664.68 | 54036.26 |
| | Less: Loss allowance | 180.82 | 87.31 | 0.00 |
| | | 52986.85 | 48577.37 | 54036.26 |

The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Notes 39 (c)

| | | | | |
|-----------|--|----------------|---------|---------|
| 14 | Cash and Cash Equivalents | | | |
| | See Accounting policies in Notes 3 (b) | | | |
| | a) Balance with Banks | | | |
| | Unpaid Dividend accounts | 99.60 | 88.92 | 81.37 |
| | Current accounts | 2031.65 | 1506.50 | 1920.02 |
| | Savings account | 4.27 | 3.77 | 2.88 |
| | Deposit accounts | 0.00 | 0.00 | 1.16 |
| | b) Cheques, drafts on hand | 4.94 | 17.71 | 22.45 |
| | c) Cash on hand | 4.16 | 4.38 | 5.29 |
| | | 2144.62 | 1621.28 | 2033.17 |
| 15 | Loans | | | |
| | See Accounting policies in Notes 3 (b) | | | |
| | Secured, considered good | | | |
| | Current maturities of Loans - Advance to Sugar Mills | 1403.07 | 967.47 | 768.91 |
| | Unsecured - Considered good: | | | |
| | Advances | 6782.93 | 4400.27 | 6545.38 |
| | Interest accrued on Loans/Deposits | 271.11 | 192.38 | 814.72 |
| | | 8457.11 | 5560.12 | 8129.01 |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Lakh)

| Notes | Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|-----------|--|---------------------|---------------------|---------------------|
| 16 | Other Current Assets See Accounting policies in Notes 3 (b) Advances & Deposits with Government and public bodies | 4222.53 | 3188.65 | 2830.28 |
| | Balance with: | | | |
| | - Central Excise / TN VAT | 9781.49 | 8173.83 | 4297.73 |
| | Prepaid Expenses | 899.93 | 693.66 | 571.19 |
| | | 14903.95 | 12056.14 | 7699.20 |
| 17 | Equity Share Capital Authorized 13,50,00,000 (31 March 2016: 13,50,00,000 and 1 April 2015: 13,50,00,000) Equity Shares of Rs.10/- each | 13500 | 13500 | 13500 |
| | Issued 7,00,00,000 (31 March 2016: 7,00,00,000 and 1 April 2015: 7,00,00,000) Equity Shares of Rs.10/- each | 7000 | 7000 | 7000 |
| | Subscribed and Fully Paid up* 6,92,10,600 (31 March 2016: 6,92,10,600 and 1 April 2015: 6,92,10,600) Equity Shares of Rs.10/- each fully paid up | 6921.06 | 6921.06 | 6921.06 |
| | Shares Forfeited** | 16.72 | 16.72 | 16.72 |
| | Total | 6937.78 | 6937.78 | 6937.78 |

* All subscribed shares are fully paid-up

** Shares forfeited represents shares called and partly paid by the shareholders were subsequently forfeited by the Company.

Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| Particulars | 31/03/2017 | | 31/03/2016 | |
|-----------------------------------|-----------------|----------------|-----------------|--------------|
| | Number in Lakhs | Rs. in Lakhs | Number in Lakhs | Rs. in Lakhs |
| Equity shares | | | | |
| At the commencement of the period | 692.11 | 6921.06 | 692.11 | 6921.06 |
| Shares issued during the period | 0.00 | 0.00 | 0.00 | 0.00 |
| At the end of the period | 692.11 | 6921.06 | 692.11 | 6921.06 |

Rights, preferences and restrictions attached to equity shares

"The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, in proportion to the number of equity shares held."

NOTES TO THE FINANCIAL STATEMENTS

Particulars of shareholders holding more than 5% of shares

| Particulars | 31/03/2017 | | 31/03/2016 | | 01/04/2015 | |
|--|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|
| | Number in Lakhs | % of total shares | Number in Lakhs | % of total shares | Number in Lakhs | % of total shares |
| Equity shares of Rs. 10/- each fully paid-up held by - | | | | | | |
| - Governor of Tamil Nadu | 244.45 | 35.32% | 244.45 | 35.32% | 244.45 | 35.32% |
| - Life Insurance Corporation of India | 63.06 | 9.11% | 63.06 | 9.11% | 68.91 | 9.96% |
| - Sundaram Mutual Fund | - | - | 38.23 | 5.52% | 0.00 | 0.00% |
| - HDFC Trustee Company Limited - HDFC Prudence Fund | - | - | - | - | 39.82 | 5.75% |
| - Warburg Value Fund | - | - | - | - | 35.00 | 5.06% |

18 Other Equity

Other reserves

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|------------------------------|------------------|------------------|------------------|
| Debenture redemption reserve | 0.00 | 0.00 | 138.89 |
| General reserve | 134973.03 | 115973.03 | 96834.14 |
| Total other reserves | 134973.03 | 115973.03 | 96973.03 |

i) Debenture redemption reserve

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 |
|-----------------------------------|------------------|------------------|
| Opening balance | - | 138.89 |
| Add: Additions during the year | - | - |
| Less: Transfer to General reserve | - | 138.89 |
| Closing balance | - | - |

The Company has issued non-convertible debentures in India as per the provisions of the Companies Act, 2013, is required to create Debenture Redemption Reserve out of the profits of the company available for payment of dividend

ii) General reserve

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 |
|---|------------------|------------------|
| Opening balance | 115973.03 | 96834.14 |
| Add: Additions during the year | 19000.00 | 19000.00 |
| Add: Transfer from debenture redemption reserve | - | 138.89 |
| Closing balance | 134973.03 | 115973.03 |

As per section 123(1) of Companies Act 2013, a company may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserve of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Dividends

The following dividends were declared and paid by the Company during the year (Rs. in Lakh)

| Particulars | 2016-2017 | 2015-2016 |
|--|----------------|-----------|
| Rs.7.50 per equity share (Financial year 2015-16: Rs.6.00) | 5190.80 | 4152.64 |
| Dividend Distribution Tax (DDT) on dividend to equity shareholders | 1056.72 | 845.38 |
| | 6247.52 | 4998.02 |

After the reporting date, the following dividends (excluding dividend distribution tax) were proposed by the Board of Directors subject to the approval at the annual general meeting. The dividends have not been recognized as liabilities. Dividends would attract dividend distribution tax when declared or paid.

(Rs. in Lakh)

| Particulars | 2017-2018 | 2016-2017 |
|---|----------------|-----------|
| Rs.7.50 per equity share (Financial year 2016-17 : Rs.7.50) | 5190.80 | 5190.80 |
| | 5190.80 | 5190.80 |

18 Analysis of items of Other Comprehensive Income (OCI), net of tax

a) Items of OCI

i) Hedging reserve

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 |
|--|------------------|------------------|
| Opening balance | 176.22 | (3253.68) |
| Changes in fair value - Settled Transactions | 99.69 | 334.46 |
| Reclassified to profit and loss | (275.91) | 2919.22 |
| Changes in fair value - Outstanding transactions | (166.68) | 176.22 |
| Closing balance | (166.68) | 176.22 |

ii) Remeasurements of defined benefit liability

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 |
|---|------------------|------------------|
| Opening balance | 185.75 | - |
| Remeasurements of defined benefit liability | (365.63) | 185.75 |
| Closing balance | (179.88) | 185.75 |

iii) Equity instruments through OCI

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 |
|------------------------|------------------|------------------|
| Opening balance | (9.71) | (8.27) |
| Changes in fair value | 5.22 | (1.44) |
| Closing balance | (4.49) | (9.71) |

NOTES TO THE FINANCIAL STATEMENTS

Effective portion of cash flow hedges

This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Remeasurements of defined benefit liability

Remeasurements of defined benefit liability comprises actuarial gains and losses.

Equity instruments through OCI

The Company has elected to recognize changes in the fair value of investment in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments within equity. The Company transfers amounts there from to retained earnings when the relevant equity securities are derecognized.

b) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The weighted-average interest expense on interest-bearing borrowings was 8.78 percent (2015-16: 9.56 percent).

18 Earnings per share

Basic and diluted earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

i. Profit (loss) attributable to equity shareholders (basic and diluted)

(Rs. in Lakh)

| Particulars | For the Year ended 31/03/2017 | For the Year ended 31/03/2016 |
|--|----------------------------------|----------------------------------|
| Profit (loss) for the year, attributable to the equity holders | 26456.39 | 25980.86 |
| | 26456.39 | 25980.86 |

ii. Weighted average number of equity shares (basic and diluted)

(in Numbers)

| Particulars | As at 31/03/2017 | As at 31/03/2016 |
|--|------------------|------------------|
| Opening balance | 69210600 | 69210600 |
| Effect of fresh issue of shares for cash | 0 | 0 |
| Weighted average number of equity shares for the year | 69210600 | 69210600 |
| Earning Per Share (EPS) - (Rs.) | 38.23 | 37.54 |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Lakh)

| Notes | Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|--|---|---------------------|---------------------|---------------------|
| 19 | Borrowings | | | |
| | See accounting policies in Notes 3 (b) | | | |
| | Non-current borrowings | | | |
| | Term loans - From Banks | | | |
| | Secured | | | |
| | A) De-Inking Pulp Plant (DIP) | | | |
| | - Foreign Currency Loan | 558.67 | 1710.00 | 2689.64 |
| | - Rupee Term Loans | 0.00 | 1770.00 | 4130.00 |
| | B) Lime Sludge & Fly Ash Management System(LSFM) | | | |
| | - Rupee Term Loans | 2100.00 | 3798.13 | 3144.38 |
| | C) Revamping of Steam and Power System (RSPS) | | | |
| | - Rupee Term Loans | 0.00 | 0.00 | 2300.00 |
| | D) Term Loans-General Corporate Loan | | | |
| | - Rupee Term Loans | 55481.92 | 56008.85 | 46304.77 |
| E) Multilayer Coated Board Plant | | | | |
| - Rupee Term Loans | 107071.83 | 130584.90 | 77414.51 | |
| Unsecured | | | | |
| F) Term Loans-General Corporate Loan - Rupee Term Loans | 0.00 | 0.00 | 933.33 | |
| | 165212.42 | 193871.88 | 136916.63 | |
| 19 | Current borrowings | | | |
| | Loans from banks | | | |
| | Secured bank loans | | | |
| | Working Capital Loans - Banks | | | |
| | Cash Credit | 17927.93 | 11539.34 | 16849.88 |
| | Buyer's Credit - Foreign Currency | 7607.41 | 4971.07 | 383.90 |
| | Short Term Loan | 0.00 | 1750.00 | 2950.00 |
| | Sub-Total (a) | 25535.34 | 18260.41 | 20183.78 |
| | Unsecured bank loans | | | |
| | Short Term Loans from Banks | | | |
| | Export Packing Credit(EPC)-INR | 13400.00 | 12300.00 | 0.00 |
| | Buyer's Credit - Foreign Currency | 14569.48 | 12979.64 | 2744.17 |
| | Rupee Loan | 20754.00 | 15500.00 | 28500.00 |
| | Sub-Total (b) | 48723.48 | 40779.64 | 31244.17 |
| Total (a) + (b) | 74258.82 | 59040.05 | 51427.95 | |

NOTES TO THE FINANCIAL STATEMENTS

19 Borrowings (continued)

See accounting policies in Notes 3 (b)

A. Terms and repayment schedule

Terms and condition of outstanding borrowings are as follows:

(Rs. in Lakh)

| Particulars | Currency | | Year of maturity | Carrying amount at 31 Mar 2017 | Carrying amount at 31 Mar 2016 | Carrying amount at 01 Apr 2015 |
|--|----------|------|------------------|--------------------------------|--------------------------------|--------------------------------|
| Non Current Borrowings | | | | | | |
| Secured | | | | | | |
| - LIC -Mill Expansion Plan-NCD | INR | | 2015-16 | - | - | 555.56 |
| | | | | - | - | 555.56 |
| - DBS Bank- Mill Expansion Plan- ECB | USD | | 2015-16 | - | - | 1248.20 |
| - EXIM Bank- Mill Expansion Plan - OFC | USD | | 2015-16 | - | - | 5062.02 |
| | | | | - | - | 6310.22 |
| - Indian Bank -Mill Expansion Plan- Rupee | INR | | 2015-16 | - | - | 1304.00 |
| | | | | - | - | 1304.00 |
| - Indian Bank- Revamping of Steam and Power System | INR | | 2016-17 | - | 1500.00 | 3000.00 |
| - Axis Bank- Revamping of Steam and Power System | INR | | 2016-17 | - | 800.00 | 1600.00 |
| | | | | - | 2300.00 | 4600.00 |
| - EXIM - De-Inking Pulp Plant - OFC | USD | # | 2018-19 | 1676.00 | 2850.00 | 3765.50 |
| | | | | 1676.00 | 2850.00 | 3765.50 |
| - Canara Bank - De- Inking Pulp Plant | INR | # | 2017-18 | 1320.00 | 3080.00 | 4840.00 |
| - Indian Bank - De- Inking Pulp Plant | INR | # | 2017-18 | 450.00 | 1050.00 | 1650.00 |
| | | | | 1770.00 | 4130.00 | 6490.00 |
| - Canara Bank - Lime Sludge Fly Ash Management System- 600tpd | INR | # | 2017-18 | 1248.13 | 3144.38 | 5040.63 |
| - Canara Bank - Lime Sludge Fly Ash Management System-300tpd | INR | # | 2021-22 | 2700.00 | 2700.00 | 0.00 |
| | | | | 3948.13 | 5844.38 | 5040.63 |
| - Syndicate Bank- Multi Coated Board Plant (Unit-2) | INR | \$ | 2021-22 | 37000.00 | 37000.00 | 9195.32 |
| - State Bank of Travancore- Multi Coated Board Plant (Unit-2) | INR | \$ | 2021-22 | 9999.46 | 9999.46 | 7662.13 |
| - Indian Bank- Multi Coated Board Plant (Unit-2) | INR | \$ | 2021-22 | 20000.00 | 20000.00 | 15378.33 |
| - Canara Bank- Multi Coated Board Plant (Unit-2) | INR | \$ | 2021-22 | 25000.00 | 25000.00 | 14621.29 |
| - Union Bank of India - Multi Coated Board Plant (Unit-2) | INR | \$ | 2021-22 | 19961.26 | 18585.44 | 14631.39 |
| - Punjab and Sind Bank - Multi Coated Board Plant (Unit-2) | INR | \$ | 2021-22 | 20000.00 | 20000.00 | 15926.05 |
| | | | | 131960.72 | 130584.90 | 77414.51 |
| - State Bank of India - General Corporate Loan | INR | @ | 2018-19 | 3200.00 | 4400.00 | 5500.00 |
| - EXIM Bank - General Corporate Loan | INR | ^ | 2019-20 | 6875.00 | 9375.00 | 10000.00 |
| - HDFC Bank Limited- General Corporate Loan | INR | * | 2018-19 | 6153.85 | 9230.78 | 9024.00 |
| - Syndicate Bank- General Corporate Loan | INR | & | 2020-21 | 10000.00 | 10000.00 | 10000.00 |
| - State Bank of Travancore- General Corporate Loan | INR | & | 2020-21 | 4000.00 | 4000.00 | 4000.00 |
| - Canara Bank- General Corporate Loan | INR | & | 2020-21 | 11000.00 | 11000.00 | 11000.00 |
| - ICICI Bank- General Corporate Loan | INR | && | 2018-19 | 5000.00 | 5000.00 | - |
| - Kotak Mahindra Bank Limited- General Corporate Loan | INR | ^^ | 2021-22 | 10000.00 | 10000.00 | - |
| - ICICI Bank- General Corporate Loan | INR | \$\$ | 2019-20 | 5000.00 | - | - |
| - Federal Bank- General Corporate Loan | INR | ## | 2021-22 | 7500.00 | - | - |
| | | | | 68728.85 | 63005.78 | 49524.00 |
| Unsecured | | | | | | |
| - Yes Bank - General Corporate Loan | INR | | 2015-16 | - | - | 1500.00 |
| - Kotak Mahindra Bank Limited- General Corporate Loan | INR | | 2016-17 | - | 933.33 | 2533.33 |
| | | | | - | 933.33 | 4033.33 |
| Total | | | | 208083.69 | 209648.39 | 159037.75 |
| Less Current maturities of long Term Debts | | | | 42871.27 | 15776.51 | 22121.12 |
| Total Non-Current Borrowings | | | | 165212.42 | 193871.88 | 136916.63 |

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Lakh)

| Particulars | Currency | Year of maturity | Carrying amount at 31 Mar 2017 | Carrying amount at 31 Mar 2016 | Carrying amount at 01 Apr 2015 |
|-------------------------------------|----------|------------------|--------------------------------|--------------------------------|--------------------------------|
| Current Borrowings | | | | | |
| Secured Loans from Banks | | | | | |
| - Cash Credit | | ** | 17927.93 | 11539.34 | 16849.88 |
| - Short Term Loans | | ** | 0.00 | 1750.00 | 2950.00 |
| - Buyer's Credit - Foreign Currency | | ** | 7607.41 | 4971.07 | 383.90 |
| Un-Secured Loans from Banks | | | | | |
| - Short Term Loans | | | 20754.00 | 15500.00 | 28500.00 |
| - Export Packing Credit (EPC)- INR | | | 13400.00 | 12300.00 | 0.00 |
| - Buyer's Credit | | | 14569.48 | 12979.64 | 2744.17 |
| Total Current Borrowings | | | 74258.82 | 59040.05 | 51427.95 |

NCD- Non - Convertible Debenture, ECB- External Commercial Borrowings, OFC - Other Foreign Currency Loan

B. Secured Bank Loan

Secured by a first pari passu charge on fixed assets created out of respective loans.

\$ Secured by a first pari passu charge on fixed assets to be created at Mondipatti out of respective term loans and first charge on all the movable fixed assets of the company situated at Kagithapuram, Karur Dist., Tamil Nadu on pari passu basis both present & future except which are under specific charge to the respective term lenders and an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, Tamilnadu.

@ Secured by a first charge on Wind Mill movable assets and subservient charge on the fixed assets of the Company (excluding the machinery which has been specifically charged to the respective lenders) situated at Kagithapuram, Karur Dist.,.

^ Secured by a first charge on all the fixed assets of the company situated at Kagithapuram, Karur Dist., (movable & immovable) on pari passu basis both present and future (except assets under specific charge to other lenders) situated at Kagithapuram, Karur Dist., including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, Tamilnadu and pari passu second charge on the current assets of the company viz., stock of raw materials, finished goods, stores and other movables.

* Secured by an exclusive charge on movable & immovable properties of Mayanur Unit-equitable mortgage of 38.40 acres of Land & Buildings and charge on Plant & Machinery and subservient charge on movable plant & machinery at Kagithapuram, Karur Dt.,

& Secured by a first pari passu charge on movable fixed assets of the company (except assets under specific charge to other lenders) situated at Kagithapuram, Karur Dist.,

&& Secured by residual charge on current assets of the company.

^^ Exclusive hypothecation charge on revamped power plant & machinery

\$\$ Residual charge on moveable fixed assets of the company.

First Pari Passu Charge on moveable Fixed Assets with at least 1x cover.

** Secured by a first charge on current asses 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 other fixed assets of the company excluding wind mills, vehicles and Computer Software and assets created/proposed to be created out of the ASRS, LSFM,RSPS and DIP projects.

NOTES TO THE FINANCIAL STATEMENTS

20 Provisions

See accounting policies in Notes 3 (j) (k)

(Rs. in Lakh)

| Particulars | Non-current | | | Current | | |
|--|-------------|------------|------------|------------|------------|------------|
| | 31/03/2017 | 31/03/2016 | 01/04/2015 | 31/03/2017 | 31/03/2016 | 01/04/2015 |
| Provisions for employee benefits* | | | | | | |
| Defined benefit liability - Gratuity | 6888.62 | 6875.65 | 6957.06 | 863.84 | 595.02 | 578.34 |
| Liability for compensated absences | 3532.48 | 3100.79 | 3176.21 | 809.52 | 492.68 | 461.66 |
| Total provisions for employee benefits (A) | 10421.10 | 9976.44 | 10133.27 | 1673.36 | 1087.70 | 1040.00 |
| Other provisions | | | | | | |
| Provision for decommissioning liability** | 69.42 | 63.69 | 58.43 | 0.00 | 0.00 | 0.00 |
| Total other provisions (B) | 69.42 | 63.69 | 58.43 | 0.00 | 0.00 | 0.00 |
| Total provisions (A+B) | 10490.52 | 10040.13 | 10191.70 | 1673.36 | 1087.70 | 1040.00 |

*Provisions for employee benefits

(Rs. in Lakh)

| Particulars | 31/03/2017 | 31/03/2016 | 01/04/2015 |
|--------------------------------------|------------|------------|------------|
| Defined benefit liability - Gratuity | 7752.46 | 7470.67 | 7535.41 |
| Liability for compensated absences | 4342.00 | 3593.46 | 3637.86 |
| Total employee benefit liabilities | 12094.46 | 11064.13 | 11173.27 |
| Non-current | 10421.10 | 9976.44 | 10133.27 |
| Current | 1673.36 | 1087.70 | 1040.00 |
| Total employee benefit liabilities | 12094.46 | 11064.14 | 11173.27 |

For details about the related employee benefit expenses, see Notes 31

Reconciliation of the net defined benefit liability

(Rs. in Lakh)

| Particulars | TYPE OF PLAN | | | |
|--|--------------|------------|------------------|------------|
| | GRATUITY | | LEAVE ENCASHMENT | |
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| Balance at the beginning of the year | 7470.67 | 7535.41 | 3593.46 | 3637.86 |
| Interest Cost | 538.57 | 561.76 | 259.15 | 268.66 |
| Current service cost | 316.07 | 324.42 | 247.15 | 245.00 |
| Benefits paid | (1132.00) | (666.86) | (542.09) | (387.48) |
| Actuarial loss/(gain) on obligation (balancing figure) | 559.15 | (284.06) | 784.33 | (170.58) |
| Balance as at the end of the year | 7752.46 | 7470.67 | 4342.00 | 3593.46 |

NOTES TO THE FINANCIAL STATEMENTS

i. Expense recognized in profit or loss (Notes.31)

(Rs. in Lakh)

| Particulars | TYPE OF PLAN | | | |
|---|--------------|-----------|------------------|-----------|
| | GRATUITY | | LEAVE ENCASHMENT | |
| | 2016-2017 | 2015-2016 | 2016-2017 | 2015-2016 |
| Current service cost | 316.07 | 324.42 | 247.15 | 245.00 |
| Net Interest on Net Defined Benefit Obligations | 538.57 | 561.76 | 259.15 | 268.66 |
| Net actuarial (gain)/loss recognized in the year | 0.00 | 0.00 | 784.33 | (170.58) |
| Expenses recognized in the statement of profit and loss | 854.64 | 886.18 | 1290.63 | 343.08 |

ii. Remeasurements recognized in other comprehensive income

(Rs. in Lakh)

| Particulars | TYPE OF PLAN | |
|---|--------------|-----------|
| | GRATUITY | |
| | 2016-2017 | 2015-2016 |
| Actuarial (gain) loss on defined benefit obligation | 559.15 | (284.06) |
| | 559.15 | (284.06) |

iii) Defined benefit obligation

| Particulars | TYPE OF PLAN | | | |
|------------------------|--------------|------------|------------------|------------|
| | GRATUITY | | LEAVE ENCASHMENT | |
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| Discount Rate | 7.50% | 7.80% | 7.50% | 7.80% |
| Salary escalation rate | 6.00% | 7.00% | 6.00% | 7.00% |
| Attrition rate | 5.00% | 3.00% | 5.00% | 3.00% |

iv) Sensitivity Analysis

(Rs. in Lakh)

| Particulars | 31/03/2017 | | 31/03/2016 | |
|---|------------|----------|------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Gratuity - (Increase)/decrease in Defined Benefit Obligations | | | | |
| Discount Rate (0.5% movement) | (195.53) | 206.91 | (198.88) | 211.52 |
| Salary escalation rate (0.5% movement) | 115.47 | (115.85) | 111.53 | (114.04) |
| Leave Encashment - (Increase)/decrease in Defined Benefit Obligations | | | | |
| Discount Rate(0.5% movement) | (120.03) | 127.67 | (110.19) | 117.99 |
| Salary escalation rate(0.5% movement) | 128.90 | (122.24) | 118.03 | (111.49) |

** Provision for decommissioning liability

The Company has made a provision of Rs.69.42 lakh (Previous Year Rs.63.69 lakh) in respect of obligation on decommissioning of Plant & Machinery erected at various Off-sites (Sugar Mills), The unwinding of discount of RS.5.73 lakh (Previous Year Rs.5.26 lakh) recognized as expenses.

NOTES TO THE FINANCIAL STATEMENTS

Recognized deferred tax and liabilities

Deferred tax assets and liabilities are attributable to the following:

(Rs. in Lakh)

| Notes | Particulars | As at 01/04/2015 | Recognized in profit and loss during 2015-16 | Recognized in OCI during 2015-16 | As at 31 March 2016 | Recognized in profit and loss during 2016-17 | Recognized in OCI during 2016-17 | As at 31 March 2017 |
|-------|---|------------------|--|----------------------------------|---------------------|--|----------------------------------|---------------------|
| 21 | Deferred Tax Liabilities | | | | | | | |
| | See accounting policies in Notes 3 (p) | | | | | | | |
| | Movement in temporary differences | | | | | | | |
| | Property ,Plant and equipment | 41082.52 | 1698.58 | | 42781.10 | 25797.63 | | 68578.73 |
| | Inventories | (4.58) | 4.58 | | 0.00 | 0.00 | | - |
| | Intangible assets | (170.96) | 0.06 | | (170.90) | 13.94 | | (156.96) |
| | Biological assets | (77.74) | 43.83 | | (33.91) | 71.59 | | 37.68 |
| | Finance Cost - Decommissioning Liability | (19.13) | (1.82) | | (20.95) | (1.99) | | (22.94) |
| | Lease rent & Provision for loss allowance | (8.88) | (0.08) | | (8.96) | (32.34) | | (41.30) |
| | Disallowance of expenses U/sec., 43B | (1300.76) | (134.92) | | (1435.68) | 0.00 | | (1435.68) |
| | Tax losses carried forward | 0.00 | 0.00 | | 0.00 | (21303.77) | | (21303.77) |
| | Employee Benefits Plan | (3815.48) | 37.78 | | (3777.70) | (163.07) | | (3940.77) |
| | Remeasurement of defined benefit plans | 0.00 | | 98.30 | 98.30 | | (193.51) | (95.21) |
| | Investments at fair value through OCI | (4.39) | | (0.77) | (5.15) | | 2.77 | (2.38) |
| | Derivatives | (1721.97) | | 1815.23 | 93.26 | | (181.48) | (88.22) |
| | Tax Credits - MAT Credit entitlement | (12098.30) | (2041.93) | | (14140.23) | (6805.70) | | (20945.93) |
| | | 21860.34 | (393.92) | 1912.77 | 23379.18 | (2423.71) | (372.22) | 20583.26 |

NOTES TO THE FINANCIAL STATEMENTS

| Particulars | Deferred tax Assets as at | | Deferred tax Liabilities as at | | Net Deferred tax (assets) Liabilities as at | |
|---|---------------------------|------------|--------------------------------|------------|---|------------|
| | 31.03.2017 | 01.04.2015 | 31.03.2017 | 01.04.2015 | 31.03.2017 | 01.04.2015 |
| Property, Plant and equipment | 71054.54 | 40935.67 | 139633.27 | 82018.19 | 68578.73 | 41082.52 |
| Inventories | - | 4.58 | - | - | - | (4.58) |
| Intangible assets | 156.96 | 170.96 | - | - | (156.96) | (170.96) |
| Biological assets | - | 77.74 | 37.68 | - | 37.68 | (77.74) |
| Finance Cost - Decommissioning Liability | 22.94 | 19.13 | - | - | (22.94) | (19.13) |
| Lease rent & Provision for loss allowance | 41.30 | 8.88 | - | - | (41.30) | (8.88) |
| Disallowance of expenses U/sec., 43B | 1435.68 | 1300.76 | - | - | (1435.68) | (1300.76) |
| Tax losses carried forward | 21303.77 | - | - | - | (21303.77) | - |
| Employee Benefits Plan | 3940.77 | 3815.48 | - | - | (3940.77) | (3815.48) |
| Remeasurement of defined benefit plans | 95.21 | - | - | 98.30 | (95.21) | 98.30 |
| Investments at fair value through OCI | 2.38 | 4.39 | - | - | (2.38) | (4.39) |
| Derivatives | 88.22 | 1721.97 | - | 93.26 | (88.22) | (1721.97) |
| Tax Credits - MAT Credit entitlement | 20945.93 | 12098.30 | - | - | (20945.93) | (12098.30) |
| | 119087.70 | 60157.86 | 139670.95 | 81924.00 | 20583.26 | 21860.34 |

Tax losses carried forward

Tax losses never expires for which deferred tax asset was recognized as follows:

| Particulars | AS at 31/03/2017 | | Expiry date | As at 31/03/2016 | Expiry date |
|--------------|------------------|------------------|-------------|------------------|-------------|
| | AS at 31/03/2017 | As at 31/03/2016 | | | |
| Expire | - | - | - | - | - |
| Never expire | 21303.77 | - | - | - | - |

| Notes | Particulars | As at 31/03/2017 | | As at 01/04/2015 |
|-------|--|------------------|------------------|------------------|
| | | As at 31/03/2017 | As at 31/03/2016 | |
| 22 | Other Non-current Liabilities | | | |
| | See accounting policies in Notes 3 (m) & n (ii) | | | |
| | Government grants | 28.90 | - | - |
| | Deferred Rent Payable | 3.91 | 3.98 | 4.20 |
| | | 32.81 | 3.98 | 4.20 |

(i) Government grants

The company has recognized in its books Government subsidy of Rs.30 lakh for creation of environment protection infrastructure facility at Board Plant. As subsidy relates a specific asset, the same was treated as deferral income and amortized over the useful life of the asset.

(ii) Deferred Rent Payable

TNPL has taken Government lands for lease (Operating lease) for the purpose of captive plantations. The lease period is for thirty years. Incremental rent on year on year basis is applicable till the end of 4th year and thereafter it will be flat.

NOTES TO THE FINANCIAL STATEMENTS**(Rs. in Lakh)**

| Notes | Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|-----------|---|------------------|------------------|------------------|
| 23 | Trade payables | | | |
| | See accounting policies in Notes No.3(b) | | | |
| | Trade payables to related parties | 0.00 | 0.00 | 0.00 |
| | Other trade payables | | | |
| | Acceptances | 8396.84 | 10445.70 | 16961.65 |
| | Sundry Creditors | | | |
| | a) Micro and Small Enterprises | 11.55 | 19.19 | 1223.79 |
| | b) Others | 47365.12 | 48094.92 | 39832.60 |
| | | 55773.51 | 58559.81 | 58018.04 |

All trade payables are 'current'

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Notes 39

(Rs. in Lakh)

| | As at 31/03/2017 | As at 31/03/2016 |
|--|------------------|------------------|
| Amount due to Micro, Small and Medium Enterprises Development Act, 2006 registered suppliers (Based on the status confirmation received from suppliers) | | |
| a) Amount due and outstanding to suppliers at the end of accounting year | 11.55 | 19.19 |
| b) Interest paid during the year | - | - |
| c) Interest payable at the end of accounting year | - | - |
| d) Interest accrued and unpaid at the end of accounting year | - | - |

(Rs. in Lakh)

| Notes | Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|-----------|---|------------------|------------------|------------------|
| 24 | Other Financial Liabilities | | | |
| | See accounting policies in Notes 3 (b) | | | |
| | Current maturities of Long Term Debt | 42871.27 | 15776.51 | 22121.12 |
| | Interest accrued but not due | 1805.52 | 1568.63 | 1210.55 |
| | Security Deposits from customers/contractors | 5970.47 | 4499.40 | 4006.16 |
| | Unclaimed Dividend | 99.60 | 88.92 | 81.37 |
| | Derivative Liabilities | 1814.41 | 356.16 | 5034.88 |
| | | 52561.27 | 22289.62 | 32454.08 |
| 25 | Other Current Liabilities | | | |
| | See accounting policies in Notes 3 (b) | | | |
| | Tax Payables | 761.89 | 831.78 | 823.20 |
| | Tax Deducted at Source | 361.74 | 368.44 | 362.24 |
| | Payroll Liabilities | 1555.24 | 3772.11 | 2336.86 |
| | Other payables # | 7704.32 | 15147.52 | 17601.21 |
| | | 10383.19 | 20119.85 | 21123.51 |

The Company's exposure to currency and liquidity risks related to above financial liabilities is disclosed in Notes 39

Other payables includes:

- Rs.2410.35 lakh being the guarantee commission in respect of IBRD Loan guaranteed by Govt. of India lying since 2002
- Rs. 2579.05 lakh being Electricity Generation Tax for the generation of energy from captive generation plant for own use.
- Revenue received in advance Rs. Nil (Previous Year Rs.6439.31 lakh)
- Amount payable for fixed assets Rs.2711.38 lakh (Previous Year Rs.2913.78 lakh)
- Confirmation of balances from Creditors have been received and the same is being reconciled

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Lakh)

| Notes | Particulars | For the Year ended 31/03/2017 | For the Year ended 31/03/2016 |
|---|--|----------------------------------|----------------------------------|
| 26 | Revenue from Operations | | |
| | See accounting policy in Notes 3(I) | | |
| | Sale of Products (including excise duty) | | |
| | Printing & Writing Paper | | |
| | - Domestic Sales | 217619.60 | 213496.18 |
| | - Export Sales | 43152.56 | 37309.47 |
| | | 260772.16 | 250805.65 |
| | Less: Discounts | 24060.61 | 28725.52 |
| | | 236711.55 | 222080.13 |
| | Packaging Board | | |
| | - Domestic Sales | 39917.00 | 0.00 |
| | - Export Sales | 2520.99 | 0.00 |
| | | 42437.99 | 0.00 |
| | Less: Discounts | 861.20 | 0.00 |
| | | 41576.79 | - |
| | Cement | 12398.70 | 10232.71 |
| Pulp | 785.92 | 2506.26 | |
| Energy | 1917.36 | 2557.11 | |
| Sale of Traded Goods | | | |
| Note Books | 10711.55 | 11324.81 | |
| Paper | 12.37 | 12.04 | |
| Coal | 703.95 | 722.58 | |
| Burnt Lime | 54.75 | 0.00 | |
| Total sale of products (including excise duty) (a) | 304872.94 | 249435.64 | |
| Other Operating revenue | | | |
| Export Incentive | 1486.05 | 796.22 | |
| Incentive under REC | 1250.64 | 1027.33 | |
| Sale of scrap, wastes etc. | 1787.24 | 1892.16 | |
| Total other operating revenue (b) | 4523.93 | 3715.71 | |
| Total revenue from operations (a+b) | 309396.87 | 253151.35 | |
| 27 | Other Income | | |
| | Interest income under the effective interest method on: | | |
| | Interest on advances to sugar mills & interest on over due bills | 1405.61 | 1188.60 |
| | Change in fair value of biological assets | 206.86 | 126.65 |
| | Dividend income on equity security - at FVOCI - investments held at reporting date | 0.00 | 1.07 |
| | Net gain on sale of Property, plant and equipment | 12.93 | 105.16 |
| | Rental - Building | 113.37 | 99.54 |
| | VAT Refund | 908.61 | 0.00 |
| | Government Grants\$ | 193.60 | 0.00 |
| | Other receipts | 854.47 | 711.63 |
| | 3695.45 | 2232.65 | |

\$ Government grant recognised towards project general subsidy, which is not related to any specific fixed assets, treated as income.

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Lakh)

| Notes | Particulars | For the Year ended 31/03/2017 | For the Year ended 31/03/2016 |
|-----------|---|----------------------------------|----------------------------------|
| 28 | Cost of Materials Consumed | | |
| | Raw materials consumed * | 67504.71 | 42765.77 |
| | Chemicals consumed # | 25831.91 | 19706.48 |
| | Freight & Handling charges | 5791.51 | 4759.03 |
| | Packing Expenses | 6159.93 | 5547.33 |
| | Bagasse purchased | 2961.28 | 3125.96 |
| | | 108249.34 | 75904.57 |
| 29 | Purchase of Stock-in-trade | | |
| | Note Books | 8784.22 | 10096.39 |
| | Coal | 621.51 | 651.98 |
| | Burnt lime | 41.29 | 0.00 |
| | | 9447.02 | 10748.37 |
| 30 | Changes in Inventories of Bagasse, Work-in-Progress and Finished Goods | | |
| | Bagasse | (5316.40) | 926.39 |
| | Work in Progress | (6954.03) | 765.18 |
| | Finished Goods | 958.45 | 2816.07 |
| | | (11311.98) | 4507.64 |
| 31 | Employee Benefit Expenses | | |
| | See accounting policy in Notes 3 (j) | | |
| | Salaries, Wages and Bonus | 17600.13 | 13590.16 |
| | Contribution to provident fund & Other funds | 2740.38 | 1957.90 |
| | Gratuity and Leave Encashment | 2145.27 | 1229.26 |
| | Staff Welfare expense | 2199.38 | 1896.50 |
| | | 24685.16 | 18673.82 |
| 32 | Finance Costs | | |
| | See accounting policy in Notes 3 (b) | | |
| | Interest expense on financial liabilities measured at amortized cost | | |
| | Term Loans | 19119.32 | 6896.34 |
| | Working Capital | 4689.90 | 4310.15 |
| | Others | 1387.18 | 972.94 |
| | Unwinding of discount on decommissioning liabilities | 5.73 | 5.26 |
| | | 25202.13 | 12184.69 |

* Excluding cost of bagasse procured in lieu of steam / fuel supplied to Sugar Mills which is included in the respective natural heads of accounts

Includes embedded lease rent of Rs.48 lakhs to M/s.OMYA towards procurement of Wet Precipitated Calcium Carbonate / Wet Grinded Calcium Carbonate as it is considered as a part of cost of chemicals

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in Lakh)

| Notes | Particulars | For the Year ended 31/03/2017 | For the Year ended 31/03/2016 |
|-----------|--|----------------------------------|----------------------------------|
| 33 | Depreciation and Amortization Expenses | | |
| | See Accounting Policies in Notes 3 (c, d & f) | | |
| | Depreciation/amortization of property, plant and equipment | 20338.43 | 13947.35 |
| | Amortization Expenses-Right to procure Bagasse | 429.43 | 429.43 |
| | | 20767.86 | 14376.78 |
| 34 | Other Expenses | | |
| | Stores consumed | 1863.78 | 1938.86 |
| | Repairs and maintenance: | | |
| | - Building | 977.67 | 968.41 |
| | - Plant and machinery | 16613.89 | 13872.08 |
| | - Others | 530.95 | 373.07 |
| | Rent | 171.80 | 319.59 |
| | Rates and Taxes | (125.89) | 233.11 |
| | Insurance | 352.26 | 283.24 |
| | Transportation Charges | 5940.05 | 4531.38 |
| | Commission & Discount on Sales | 5511.87 | 4758.36 |
| | Travelling & Conveyance | 410.08 | 423.93 |
| | Auditors' Remuneration | 15.75 | 16.85 |
| | Printing and Stationery | 126.05 | 88.92 |
| | Communication | 160.22 | 122.90 |
| | Advertisement | 780.43 | 722.38 |
| | Farm Forestry | 605.53 | 526.00 |
| | Provision for Doubtful Debts & Advances | 93.51 | 87.31 |
| | Loss on Foreign Exchange Fluctuations (Net) | 1779.27 | 1072.47 |
| | Security Personnel Expenses | 749.14 | 542.56 |
| | Vehicle Hire Charges | 394.75 | 292.57 |
| | Corporate Social Responsibility(CSR) | 504.99 | 283.14 |
| | Miscellaneous | 1513.05 | 1319.49 |
| | | 38969.15 | 32776.62 |

NOTES TO THE FINANCIAL STATEMENTS

35 Income tax

See accounting policy in Notes 3 (p)

A) Amounts recognized in profit or loss

Tax expense recognized in the Statement of Profit and Loss

(Rs. in Lakh)

| Particulars | For the year ended 31/03/2017 | For the year ended 31/03/2016 |
|---|----------------------------------|----------------------------------|
| Current tax | | |
| Current Tax on taxable income for the year | 6587.00 | 6770.00 |
| Total current tax expense | 6587.00 | 6770.00 |
| Deferred tax | | |
| Deferred tax charge/(MAT Credit Entitlement) | 4382.00 | 1648.00 |
| MAT Credit taken | (6587.00) | (1904.00) |
| Total deferred tax expense/(benefit) | (2205.00) | (256.00) |
| Tax in respect of earlier years | (217.57) | (137.36) |
| Total income tax expense | 4164.43 | 6376.64 |

B) Income tax recognized in other comprehensive income

(Rs. in Lakh)

| Particulars | For the year ended 31/03/2017 | | |
|--|-------------------------------|-----------------------|-----------------|
| | Before tax | Tax (expense) benefit | Net of tax |
| Remeasurement of defined benefit liability | (559.15) | (193.51) | (365.64) |
| Fair value equity investments through OCI | 7.99 | 2.77 | 5.22 |
| Effective portion of gains (losses) on hedging instruments in cash flow hedges | (524.38) | (181.48) | (342.90) |
| | (1075.54) | (372.22) | (703.32) |

(Rs. in Lakh)

| Particulars | For the year ended 31/03/2016 | | |
|--|-------------------------------|-----------------------|----------------|
| | Before tax | Tax (expense) benefit | Net of tax |
| Remeasurement of defined benefit liability | 284.06 | 98.30 | 185.76 |
| Fair value equity investments through OCI | (2.21) | (0.76) | (1.45) |
| Effective portion of gains (losses) on hedging instruments in cash flow hedges | 5245.13 | 1815.23 | 3429.90 |
| | 5526.98 | 1912.77 | 3614.21 |

C) Reconciliation of effective tax rate

A reconciliation of the income tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarized below:

(Rs. in Lakh)

| Particulars | For the year ended 31/03/2017 | For the year ended 31/03/2016 |
|---|----------------------------------|----------------------------------|
| Enacted income tax rate in India applicable to the Company | 34.608% | 34.608% |
| Profit before tax | 30620.82 | 32357.50 |
| Current tax expenses on Profit before tax expenses at the enacted income tax rate in India | 10597.25 | 11198.28 |
| Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income | | |
| Permanent disallowances | 215.65 | 128.70 |
| Permanent allowances | (7530.42) | (4063.65) |
| Temporary differences | 111.86 | 88.73 |
| Tax in respect of earlier years | (217.57) | (137.36) |
| Other items | 987.66 | (838.06) |
| Total income tax expense/(credit) | 4164.43 | 6376.64 |
| Effective tax Rate | 13.60% | 19.71% |

NOTES TO THE FINANCIAL STATEMENTS

36 Operating leases

See accounting policies in Notes 3 (n)

A) Leases as lessor

The Company leases out its investment property on operating lease basis (Notes 6).

i) Future minimum lease receivable

At 31 March, the future minimum lease payments under non-cancellable leases are receivable as follows

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|----------------------------|------------------|------------------|------------------|
| Within less than one year | - | - | 33.51 |
| Between one and five years | 157.60 | 262.13 | - |
| After more than five years | - | - | - |
| | 157.60 | 262.13 | 33.51 |

ii) Amounts recognized in profit and loss - Grouped under other income Notes 27

During the year ended 31 March 2017, property rentals of Rs.113.01 lakhs (31 March 2016: Rs.99.54 lakhs) have been included in other income (Notes 27) in profit or loss, is as follows:

(Rs. in Lakh)

| Particulars | For the year ended 31/03/2017 | For the year ended 31/03/2016 |
|---------------------------------|----------------------------------|----------------------------------|
| Income from Investment property | 105.33 | 98.16 |

B) Leases as lessee

TNPL has taken Government lands for lease (Operating lease) for the purpose of captive plantations. The lease period is for thirty years. Incremental rent on year on year basis is applicable till the end of 4th year and thereafter it will be flat.

i) Future minimum lease payments

At 31 March, the future minimum lease payments to be made under non-cancellable operating leases are as follows

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|------------------------------------|------------------|------------------|------------------|
| Payable in less than one year | - | - | - |
| Payable between one and five years | 4.63 | - | - |
| Payable after more than five years | 71.32 | 75.54 | 79.76 |
| Total | 75.95 | 75.54 | 79.76 |

ii) Amounts recognized in profit and loss - Grouped under other expenses- Notes 34

(Rs. in Lakh)

| Particulars | For the year ended 31/03/2017 | For the year ended 31/03/2016 |
|--|----------------------------------|----------------------------------|
| Lease expense - minimum lease payments | 6.54 | 4.22 |

NOTES TO THE FINANCIAL STATEMENTS

37. Contingent liabilities and Commitments

(to the extent not provided for)

(Rs. in Lakh)

| Notes | Particulars | As at 31/03/2017 | As at 31/03/2016 |
|-------|---|---------------------------|------------------|
| | Contingent liabilities | | |
| | Claims against the Company not acknowledged as debts | | |
| | In the normal course, the company faces claims and assertions by various parties. The company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. | | |
| | The company records a liability for any claims where a potential loss is probable and capable of being estimated and disclose such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable. | | |
| | a) Claims against the company not acknowledged as debts - Statutory Dues | | |
| | i) Income-tax | 2802.96 | 6389.09 |
| | ii) Wealth Tax | 19.46 | 19.46 |
| | iii) Custom Duty | 2536.31 | 2536.31 |
| | iv) Excise Duty | 41132.78 | 38990.11 |
| | v) CST/VAT | 690.98 | 690.98 |
| | b) Claims against the company not acknowledged as debts - Others | | |
| | i) Corporate Office - Land | 22.80 | 22.80 |
| | ii) Land Acquisition Claims | 104.75 | 139.18 |
| | iii) Cess on Land Lease at Perungudi - Wind farm | 92.74 | 92.74 |
| | iv) Interest on Water Royalty paid belatedly | 0.00 | 82.48 |
| | v) Lease - Wind Mill | 8.12 | 8.12 |
| | vi) Interest - ABFSL | 138.24 | 138.24 |
| | vii) Interest on Generation Tax | 3007.83 | 2604.13 |
| | viii) TANGEDCO | 1842.01 | 291.75 |
| | ix) Renewable Energy Purchase Obligation | 1079.00 | 0.00 |
| | ix) Others | 309.70 | 329.93 |
| | c) Concession in customs duty availed for imports cleared under EPCG Scheme | 21537.36 | 18314.25 |
| | d) Revenue sharing agreement under captive plantation | Non-Quantifiable | |
| | e) Guarantees issued by the banks on behalf of the Company | 2093.64 | 2475.45 |
| | f) Letter of Credit issued by banks on behalf of the Company | 27749.97 | 12379.65 |
| | Total | 105168.65 | 85504.67 |
| | Commitments | | |
| | a) Estimated amount of contracts remaining to be executed on capital account and not provided for | 1743.74 | 1408.97 |
| | b) Purchase of PCC Chemicals from M/s.OMYA-If the minimum quantity is not lifted and increase in imported input material cost, the Company has to compensate M/s.OMYA as per agreement. | Non - Quantifiable | |
| | c) Proposed dividend & Dividend Distribution Tax | 6247.52 | 6247.52 |
| | Total | 7991.26 | 7656.49 |

NOTES TO THE FINANCIAL STATEMENTS

38. Additional Information :

(Rs. in Lakh)

| Notes | Particulars | 2016-2017 | 2015-2016 |
|-------|---|-----------------|-----------------|
| | I) Additional Information : | | |
| | a) Value of Raw Materials, Chemicals, Stores & Spare Parts consumed | | |
| | i) Major Raw Materials consumed | | |
| | a) Indigenous | | |
| | Wood | 20538.96 | 22763.32 |
| | Bagasse @ | 23932.45 | 25876.69 |
| | Waste Paper | 7588.42 | 4123.27 |
| | LSFM - Rawmaterials | 4285.46 | 2973.77 |
| | Pulp | 7991.76 | 0.00 |
| | Total (a) | 64337.04 | 55737.05 |
| | b) Imported | | |
| | Imported Pulp | 20411.46 | 6018.88 |
| | Waste Paper | 11203.37 | 6782.07 |
| | Total (b) | 31614.82 | 12800.95 |
| | Total - (a) + (b) | 95951.87 | 68538.00 |
| | Indigenous - Percentage on Total Consumption | 67.10% | 81.30% |
| | Imported - Percentage on Total Consumption | 32.90% | 18.70% |
| | | 100.0% | 100.0% |
| | @ Bagasse is procured both from open market and under barter arrangement with various sugar mills by exchanging fuel/steam. The consumption 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. The cost of bagasse procured on barter is accounted on depithed basis and the same is included in the respective heads of accounts | | |
| | ii) Chemical consumed | | |
| | Indigenous | 25296.78 | 19588.79 |
| | Imported | 535.13 | 116.29 |
| | Total | 25831.91 | 19705.08 |
| | Indigenous - Percentage on Total Consumption | 97.93% | 99.41% |
| | Imported - Percentage on Total Consumption | 2.07% | 0.59% |
| | iii) Stores and Spares consumed | 100.00% | 100.00% |
| | Indigenous | 9139.88 | 9216.57 |
| | Imported | 2350.26 | 2551.39 |
| | Total | 11490.14 | 11767.96 |
| | Indigenous - Percentage on Total Consumption | 79.55% | 78.32% |
| | Imported - Percentage on Total Consumption | 20.45% | 21.68% |
| | | 100.00% | 100.00% |
| | iv) Fuel | | |
| | Factory | | |
| | Indigenous | 3471.92 | 3183.87 |
| | Imported | 20116.52 | 20108.13 |
| | Sub-Total (a) | 23588.43 | 23292.00 |
| | Offsites | | |
| | Indigenous | 524.34 | 145.46 |
| | Imported | 18289.63 | 15613.71 |
| | Sub-Total (b) | 18813.97 | 15759.17 |
| | Total (a) + (b) | 42402.40 | 39051.17 |
| | Indigenous - Percentage on Total Consumption | 9.42% | 8.53% |
| | Imported - Percentage on Total Consumption | 90.58% | 91.47% |
| | | 100.00% | 100.00% |

NOTES TO THE FINANCIAL STATEMENTS

38. Additional Information (Continued...)

(Rs. in Lakh)

| Notes | Particulars | 2016-2017 | 2015-2016 |
|-------|---|-----------|-----------|
| | b) Foreign Currency Transactions: | | |
| | i) Earnings in Foreign Currency | | |
| | FOB Value of Exports | 41472.93 | 35901.94 |
| | ii) Value of imports calculated on CIF values | | |
| | Wood pulp | 24681.49 | 5894.89 |
| | Chemicals | 474.90 | 156.97 |
| | Waste Paper | 10234.86 | 5526.72 |
| | Stores & Spares | 2958.20 | 2151.59 |
| | Coal | 30608.69 | 25475.57 |
| | Capital Goods | 301.05 | 35279.57 |
| | iii) Other expenditure in Foreign Currency | | |
| | Engineering and Supervisory Charges | 1775.21 | 1195.19 |
| | Interest | 479.24 | 213.17 |
| | Others | 187.45 | 165.95 |
| | iv) Dividend remitted in Foreign Currency | | |
| | No. of Non-Resident Shareholders | 2015-16 | 2014-15 |
| | No. of Share held by Non-Resident Shareholders | 6.00 | 6.00 |
| | Dividend | 1900.00 | 1900.00 |
| | | 0.14 | 0.11 |
| | c) Details of Auditors Remuneration | 2016-17 | 2015-16 |
| | a) Statutory audit | 10.00 | 10.00 |
| | b) Limited Review | 3.00 | 3.00 |
| | c) Tax audit | 2.00 | 2.00 |
| | d) Certification fees | 0.75 | 1.85 |
| | Total | 15.75 | 16.85 |
| | d) Intangible Assets - Expenditure on Research & Development | | |
| | Salaries & Wages | 298.29 | 144.84 |
| | Repairs and Maintenance | 32.11 | 36.93 |
| | Depreciation | 38.32 | 15.37 |
| | Chemicals | 373.08 | 443.05 |
| | Plantation Research | 79.51 | 74.47 |
| | Total | 821.31 | 714.66 |
| | Note: | | |
| | The above items have been included under the respective natural heads of expenditure in Statement of Profit and Loss. | | |
| | e) Related parties transactions | | |
| | i) Ultimate controlling party | | |
| | The ultimate controlling party of the Company is Governor of Tamil Nadu. | | |
| | ii) Transactions with Key Managerial Personnel - Key Management Compensation | | |
| | Short-term employee benefits | 70.99 | 72.53 |
| | Other Long Term Benefits | 3.30 | 2.75 |
| | | 74.29 | 75.28 |

f) Details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 as provided below:-

(Rs. in Lakh)

| Particulars | Specified Bank Notes | Other Denomination notes | Total |
|----------------------------------|----------------------|--------------------------|-------|
| Cash on hand as on 08.11.2016 | 1.91 | 0.35 | 2.26 |
| Permitted Receipts | 1.39 | 12.65 | 14.04 |
| Permitted Payments | - | 10.40 | 10.40 |
| Amount Deposited into Bank | 3.30 | - | 3.30 |
| Closing Balance as on 30.12.2016 | - | 2.60 | 2.60 |

NOTES TO THE FINANCIAL STATEMENTS

39. Financial Instruments and risk management

A) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As at 31 March 2017

(Rs. in Lakh)

| Notes | Particulars | Carrying amount | | | | Fair value | | | | |
|-------|--|----------------------------------|----------------------------|---|-----------------------------|-----------------------|---------|---------|---------|---------|
| | | Fair value - Hedging instruments | FVOCI - Equity instruments | Other financial assets - Amortized cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| | Financial assets measured at fair value | | | | | | | | | |
| | Advances to sugar mills | 0.00 | 0.00 | 8496.15 | 0.00 | 8496.15 | 8496.15 | | | 8496.15 |
| | Equity securities | 0.00 | 107.18 | 0.00 | 0.00 | 107.18 | 107.18 | | | 107.18 |
| | | 0.00 | 107.18 | 8496.15 | 0.00 | 8603.33 | 107.18 | 8496.15 | | 8603.33 |
| | Financial assets not measured at fair value | | | | | | | | | |
| | Trade receivables* | 0.00 | 0.00 | 52986.85 | 0.00 | 52986.85 | | | | |
| | Cash and cash equivalents* | 0.00 | 0.00 | 2144.62 | 0.00 | 2144.62 | | | | |
| | Loans* | 0.00 | 0.00 | 8457.11 | 0.00 | 8457.11 | | | | |
| | | 0.00 | 0.00 | 63588.58 | 0.00 | 63588.58 | | | | |
| | Financial liabilities measured at fair value | | | | | | | | | |
| | Forward exchange contracts used for hedging | 1814.41 | 0.00 | 0.00 | 0.00 | 1814.41 | | 1814.41 | | 1814.41 |
| | | 1814.41 | 0.00 | 0.00 | 0.00 | 1814.41 | | 1814.41 | | 1814.41 |
| | Financial liabilities not measured at fair value | | | | | | | | | |
| | Borrowings | 0.00 | 0.00 | 0.00 | 282342.51 | 282342.51 | | | | |
| | Trade payables | 0.00 | 0.00 | 0.00 | 55773.51 | 55773.51 | | | | |
| | Interest accrued but not due | 0.00 | 0.00 | 0.00 | 1805.52 | 1805.52 | | | | |
| | Security Deposits from customers/contractors | 0.00 | 0.00 | 0.00 | 5970.47 | 5970.47 | | | | |
| | Unclaimed Dividend | 0.00 | 0.00 | 0.00 | 99.60 | 99.60 | | | | |
| | | 0.00 | 0.00 | 0.00 | 345991.61 | 345991.61 | | | | |

* The Company has not disclosed the fair values for financial instruments such as short-term trade receivables, because their carrying amounts are a reasonable approximation of fair value

NOTES TO THE FINANCIAL STATEMENTS

39. Financial Instruments and risk management (continued ...)

As at 31 March 2016

(Rs. in Lakh)

| Notes | Particulars | Carrying amount | | | | Fair value | | | | |
|-------|--|----------------------------------|----------------------------|---|-----------------------------|-----------------------|---------|---------|---------|-----------|
| | | Fair value - Hedging instruments | FVOCI - Equity instruments | Other financial assets - Amortized cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| | Financial assets measured at fair value | | | | | | | | | |
| | Advances to sugar mills | 0.00 | 0.00 | 6969.37 | 0.00 | 6969.37 | | 6969.37 | | 6969.37 |
| | Equity securities | 0.00 | 99.19 | 0.00 | 0.00 | 99.19 | 99.19 | | | 99.19 |
| | | 0.00 | 99.19 | 6969.37 | 0.00 | 7068.56 | 99.19 | 6969.37 | | 7068.56 |
| | Financial assets not measured at fair value | | | | | | | | | |
| | Trade receivables* | 0.00 | 0.00 | 48577.37 | 0.00 | 48577.37 | | | | 48577.37 |
| | Cash and cash equivalents* | 0.00 | 0.00 | 1621.28 | 0.00 | 1621.28 | | | | 1621.28 |
| | Loans* | 0.00 | 0.00 | 5560.12 | 0.00 | 5560.12 | | | | 5560.12 |
| | | 0.00 | 0.00 | 55758.77 | 0.00 | 55758.77 | | | | 55758.77 |
| | Financial liabilities measured at fair value | | | | | | | | | |
| | Forward exchange contracts used for hedging | 356.16 | 0.00 | 0.00 | 0.00 | 356.16 | | 356.16 | | 356.16 |
| | | 356.16 | 0.00 | 0.00 | 0.00 | 356.16 | | 356.16 | | 356.16 |
| | Financial liabilities not measured at fair value | | | | | | | | | |
| | Borrowings | 0.00 | 0.00 | 0.00 | 268688.44 | 268688.44 | | | | 268688.44 |
| | Trade payables | 0.00 | 0.00 | 0.00 | 58559.81 | 58559.81 | | | | 58559.81 |
| | Interest accrued but not due | 0.00 | 0.00 | 0.00 | 1568.63 | 1568.63 | | | | 1568.63 |
| | Security Deposits from customers/contractors | 0.00 | 0.00 | 0.00 | 4499.40 | 4499.40 | | | | 4499.40 |
| | Unclaimed Dividend | 0.00 | 0.00 | 0.00 | 88.92 | 88.92 | | | | 88.92 |
| | | 0.00 | 0.00 | 0.00 | 333405.20 | 333405.20 | | | | 333405.20 |

* The Company has not disclosed the fair values for financial instruments such as short-term trade receivables, because their carrying amounts are a reasonable approximation of fair value

NOTES TO THE FINANCIAL STATEMENTS

39. Financial Instruments and risk management (continued ...)

As at 1 April 2015

(Rs. in Lakh)

| Notes | Particulars | Carrying amount | | | | Fair value | | | | |
|-------|--|----------------------------------|----------------------------|---|-----------------------------|-----------------------|---------|---------|---------|---------|
| | | Fair value - Hedging instruments | FVOCI - Equity instruments | Other financial assets - Amortized cost | Other financial liabilities | Total carrying amount | Level 1 | Level 2 | Level 3 | Total |
| | Financial assets measured at fair value | | | | | | | | | |
| | Advances to sugar mills | 0.00 | 0.00 | 6888.86 | 0.00 | 6888.86 | | 6888.86 | | 6888.86 |
| | Equity securities | 0.00 | 101.40 | 0.00 | 0.00 | 101.40 | 101.40 | | | 101.40 |
| | | 0.00 | 101.40 | 6888.86 | 0.00 | 6990.26 | 101.40 | 6888.86 | | 6990.26 |
| | Financial assets not measured at fair value | | | | | | | | | |
| | Trade receivables* | 0.00 | 0.00 | 54036.26 | 0.00 | 54036.26 | | | | |
| | Cash and cash equivalents* | 0.00 | 0.00 | 2033.17 | 0.00 | 2033.17 | | | | |
| | Loans* | 0.00 | 0.00 | 8129.01 | 0.00 | 8129.01 | | | | |
| | | 0.00 | 0.00 | 64198.44 | 0.00 | 64198.44 | | | | |
| | Financial liabilities measured at fair value | | | | | | | | | |
| | Forward exchange contracts used for hedging | 5034.88 | 0.00 | 0.00 | 0.00 | 5034.88 | | 5034.88 | | 5034.88 |
| | | 5034.88 | 0.00 | 0.00 | 0.00 | 5034.88 | | 5034.88 | | 5034.88 |
| | Financial liabilities not measured at fair value | | | | | | | | | |
| | Borrowings | 0.00 | 0.00 | 0.00 | 210465.70 | 210465.70 | | | | |
| | Trade payables | 0.00 | 0.00 | 0.00 | 58018.04 | 58018.04 | | | | |
| | Interest accrued but not due | 0.00 | 0.00 | 0.00 | 1210.55 | 1210.55 | | | | |
| | Security Deposits from customers/contractors | 0.00 | 0.00 | 0.00 | 4006.16 | 4006.16 | | | | |
| | Unclaimed Dividend | 0.00 | 0.00 | 0.00 | 81.37 | 81.37 | | | | |
| | | 0.00 | 0.00 | 0.00 | 273781.82 | 273781.82 | | | | |

* The Company has not disclosed the fair values for financial instruments such as short-term trade receivables, because their carrying amounts are a reasonable approximation of fair value

NOTES TO THE FINANCIAL STATEMENTS

39. Financial Instruments and risk management (continued ...)

B) Measurement of fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation processes are described in Notes 3 (b)

| Type of Financial instruments | Valuation technique | Significant unobservable inputs | "Inter-relationship between significant unobservable inputs and fair value measurement" |
|---|---|---------------------------------|---|
| Financial instruments measured at fair value | | | |
| Equity securities | Forward pricing: The fair value is determined using quoted market rates at the reporting date. | Not applicable | Not applicable |
| Forward exchange contracts | Forward pricing: The fair value is determined using quoted market rates at the reporting date. | Not applicable | Not applicable |

C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit Risk (see (C)(ii));
- Liquidity Risk (see (C)(iii)); and
- Market Risk (see (C)(iv)).

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The Company's audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and loans. The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables and loans

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base.

The company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management of the company.

The company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days for customers. More than 85% of the company's customers have been transacting with the company for over four years, and none of these customers' balances are credit-impaired at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

39. Financial Instruments and risk management (continued ...)

The movement in the allowance for impairment in respect of trade receivables and loans is as follows:

(Rs. in Lakh)

| Particulars | As at 31/03/2017 | As at 31/03/2016 |
|-------------------------------------|------------------|------------------|
| Balance as on 1 st April | 87.31 | - |
| Net remeasurement of loss allowance | 93.51 | 87.31 |
| | 180.82 | 87.31 |

Confirmation of balances from Debtors & Loans and Advances have been received and the same is being reconciled

Cash and cash equivalents

The company holds cash and cash equivalents of Rs.2144.62 lakhs at 31 March 2017 (31 March 2016: Rs.1621.28 lakhs). The cash and cash equivalents are held with bank and cash on hand.

Derivatives

The derivatives are entered into with bank as counterparties.

iii. Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The company uses process costing to cost its products, which assists it in monitoring cash flow requirements and optimizing its cash return on investments.

iv. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk

The company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and functional currency. The functional currency of the Company is INR. The currencies in which these transactions are primarily denominated are US dollars.

The Company Forex risk management policy is to hedge currency exchange fluctuation and mitigate currency volatility and risks and to avoid uncertainties in cash flows. All foreign currency exposures – financial assets and liabilities and firm commitments (imports) & probable forecast transactions (exports) which are off-balance sheet exposures are covered under FRMP policy. Hedging of trade exposures viz., imports and exports are hedged separately and not on net exposures basis. The company mostly uses forward exchange contracts to hedge its currency risks mostly with the maturity of less than one year from the reporting date. Forward contracts booked to hedge currency risk relating to foreign currency transactions of firm commitments and probable forecast transactions are generally designated as cash flow hedge. All other forward contracts are designated as fair value hedge for the purpose of accounting.

Cash Flow Hedges

The Company holds the following instruments to hedge exposures to changes in foreign currency

| Particulars | As at 31/03/2017 | As at 31/03/2016 | As at 01/04/2015 |
|---|------------------------|------------------|------------------|
| | Maturity - 1- 6 Months | | |
| Foreign Currency Risk | | | |
| Forward Exchange Contracts | | | |
| Exports | 373.32 | 1109.78 | 875.69 |
| Imports | 19163.01 | 1436.88 | 1473.42 |
| Average INR:USD forward contract rate - Exports | 69.07 | 69.03 | 64.69 |
| Average INR:USD forward contract rate - Imports | 65.44 | 66.80 | 62.83 |

NOTES TO THE FINANCIAL STATEMENTS

39. Financial Instruments and risk management (continued ...)

The amount at the reporting date relating to items designated as hedged items & Hedge instruments are as follows:

(Rs. in Lakh)

| Particulars | Change in value used for calculating hedge ineffectiveness | Effective portion of Cash flow hedges |
|------------------------------|---|---------------------------------------|
| As at 31.03.2017 | | |
| Foreign Currency risk | | |
| Exports Sales | 0.00 | 181.88 |
| Imports - Materials | 0.00 | (436.79) |
| As at 31.03.2016 | | |
| Foreign Currency risk | | |
| Exports Sales | 0.00 | 330.70 |
| Imports - Materials | 0.00 | (61.23) |

Reconciliation by risk category of components of equity and analysis of OCI items, resulting from cash flow hedge accounting

(Rs. in Lakh)

| Particulars | Effective portion of Cash flow Hedges | | Total |
|---|---------------------------------------|---------------|-----------------|
| | Imports | Exports | |
| Balance as at 01.04.2016 | (61.23) | 330.70 | 269.47 |
| Changes in fair value | 42.96 | 109.49 | 152.45 |
| Amount reclassified to Statement of Profit and Loss / included in the cost of non-financial items | (18.27) | 440.19 | 421.92 |
| Change in the fair value of the effective portion of the outstanding cash flow hedges | (436.79) | 181.88 | (254.91) |
| Balance as at 31.03.2017 | (436.79) | 181.88 | (254.91) |

40 Operating segments

A) Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BoD) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has three reportable segments, as described below, which are the Company's strategic business units. For each of the business units the Company's Board of Directors reviews internal management reports on at least a quarterly basis.

B) Information about reportable segments and reconciliations

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

40 Operating segments (continued ...)

(Rs. in Lakh)

| Particulars | Year Ended 31/03/2017 | Year Ended 31/03/2016 | Year Ended 31/03/2017 | Year Ended 31/03/2016 | Year Ended 31/03/2017 | Year Ended 31/03/2016 | Year Ended 31/03/2017 | Year Ended 31/03/2016 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | PAPER & BOARD | | ENERGY | | CEMENT | | TOTAL | |
| 1. Segment Revenue | | | | | | | | |
| a) External Sales | 289852.93 | 235923.24 | 2621.31 | 3279.69 | 12398.70 | 10232.71 | 304872.94 | 249435.64 |
| b) Inter Segment Sales | 0.00 | 0.00 | 33750.59 | 25959.21 | 297.92 | 767.96 | 34048.51 | 26727.17 |
| Sub-Total | 289852.93 | 235923.24 | 36371.90 | 29238.90 | 12696.62 | 11000.67 | 338921.45 | 276162.81 |
| Reconciliation : Less: Inter Segment Revenue | 0.00 | 0.00 | 33750.59 | 25959.21 | 297.92 | 767.96 | 34048.51 | 26727.17 |
| Sale of products (including excise duty) | 289852.93 | 235923.24 | 2621.31 | 3279.69 | 12398.70 | 10232.71 | 304872.94 | 249435.64 |
| Add: Other operating income | | | | | | | 4523.93 | 3715.71 |
| Total revenue from operations | 289852.93 | 235923.24 | 2621.31 | 3279.69 | 12398.70 | 10232.71 | 309396.87 | 253151.35 |
| 2. Segment Results | | | | | | | | |
| Segment profit (loss) before income tax | 56220.45 | 45080.75 | 660.16 | 497.00 | 1149.07 | 318.00 | 58029.68 | 45895.75 |
| Less: Other unallocable expenditure | | | | | | | 27408.86 | 13538.25 |
| Segment profit (loss) before income tax | | | | | | | 30620.82 | 32357.50 |
| Segment profit (loss) before income tax includes: | | | | | | | | |
| - Interest Expense | | | | | | | 25202.13 | 12184.69 |
| - Interest Revenue | | | | | | | 1405.61 | 1188.60 |
| - Depreciation and amortisation | 17846.92 | 11603.40 | 2078.17 | 1716.59 | 747.97 | 976.03 | 20673.06 | 14296.02 |
| - Depreciation for unallocated corporate assets | | | | | | | 94.80 | 80.76 |
| 3. Assets | | | | | | | | |
| Segment Assets | 445069.01 | 463322.59 | 67069.50 | 36067.74 | 21103.50 | 20862.36 | 533242.01 | 520252.69 |
| Unallocated Corporate Assets | | | | | | | 29790.51 | 21618.05 |
| Total segment assets | 445069.01 | 463322.59 | 67069.50 | 36067.74 | 21103.50 | 20862.36 | 563032.52 | 541870.74 |
| Capital Expenditure (excludes unallocated corporate capital expenditure of Rs 90.46 lakh. (previous year Rs.235.87 lakh) | 158140.68 | 7736.87 | 28358.39 | 545.36 | 405.97 | 6142.94 | 186905.04 | 14425.17 |
| 4. Segment Liabilities | | | | | | | | |
| Unallocated Corporate Liabilities | 59519.52 | 76784.91 | 2609.32 | 2627.87 | 8073.58 | 8573.41 | 70202.42 | 87986.19 |
| Total segment liabilities | 59519.52 | 76784.91 | 2609.32 | 2627.87 | 8073.58 | 8573.41 | 392567.28 | 390911.05 |

NOTES TO THE FINANCIAL STATEMENTS

Geographical information

(Rs. in Lakh)

| Particulars | India | | Rest of the world | | Total | |
|-------------------------|------------|------------|-------------------|------------|------------|------------|
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| Revenue from Operations | 259199.39 | 212126.17 | 45673.55 | 37309.47 | 304872.94 | 249435.64 |

Major Country-wise exports

(Rs. in Lakh)

| Country | 2016-2017 | 2015-2016 |
|----------------------|-----------|-----------|
| Sri Lanka | 12123.80 | 10726.49 |
| Iran | 8522.83 | 10485.49 |
| Nigeria | 5622.89 | 1127.56 |
| United Arab Emirates | 2961.65 | 1789.87 |
| Uganda | 2959.24 | 1281.81 |
| Other Countries | 13483.14 | 11898.25 |
| Total | 45673.55 | 37309.47 |

41. Explanation of transition to Ind AS

As stated in Note 2 (a), these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property plant and equipment, intangible assets and investment properties

As per Ind AS 101 an entity may elect to:

- i. measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- ii. use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - a. fair value;
 - b. or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

NOTES TO THE FINANCIAL STATEMENTS

- iii. use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101).

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets and investment property also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

2. Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Company has elected to avail of the above exemption.

3. Designation of previously recognized financial instruments

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL). The Company has opted to avail this exemption to designate investments in quoted equity shares as FVOCI on the date of transition.

4. Decommissioning liabilities included in the cost of property, plant and equipment

Ind AS 101 permits an entity not to comply with the requirements for changes in decommissioning liabilities that occurred before the date of transition to Ind ASs. The entity shall:

- i. measure the liability as at the date of transition to Ind ASs in accordance with Ind AS 37;
- ii. to the extent that the liability is within the scope of Appendix A of Ind AS 16, estimate the amount that would have been included in the cost of the related asset when the liability first arose, by discounting the liability to that date using its best estimate of the historical risk-adjusted discount rate(s) that would have applied for that liability over the intervening period; and
- iii. calculate the accumulated depreciation on that amount, as at the date of transition to Ind ASs, on the basis of the current estimate of the useful life of the asset, using the depreciation policy adopted by the entity in accordance with Ind ASs.

The Company has elected to avail the above exemption.

5. Long Term Foreign Currency Monetary Items

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Fair valuation of biological assets measured at fair value less cost to sell.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortized cost.
- Discounted value of liability for decommissioning costs.

NOTES TO THE FINANCIAL STATEMENTS

41. Explanation of transition to Ind AS (continued.....)

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

Reconciliation of Equity

(Rs. in Lakh)

| | Particulars | Previous GAAP | Adjustment on transition to Ind AS | Ind AS | Previous GAAP | Adjustment on transition to Ind AS | Ind AS |
|----|--|--------------------|------------------------------------|------------------|-------------------|------------------------------------|------------------|
| | | As at 31-Mar- 2016 | | | As at 1-Apr- 2015 | | |
| I | ASSETS | | | | | | |
| | 1) Non-Current Assets | | | | | | |
| | (a) Property, Plant and Equipment | 241187.98 | (533.02) | 240654.96 | 240429.01 | (534.46) | 239894.55 |
| | (b) Capital Work-In-Progress | 181449.20 | 6.27 | 181455.47 | 63123.39 | 0.00 | 63123.39 |
| | (c) Investment Property | 0.00 | 535.73 | 535.73 | 0.00 | 537.60 | 537.60 |
| | (d) Other Intangible Assets | 376.33 | 2178.99 | 2555.32 | 530.93 | 2608.42 | 3139.35 |
| | (e) Biological Assets other than Bearer Plants | 797.00 | (97.99) | 699.01 | 1631.91 | (224.64) | 1407.27 |
| | (f) Financial Assets | | | | | | |
| | i) Investments | 114.05 | (14.86) | 99.19 | 114.05 | (12.65) | 101.40 |
| | ii) Loans | 9642.17 | (2672.80) | 6969.37 | 9991.09 | (3102.23) | 6888.86 |
| | (g) Other Non - Current Assets | 2356.95 | 0.00 | 2356.95 | 30496.18 | 0.00 | 30496.18 |
| | Total Non-Current Assets | 435923.68 | (597.68) | 435326.00 | 346316.56 | (727.96) | 345588.60 |
| | 2) Current Assets | | | | | | |
| | (a) Inventories | 38743.05 | (13.22) | 38729.83 | 43337.07 | (13.22) | 43323.85 |
| | (b) Financial Assets | | | | | | |
| | i) Trade Receivables | 48577.37 | 0.00 | 48577.37 | 54036.26 | 0.00 | 54036.26 |
| | ii) Cash and Cash Equivalents | 1621.28 | 0.00 | 1621.28 | 2033.17 | 0.00 | 2033.17 |
| | iii) Loans | 5560.12 | 0.00 | 5560.12 | 8129.01 | 0.00 | 8129.01 |
| | (c) Other Current Assets | 12056.14 | 0.00 | 12056.14 | 7699.20 | 0.00 | 7699.20 |
| | Total Current Assets | 106557.96 | (13.22) | 106544.74 | 115234.71 | (13.22) | 115221.49 |
| | Total Assets | 542481.64 | (610.90) | 541870.74 | 461551.27 | (741.18) | 460810.09 |
| II | EQUITY AND LIABILITIES | | | | | | |
| | 1) Equity | | | | | | |
| | (a) Equity Share Capital | 6937.78 | 0.00 | 6937.78 | 6937.78 | 0.00 | 6937.78 |
| | (b) Other Equity | 138420.26 | 5601.65 | 144021.91 | 113226.40 | 6198.46 | 119424.86 |
| | Total Equity | 145358.04 | 5601.65 | 150959.69 | 120164.18 | 6198.46 | 126362.64 |
| | LIABILITIES | | | | | | |
| | 2) Non-Current Liabilities | | | | | | |
| | (a) Financial Liabilities | | | | | | |
| | (i) Borrowings | 193871.88 | 0.00 | 193871.88 | 136916.63 | 0.00 | 136916.63 |
| | (b) Provisions | 9976.44 | 63.69 | 10040.13 | 10133.27 | 58.43 | 10191.70 |
| | (c) Deferred Tax Liabilities (Net) | 23420.77 | (41.59) | 23379.18 | 23860.70 | (2000.36) | 21860.34 |
| | (d) Other Non-Current Liabilities | 0.00 | 3.98 | 3.98 | 0.00 | 4.20 | 4.20 |
| | Total Non-Current Liabilities | 227269.09 | 26.08 | 227295.17 | 170910.60 | (1937.73) | 168972.87 |
| | 3) Current Liabilities | | | | | | |
| | (a) Financial Liabilities | | | | | | |
| | (i) Borrowings | 59040.05 | 0.00 | 59040.05 | 51427.95 | 0.00 | 51427.95 |
| | (ii) Trade Payables | 58559.81 | 0.00 | 58559.81 | 58018.04 | 0.00 | 58018.04 |
| | (iii) Other financial Liabilities | 22280.74 | 8.88 | 22289.62 | 32457.97 | (3.89) | 32454.08 |
| | (b) Other Current Liabilities | 20119.85 | 0.00 | 20119.85 | 21123.51 | 0.00 | 21123.51 |
| | (c) Provisions | 7335.21 | (6247.51) | 1087.70 | 6038.02 | (4998.02) | 1040.00 |
| | (d) Current Tax Liabilities (Net) | 2518.85 | 0.00 | 2518.85 | 1411.00 | 0.00 | 1411.00 |
| | Total Current Liabilities | 169854.51 | (6238.63) | 163615.88 | 170476.49 | (5001.91) | 165474.58 |
| | Total Equity and Liabilities | 542481.64 | (610.90) | 541870.74 | 461551.27 | (741.18) | 460810.09 |

* Previous GAAP figures have been reclassified to conform to IND AS presentation requirements for the purpose of the note

NOTES TO THE FINANCIAL STATEMENTS

41. Explanation of transition to Ind AS (continued.....)

Reconciliation of total comprehensive income for the year ended 31-March -2016

(Rs. in Lakh)

| | Particulars | Previous GAAP* 31-Mar-2016 | Adjustment on transition to Ind AS | IND AS 31-Mar-2016 |
|------|---|-------------------------------|---------------------------------------|-----------------------|
| I | REVENUE FROM OPERATIONS | 253151.35 | 0.00 | 253151.35 |
| II | OTHER INCOME | 1676.57 | 556.08 | 2232.65 |
| III | TOTAL REVENUE (I + II) | 254827.92 | 556.08 | 255384.00 |
| IV | EXPENSES | | | |
| | Cost of Material consumed | 75904.57 | 0.00 | 75904.57 |
| | Purchase of Stock-in-Trade | 10748.37 | 0.00 | 10748.37 |
| | Changes in inventories of finished goods, work-in-progress & Stock-in-Trade | 4507.64 | 0.00 | 4507.64 |
| | Excise Duty | 11396.89 | 0.00 | 11396.89 |
| | Employee Benefit Expense | 18389.76 | 284.06 | 18673.82 |
| | Finance Costs | 13930.46 | (942.04) | 12988.42 |
| | Prior Period Adjustments | 0.00 | (803.73) | (803.73) |
| | Depreciation | 13946.91 | 0.44 | 13947.35 |
| | Amortization Expense | 0.00 | 429.43 | 429.43 |
| | Power, Fuel & Water charges | 42457.12 | 0.00 | 42457.12 |
| | Other Expenses | 31823.04 | 953.58 | 32776.62 |
| | TOTAL EXPENSES (IV) | 223104.76 | (78.26) | 223026.50 |
| V | PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III - IV) | 31723.16 | 634.34 | 32357.50 |
| VI | Exceptional Items | 0.00 | 0.00 | 0.00 |
| VII | PROFIT BEFORE TAX (V - VI) | 31723.16 | 634.34 | 32357.50 |
| VIII | TAX EXPENSE | | | |
| | - Current Tax | 6770.00 | 0.00 | 6770.00 |
| | - Deferred Tax | (302.00) | 46.00 | (256.00) |
| | - Income-tax relating to previous year | (137.36) | 0.00 | (137.36) |
| | | 6330.64 | 46.00 | 6376.64 |
| IX | PROFIT / (LOSS) FOR THE PERIOD (VII -VII) | 25392.52 | 588.34 | 25980.86 |
| X | OTHER COMPREHENSIVE INCOME | | | |
| | A (i) Items that will not be reclassified to Profit or Loss | 0.00 | 281.85 | 281.85 |
| | (ii) Income tax relating to items that will not be reclassified to Profit or Loss | 0.00 | (97.54) | (97.54) |
| | B (i) Items that will be reclassified to Profit or Loss | 0.00 | 5245.13 | 5245.13 |
| | (ii) Tax relating to items that will be reclassified to Profit or Loss | 0.00 | (1815.23) | (1815.23) |
| | | 0.00 | 3614.21 | 3614.21 |
| XI | TOTAL COMPREHENSIVE INCOME (IX+ X) | 25392.52 | 4202.55 | 29595.07 |

* Previous GAAP figures have been reclassified to conform to IND AS presentation requirements for the purpose of the note

NOTES TO THE FINANCIAL STATEMENTS

41. Explanation of transition to Ind AS (continued.....)

a) Lease arrangement

Under previous GAAP, arrangements that did not take the legal form of lease were accounted for based on the legal form of such arrangements e.g. purchase of Wet Precipitated Calcium Carbonate (PCC)/ Wet Grinded Calcium Carbonate (GCC) chemicals from Omya India Private Limited. Under Ind AS, any arrangement (even if not legally structured as lease) which conveys a right to use an asset in return for a payment or series of payments are identified as leases provided certain conditions are met. In case such arrangements are determined to be in the nature of leases, such arrangements are required to be classified into finance or operating leases as per the requirements of Ind AS 17, Leases.

The Company has entered into agreement with Omya India Private Limited for purchase of PCC / GCC chemicals which have been identified to be in the nature of lease and have been classified as operating lease arrangements.

Chemicals consumed includes embedded lease rent of Rs.48 lakh to M/s.OMYA towards procurement of Wet Precipitated Calcium Carbonate / Wet Grinded Calcium Carbonate as it is considered as a part of cost of chemicals. Hence, this has no impact on the profit or loss of the company

b) Re-measurement of defined benefit liability

Under Ind AS, re-measurement of defined benefit liability are recognized under other comprehensive income. Under previous GAAP the Company recognized actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2015 or as on 31 March 2016.

c) Investment property

Based on Ind AS 40, the company has reclassified land with undetermined future use and let out portion of Corporate Office building to investment property. Under the previous GAAP, this was disclosed as a part of property, plant and equipment.

As this is only re-classification from Plant, Property & equipment to investment property, there is no impact on statement of profit or loss.

Reclassification from PPE to Investment Property

(Rs. in Lakh)

| Particulars | 01/04/2015 | 31/03/2016 |
|-------------------------------|------------|------------|
| Balance sheet | | |
| Property, plant and equipment | 239894.55 | 240654.96 |
| Investment property | 537.60 | 535.73 |

d) Proposed dividend

Under previous GAAP, dividends proposed by the Board of Directors after the reporting date but before the approval of financial statements were considered to be adjusting event and accordingly recognized (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the Board of Directors are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognized under previous GAAP has been reversed.

The impact arising from the changes summarized as follows:

(Rs. in Lakh)

| Particulars | 01/04/2015 | 31/03/2016 |
|---------------------------------|------------|------------|
| Balance sheet | | |
| Proposed dividend | 4152.64 | 5190.80 |
| Dividend distribution tax | 845.38 | 1056.72 |
| Adjustment to retained earnings | 4998.02 | 6247.52 |

NOTES TO THE FINANCIAL STATEMENTS

41. Explanation of transition to Ind AS (continued.....)

e) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2016. The total comprehensive income for the year ended and equity as at 31 March 2016 has remained unchanged.

The impact arising from the changes summarized as follows:

| Particulars | (Rs. in Lakh) |
|------------------------------|---------------|
| Particulars | 31/03/2016 |
| Statement of profit and loss | |
| Revenue from operations | (11396.89) |
| Excise duty | 11396.89 |
| Adjustment before income tax | 0.00 |

f) Loss allowance

On transition to Ind AS, the Company has recognized impairment loss on trade receivable based on the expected credit loss model as required by Ind AS 109.

The impact arising from the changes summarized as follows:

| Particulars | (Rs. in Lakh) |
|-------------------------------------|---------------|
| Particulars | 31/03/2016 |
| Statement of profit and loss | |
| Bad Debts | (87.31) |
| Loss allowance on trade receivables | 87.31 |
| Adjustment before income tax | 0.00 |

g) Fair valuation of investments

In accordance with Ind AS, financial assets representing investment in equity shares have been fair valued. The Company has designated these investments at fair value through other comprehensive income as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost.

The impact arising from the changes summarized as follows:

| Particulars | (Rs. in Lakh) |
|---|---------------|
| Particulars | 31/03/2016 |
| Statement of profit and loss | |
| OCI: | |
| Financial asset at fair value through OCI –net change in fair value | (2.21) |
| Adjustment before income tax | (2.21) |

| Particulars | 01/04/2015 | 31/03/2016 |
|--|------------|------------|
| Balance sheet | | |
| Investments -financial assets at FVOCI | (12.65) | (2.21) |
| Related tax impact | 4.38 | 0.77 |
| Adjustment to retained earnings | (8.27) | (1.44) |

NOTES TO THE FINANCIAL STATEMENTS

41. Explanation of transition to Ind AS (continued.....)

h) Biological assets other than bearer plants

Under Ind AS 41, Agriculture, biological assets are measured at fair value less costs to sell. Under previous GAAP biological assets were measured at cost.

The impact arising from the changes summarized as follows:

(Rs. in Lakh)

| Particulars | 31/03/2016 |
|------------------------------|------------|
| Statement of profit and loss | |
| Other income | 126.65 |
| Adjustment before income tax | 126.65 |

| Particulars | 01/04/2015 | 31/03/2016 |
|--|------------|------------|
| Balance sheet | | |
| Biological assets other than bearer plants | (224.64) | 126.65 |
| Related tax impact | 77.74 | (43.83) |
| Adjustment to retained earnings | (146.90) | 82.82 |

i) Other Comprehensive Income

Under Ind AS, All items of income and expense recognized in a period should be included in profit and loss account, unless a standard requires or permits otherwise. Items of income and expenses that are not recognized in profit or loss but are shown in the profit or loss as "other comprehensive income" includes re-measurements of define benefit plan, fair value of equity investments and Gain/Loss on Hedging instruments in a Cash Flow hedge. This concept of other comprehensive did not exist under previous GAAP.

j) Deffered Tax

Deffered Tax has been considered on Ind AS transition adjustments.

ATULYA MISRA, IAS
CHAIRMAN
(DIN -02210369)

Dr. R. SELVARAJ, IAS
MANAGING DIRECTOR
(DIN-01797405)

A.VELLIANGIRI
DY.MANAGING DIRECTOR
(DIN-00153169)

vide our report of even date
For RAMAN ASSOCIATE
CHARTERED ACCOUNTANTS
Firm Reg. No.002910S

Place : Chennai
Date : 29th May, 2017

V. SIVAKUMAR
COMPANY SECRETARY

N. RAGURAMAN
Partner
Membership No.202578

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ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To

M/s Cameo Corporate Services Ltd
 UNIT : Tamil Nadu Newsprint and Papers Limited
 V Floor, "Subramanian Building",
 No.1, Club House Road,
 Chennai – 600 002.

Dear Sir,

To

(In Case of Electronic Holding)
 The Depository Participant

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Note: If you are already receiving dividend through ECS, please ignore this.

I wish to participate in the Electronic Clearing Services (ECS) and give below the details of my bank account, to which you may electronically credit the payment due to me against the reference folio number mentioned below.

1. For Shares held in physical form

Folio No. :

2. For Shares held in electronic form

(Shareholders holding shares in electronic form i.e in Demat mode, should forward this form to their respective Depository Participant.)

DP ID :

Client ID :

3. Shareholder's Name: Shri/Smt/Kum/M/s _____

4. Shareholder's Address _____

5. Particulars of Bank:

• Bank Name: _____

• Branch Name & Address: _____

• Mention the 9 digit code number of the bank and branch appearing on the MICR cheque issued by the bank.

(Please attach the photocopy of a cheque or a cancelled bank cheque issued by your bank for verifying the accuracy of the code number)

• Account type (Please Tick) : Savings Current Cash Credit

• Account Number (as appearing on the cheque book) _____

6. Date from which the mandate should be effective:

I, hereby, declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold the company / Registrars & Share Transfer Agents of the Company responsible.

I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through ECS.

Place :

Date :

Signature of the First Shareholder



Tamil Nadu Newsprint and Papers Limited

No.67, Mount Road, Guindy, Chennai – 600 032, India.

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Unit II: Mondipatti Village – 621 306
Thiruchirapalli District, Tamil Nadu.