

## ANNEXURE - IV

### REPORT ON CORPORATE GOVERNANCE

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

#### A. MANDATORY REQUIREMENTS

##### 1. Company's Philosophy

TNPL's philosophy on Corporate Governance endeavours to achieve the highest levels of transparency, integrity and equity, in all its operations. The company believes that good Corporate Governance is essential for achieving long term corporate goals and enhancing stakeholder value. The Company's business objective is to manufacture and market its products in such a way as to create value that can be sustained over a long term for all its stakeholders including shareholders, employees, customers, Government and the lenders

##### 2. Board of Directors

###### a. Composition and Category of Directors

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

The Board comprises nine directors , a Part-time Chairman(Non-Executive Director, nominated by Government of Tamil Nadu),Managing Director (nominated by Government of Tamil Nadu), one Executive Director, two non-executive Directors nominated by the Government of Tamil Nadu and four independent, non-executive Directors as on 31.03.2011. 78% are Non-executive directors and 44% are Independent directors.

###### Board's definition of Independent director

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

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

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

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

###### Board's functioning and Procedure

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

**b. Attendance of each Director at the Board of Directors' Meetings held during 2010-2011 and the last AGM is as follows:**

Director	Board of Directors' Meetings		Last AGM (held on 8.9.10) Attended
	No. of Meetings Held	Attended	
<b>EXECUTIVE DIRECTORS</b>			
Tvl.			
T K Ramachandran IAS Managing Director	6	6	Attended
Md.Nasimuddin IAS Managing Director(ceased w.e.f. 26.5.2010)	1	1	-
A Velliangiri Deputy Managing Director	7	7	Attended
<b>NON-EXECUTIVE DIRECTORS FROM GOTN</b>			
Rajeev Ranjan IAS (Part-time Chairman) (ceased to be part-time Chairman since 20.5.2011)	7	7	Attended
Vikram Kapur IAS (ceased to be Director w.e.f.27.5.2011)	7	2	Attended
R Thiagarajan IAS (ceased to be Director w.e.f.31.7.2011)	7	4	Not attended
<b>INDEPENDENT NON-EXECUTIVE DIRECTORS</b>			
V R Mehta (ceased to be Director w.e.f. 8.9.2010)	2	2	Attended
V Narayanan	7	7	Attended
R R Bhandari (ceased to be Director w.e.f. 16.6.2011)	7	7	Attended
N Kumaravelu	7	7	Attended
D Krishnan	7	7	Attended

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

Name of Director	Category	Directorships held in other Companies		Committee Memberships held in other Companies	
		As Director	As Chairman	As Member	As Chairman
Tvl.					
Rajeev Ranjan IAS	Non-Executive	8	3		
T K Ramachandran IAS	Executive	1	-	-	-
R Thiagarajan, IAS	Non-Executive	9	-		
Vikram Kapur IAS	Non-Executive	-	-	-	-
V Narayanan	Non-Executive	6	1	4	1
D Krishnan	Non-Executive	-	-	-	-
R R Bhandari	Non-Executive	-	-	-	-
N Kumaravelu	Non-Executive	2	-	-	-
A Velliangiri	Executive	-	-	-	-

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

Seven Board Meetings were held during the year 2010-2011 as against the minimum requirement of four meetings. The dates on which the meetings were held are given below:

25.5.10, 29.7.10, 8.9.10, 22.10.10, 1.12.10, 11.2.11, 28.3.11

**e. Information placed before the Board of Directors**

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

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

**f. Board material distributed in advance**

Agenda papers are circulated to the directors, in advance, in the defined agenda format. All material information is incorporated in the agenda papers for facilitating meaningful, informed and focused discussions at the meeting. 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 for the meeting.

**g. 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 Audit Committee Meeting.

**h. Post Meeting Follow-up Mechanism**

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

**i. Compliance**

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

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

Particulars of Directors being appointed at the Annual General Meeting and Directors retiring by rotation and seeking reappointment have been given in the Notice convening the 31st Annual General Meeting along with the Explanatory Statement.

**3. Audit Committee****a. Terms of reference**

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

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

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

The Audit Committee mandatorily reviews the following information :

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

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

**b. Composition, name of members and Chairperson**

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

Thiru V Narayanan, Chairman of the Committee

Thiru R R Bhandari, Member

Thiru N Kumaravelu, Member

Thiru D Krishnan, Member

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

**c. Meetings and attendance during the year**

Director	No. of Meetings Held	Attended
Tvl.		
V Narayanan	8	8
V R Mehta	3	3
R R Bhandari	8	8
N Kumaravelu	8	8
D Krishnan	8	8

The Audit Committee met 8 times during 2010-11 as against the minimum requirement of 4 meetings. The dates on which the meetings were held are given below:

25.5.10, 29.7.10, 10.8.10, 8.9.10, 22.10.10, 1.12.10, 11.2.11, 28.3.11

#### 4. Remuneration Committee

##### a. Remuneration Policy

Thiru T K Ramachandran IAS, was appointed as Managing Director by the Government on 26.5.10. He is being paid remuneration in accordance with the Govt. Rules as applicable to his cadre.

Thiru Md.Nasimuddin IAS joined the company on 21.2.2008 as Managing Director and was relieved on 26.5.2010. He was paid remuneration in accordance with the Govt. Rules as applicable to his cadre.

Thiru A Velliangiri, as Dy.Managing Director is drawing remuneration as per the Contractual Appointment order dt.19.12.07, details of which were circulated to all the shareholders vide Notice dt.26.12.07 under Sec.302 of the Companies Act, 1956.

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

##### b. Details of remuneration for the year ended 31.3.2011

###### Executive Directors

(Rs. in lakh)

Name & Position	Pay & Allowances	Reimbursement of medical expenses	Perquisites	Total	Retirement Benefits
Tvl. T K Ramachandran IAS Managing Director	10.62	0.68	2.01	<b>13.31</b>	As per Govt. rules applicable to his cadre
Md.Nasimuddin IAS Managing Director (ceased w.e.f.26.5.10)	1.75	0.06	0.16	<b>1.97</b>	-do-
A Velliangiri Dy.Managing Director	22.34	1.28	3.98	<b>27.60</b>	Gratuity and Superannuation as per rules of the company Included in the perquisites
	<b>34.71</b>	<b>2.02</b>	<b>6.15</b>	<b>42.88</b>	

###### Non-Executive Directors

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

Name of the Director	Sitting Fees paid (Rs.)		
	Board	Audit	Investors' Grievances
Tvl. Rajeev Ranjan IAS	95000 *		-
R Thiagarajan IAS	65000 *		-
Vikram Kapur IAS	25000 *		-
V R Mehta	20000	30000	-
V Narayanan	95000	105000	-
R R Bhandari	95000	105000	15000
N Kumaravelu	95000	105000	15000
D Krishnan	95000	105000	15000
<b>Total</b>	<b>585000</b>	<b>450000</b>	<b>45000</b>

\* remitted to Govt. of Tamil Nadu

Independent Directors were paid sitting fees of Rs.10000/- per meeting of the Board/ Committee of the Board upto August 2010. This was revised to Rs.15000/- per meeting from September 2010.

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

#### Shareholdings of Directors

None of the Directors except Thiru Rajeev Ranjan IAS, Chairman of the company is holding any shares in the company. Thiru Rajeev Ranjan IAS is holding 200 shares in TNPL.

### 5. Shareholders' Committee

#### a. Shareholders'/Investors' Grievances Committee

Shareholders' complaints/grievances are redressed by the Registrar and Transfer Agent, namely M/s.Cameo Corporate Services Limited. The Board also constituted the Shareholders'/Investors' Grievances Committee in August 2001. The following three non-executive directors are the members in the Shareholders'/ Investors' Grievances Committee as on 31.3.2011

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

The Shareholders'/Investors' Grievances Committee met on 28th March 2011 and reviewed the grievances / complaints received and the action taken on the grievances / complaints.

#### Terms of reference:

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

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

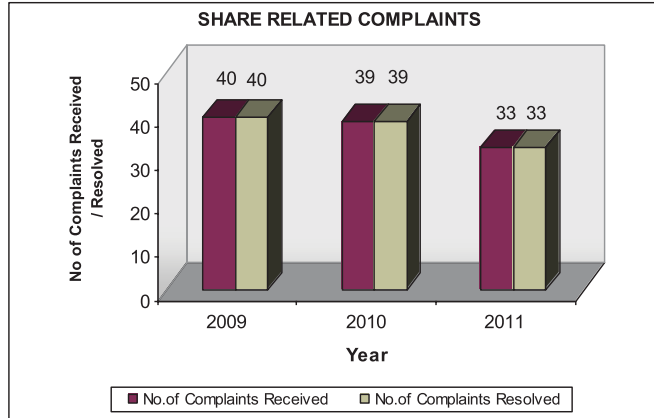
The main object of the Committee is to strengthen investor relations.

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.

Complaints Status:1.4.2010 to 31.3.2011

Correspondence in the nature of complaints from (Received and Resolved)	Q1	Q2	Q3	Q4	Total
Securities and Exchange Board of India	-	1	-	-	1
Stock Exchanges	-	1	-	-	1
Shareholders	5	12	9	5	31
<b>Total</b>	<b>5</b>	<b>14</b>	<b>9</b>	<b>5</b>	<b>33</b>

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



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

**b. Share Transfer Committee**

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

All valid share transfers during the year ended 31.3.11 have been acted upon. No share transfer was pending as on 31.3.11.

**6. General Body Meetings**

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

Year	Location	Date	Time	Special Resolution passed In the AGM by shareholders
2007-08	Music Academy Chennai 18	29.8.2008	10.25 AM	Yes
2008-09	-do-	9.9.2009	10.25 AM	No
2009-10	-do-	8.9.2010	10.30 AM	No

**Postal Ballot**

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

**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, three circular resolutions were passed which were recorded at the subsequent Board meetings.

**Secretarial Compliance Report**

a. As a measure of good corporate governance practice, though not legally required, a Secretarial Audit on the compliance of corporate laws and SEBI regulations was conducted by M/s.R Sridharan & Associates, Practicing Company Secretaries for the financial year ended 31st March 2011.

**b. Secretarial Audit Reports**

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



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

For the quarter ended	Furnished on
30th June 2010	12th July 2010
30th September 2010	11th October 2010
31st December 2010	7th January 2011
31st March 2011	7th April 2011

### Secretarial Standards

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

### 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 2010-11 the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days from the close of the quarter.

## 7. Disclosures

- a. There are no significant Related Party Transactions during the year of material nature, with its promoters, the directors or the management or their subsidiaries or relatives etc. potentially conflicting with company's interest at large. Related Party transactions are disclosed in the notes to Accounts forming part of this Annual Report.
- b. As per Clause 49(V) of the Listing Agreement, the Chief Executive Officer i.e. Managing Director and the Chief Financial Officer i.e. Deputy Managing Director certified to the Board on their review of financial statements and cash flow statements for the financial year ended 31st March 2011 in the form prescribed by Clause 49 of the Listing Agreement which is annexed.
- c. There were no instances of non-compliance on any matter relating to the capital market during the last three years
- d. The company has complied with all Mandatory requirements of the Clause 49 of the Listing Agreement. As regards the non-Mandatory requirements, the extent of compliance has been stated in Part B of this report.
- e. Details of information on appointment of new/re-appointment of directors:  
A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of the Board forms part of the Notice convening the 31st Annual General Meeting.
- f. Presently, the company does not have whistle blower policy

### Code of Conduct

The Board of Directors has framed the Code of Conduct for Board Members and Senior Management. The code of conduct has been communicated to the Directors and the Members of the Senior Management. The code of conduct has also been posted on the Company's website [www.tnpl.co.in](http://www.tnpl.co.in) Affirmation of compliance of Code of Conduct for the financial year 2010-11 has been received from the Directors and Senior Management personnel of the company.

**8. Means of Communication**

- a. Half-yearly report sent to each household of shareholders : No \*
- b. Quarterly results :
- Newspapers published in : Economic Times  
Business Standard  
Business Line  
Dhinathanthi
- Website where displayed : www.tnpl.co.in
- c. Whether the website also displays official news releases and presentations to the media, analysts, institutional investors etc. ? : Yes
- d. Audited financial results (Newspapers published in) : Economic Times  
Business Standard  
Business Line  
Dhinathanthi
- 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.

**9. Risk Management**

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

**10. Shareholders' Information****1. 31st Annual General Meeting**

<b>Day, Date and Time</b>	Thursday , 15th September 2011 at 10.30 a.m.
<b>Venue</b>	The Music Academy, 168, T.T.K.Road, Chennai-600 014.

2. Financial Year Calendar (2011-2012) (Tentative) : The Company follows the period of 1st April to 31st March, as the Financial Year. For the Financial year 2011-12, Financial Results will be announced as per the following tentative schedule .

1st quarter ending June 30, 2011	Second week of August 2011
2nd quarter ending September 30, 2011	Second week of November 2011
3rd quarter ending December 31, 2011	Second week of February 2012
4th quarter ending March 31, 2012	Fourth week of May 2012

3. Book closure date : 08-09-2011 to 15-09-2011(both days inclusive) on account of AGM and Dividend.

- 4(a) Dividend payment date : 16-09-2011 onwards.

- 4(b) Dividend Policy :

Dividends, other than Interim dividend(s), are to be declared at the Annual General Meeting 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.

5. Listing of Equity Shares on

(a) Stock Exchanges at :

(1) National Stock Exchange of India Limited,  
Plot No.C/1, G Block  
Bandra-Kurla Complex  
Bandra (E)  
Mumbai - 400 051

(2) Mumbai Stock Exchange  
Listing Department  
Phiroze Jeejeebhoy Towers  
25th Floor  
Dalal Street  
Mumbai 400 001

(b) Depositories at :

(1) National Securities Depository Ltd.  
Trade World, 4th Floor, A' Wing  
Kamala Mills Compound  
Senapati Bapat Marg  
Lower Parel, Mumbai – 400 013.

(2) Central Depository Services (India) Limited  
16-17th Floor, Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001.

(c) Debenture Trustees :

Vijaya Bank  
Merchant Banking Division  
H.O. 41/2 M.G. Road  
Trinity Circle  
Bangalore – 560 001

- Listing fee for Equity shares and Debt Securities for the year 2011 -2012 has been paid to the above Stock Exchanges.
- The annual custodial fees for the Financial Year 2011-12 has been paid to National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd. (CDSL)

6. Stock Code / Symbol

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

## 7(a).Market Price Data (In Rs.)

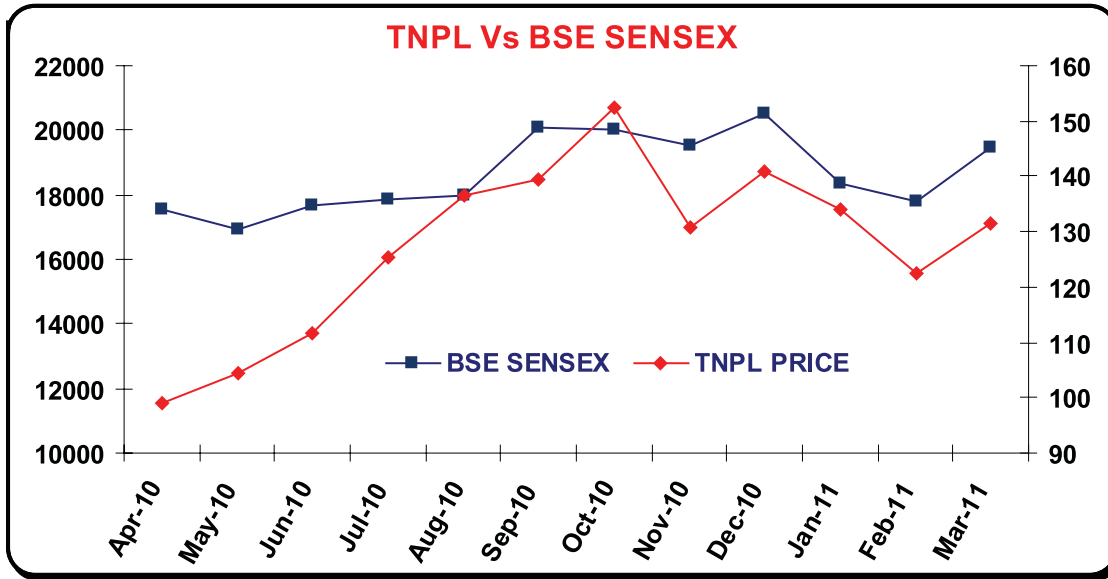
	Bombay Stock Exchange(BSE)			National Stock Exchange (NSE)		
	High Price	Low Price	Volume	High Price	Low Price	Volume
April 2010	104.00	89.50	4776312	103.80	89.30	8741288
May 2010	105.85	92.55	2242029	105.90	93.50	4639151
June 2010	122.20	100.00	1688879	116.90	102.35	2950290
July 2010	126.00	111.05	3100241	126.00	111.00	4978518
August 2010	150.70	125.50	2400000	150.75	125.30	4783741
September 2010	150.00	135.50	1392002	150.00	134.10	2749415
October 2010	163.30	138.00	1681914	164.95	138.00	3471227
November 2010	163.30	126.20	574088	166.00	126.00	1390327
December 2010	143.80	122.10	317042	144.00	121.55	901907
January 2011	145.00	129.00	310840	145.70	129.10	866449
February 2011	134.50	120.20	984223	134.75	121.00	1489463
March 2011	146.00	120.25	1153443	146.80	120.70	2623870

## 7(b).Market Capitalisation (Rs.)

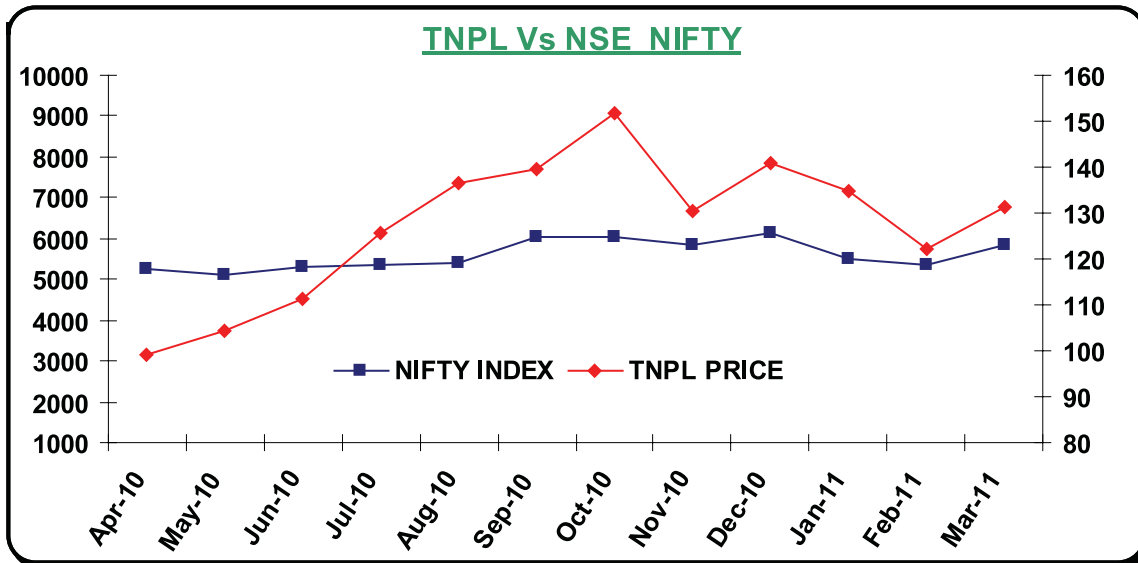
Market Capitalisation	BSE	NSE
As on March 31, 2010	620,47,30,290	619,78,09,230
As on March 31, 2011	911,15,75,490	909,08,12,310

## 8. Share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty :

YEAR	BSE SENSEX			NSE NIFTY		
	% CHANGE IN TNPL SHARE PRICE	% CHANGE IN SENSEX	TNPL REACTIVE TO SENSEX	% CHANGE IN TNPL SHARE PRICE	% CHANGE IN NIFTY	TNPL REACTIVE TO NIFTY
1-4-2010 To 31-3-2011						
Financial Year 2010-2011	46.85 %	10.94 %	35.91 %	46.68 %	11.14 %	35.54 %



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



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

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

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

M/s Cameo Corporate Services Ltd.  
V Floor, "Subramanian Building"

No.1 Club House Road  
 Chennai – 600 002  
 Tel.No.044-28460390 - 28460395  
 Fax No.044-28460129  
 E-mail ID : cameo@cameoindia.com

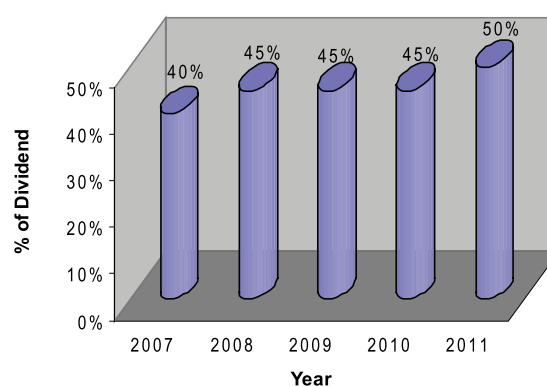
10. Share Transfer System :

- i) Share Transfers : The shares of the Company, being in the compulsory demat list, are transferable through the depository system. Shares in physical form are processed and the share certificates are generally returned within a period of 15 days from the date of receipt.
- All transfers received are processed and approved by the Share Transfer Committee which normally meets twice in a month. Shares under objection are returned within two weeks.
- ii) Nomination facility for shareholding : As per the provisions of the amended Companies Act 1956, facility for making nomination is available for shareholders in respect of shares held by them. Nomination forms can be obtained from the share transfer agent.
- iii) Payment of dividend through Electronic Clearing Services : The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividends through Electronic Clearing Service (ECS) to the Investors wherever ECS and Bank details are available. In the absence of ECS facility the Company is required to print the Bank account details if available on payment instruments for distribution of dividend etc. to the shareholders.
- iv) Unclaimed dividends : The company is required to transfer dividends which have remained unpaid/unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company will accordingly be required to transfer in the year 2011 the dividend for the year ended March 31, 2004 which have remained unclaimed/unpaid.
- v) Details of dividend pending to the Unpaid/Unclaimed Dividend Account as on March 31, 2011:
- a. For the year 2003-2004 : Rs. 5,63,569.98
  - b. For the year 2004-2005 : Rs. 5,77,689.75
  - c. For the year 2005-2006 (Interim) : Rs. 5,47,958.99
  - d. For the year 2005-2006 (Final) : Rs. 3,83,530.50
  - e. For the year 2006-2007 (Interim) : Rs. 4,14,216.00
  - f. For the year 2006-2007 (Final) : Rs. 6,79,472.50
  - g. For the year 2007-2008 (Interim) : Rs. 5,02,056.50
  - h. For the year 2007-2008 (Final) : Rs. 6,24,839.99
  - i. For the year 2008-2009 (Final) : Rs. 8,93,416.50
  - j. For the year 2009-2010 (Final) : Rs.13,50,364.50
- vi) Correspondence regarding Change of Address etc. : Shareholders are requested to ensure that any correspondence for change of address, change in Bank Mandates etc. should be signed by the first named shareholder. Shareholders who hold shares in dematerialized form should correspond with the Depository participant with whom they have opened Demat Account/s.
- vii) Pending Investors' Grievances : Any Shareholder whose grievance has not been resolved to his/her satisfaction may kindly write to the Sr.Manager (Secretarial and Internal Audit) at the Registered Office with a copy of the earlier correspondence.

## 11. Dividend History (Last 5 Years)

Financial Year	Dividend %	Total Dividend (Rs. in Lakhs)
2006-07	40%	2768.42
2007-08	45%	3114.48
2008-09	45%	3114.48
2009-10	45%	3114.48
2010-11	50%	3460.53

Dividend History of the Company (For the past 5 years)



## 12. Distribution of Shareholding as on 31st March, 2011.

## DISTRIBUTION SCHEDULE AS ON 31ST MARCH 2011

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount (Rs.)	% of Amount
1 - 5000	24279	89.8058	2876404	28764040	4.16
5001 - 10000	1324	4.8973	1108878	11088780	1.60
10001 - 20000	602	2.2267	954330	9543300	1.38
20001 - 30000	219	0.81	566228	5662280	0.82
30001 - 40000	98	0.3624	358618	3586180	0.52
40001 - 50000	108	0.3994	514077	5140770	0.74
50001 - 100000	188	0.6953	1402383	14023830	2.03
100001 - And Above	218	0.8026	61429682	614296820	88.76
<b>Total</b>	<b>27036</b>	<b>99.9995</b>	<b>69210600</b>	<b>692106000</b>	<b>100.00</b>

## DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

	CATEGORY	NO OF SHARES	Percentage
<b>A</b>	<b>PROMOTER'S HOLDING</b>		
1	Promoters		
	- Indian Promoters	24444900	35.32
	- Foreign Promoters	Nil	Nil
2	Persons acting in Concert	---	---
	<b>SUB-TOTAL</b>	<b>24444900</b>	<b>35.32</b>
<b>B.</b>	<b>NON-PROMOTERS HOLDING</b>		
3	Indian Financial Institutions	788294	1.14
	a. Mutual Funds and UTI	13725507	19.83
	b. Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions/Non-Government Institutions)	13743589	19.86
	c. Foreign Institutional Investors	1374067	1.99
	<b>SUB-TOTAL</b>	<b>29631457</b>	<b>42.81</b>
4	OTHERS		
	a. Private Corporate Bodies	3890600	5.62
	b. Indian Public	10278485	14.85
	c. NRIs/OCBs	509882	0.74
	d. Others	455276	0.66
	<b>SUB-TOTAL</b>	<b>15134243</b>	<b>21.87</b>
	<b>GRAND TOTAL</b>	<b>69210600</b>	<b>100.00</b>

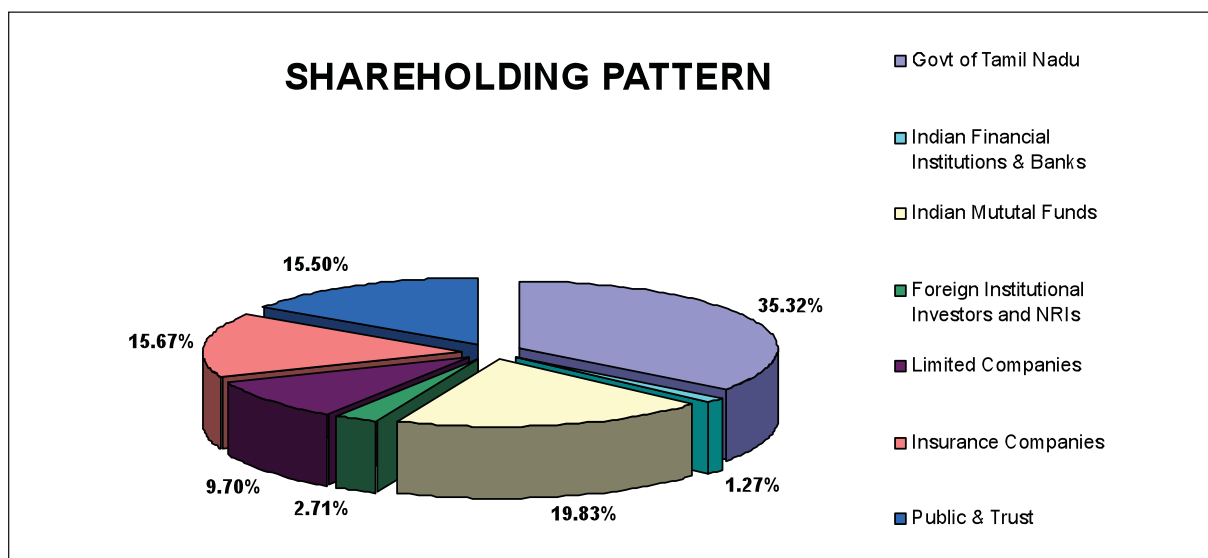
## LIST OF TOP TEN SHAREHOLDERS AS ON 31.03.2011

Sl.No.	Name of the Shareholder(s)	No. of Shares	% to Equity
1	Governor of Tamilnadu	24444900	35.32
2	Life Insurance Corporation of India	6891158	9.96
3	HDFC Trustee Company Limited - HDFC Prudence Fund	3641634	5.26
4	Reliance Capital Trustee Company Limited A/C Reliance Growth Fund	3744060	5.41
5	HDFC Trustee Company Ltd HDFC MF Monthly Income Plan Long Term Plan	2238648	3.23
6	General Insurance Corporation of India	2110074	3.05
7	ICICI Prudential Discovery Fund	900000	1.30
8	Warburg Value Fund	800000	1.16
9	SBIMF - Magnum Midcap Fund	716820	1.04
10	United India Insurance Company Limited	683213	0.99



## Share Holding Pattern

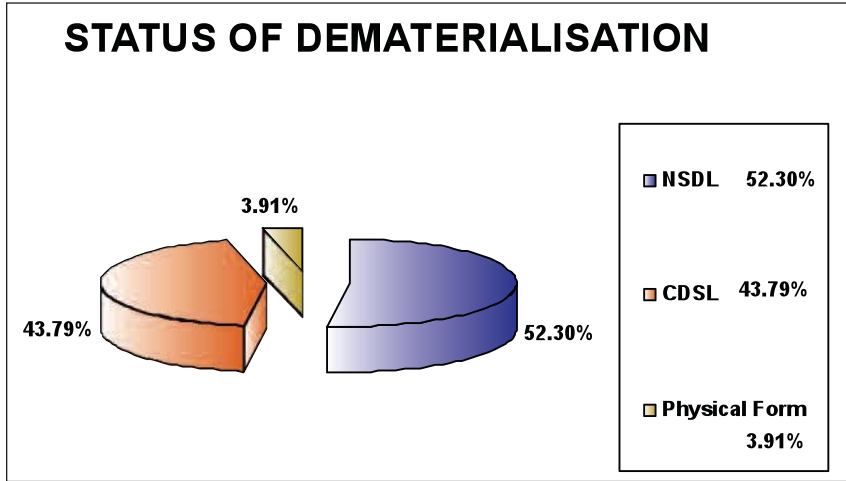
	As on 31-03-2011		As on 31-03-2010	
	No. of Shares	% to shares	No. of Shares	% to shares
Governor of Tamil Nadu	2,44,44,900	35.32	2,44,44,900	35.32
Foreign Institutional Investors	13,74,067	1.99	71,66,116	10.35
Indian Mutual Funds	1,37,25,507	19.83	66,76,465	9.65
Banks	87,645	0.13	1,00,300	0.15
Indian Financial Institutions	7,88,294	1.14	1,400	0.00
Insurance Companies	1,08,47,364	15.67	1,11,33,799	16.09
Non-Resident Companies (OCB)	15,000	0.02	16,000	0.02
Employees	33,300	0.05	35,600	0.05
Limited Companies	66,99,180	9.67	84,92,538	12.27
NRIs	4,94,882	0.72	4,25,297	0.61
Public & Trust	1,02,45,685	14.80	1,05,69,338	15.27
Shares Dematerialised/Shares in transit	4,54,776	0.66	1,48,847	0.22
<b>Total</b>	<b>6,92,10,600</b>	<b>100.00</b>	<b>6,92,10,600</b>	<b>100.00</b>



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

Details of Demat shares as at 31st March 2011:

Category	No. of Shareholders	No. of Shares	% to Capital
PHYSICAL	4085	2707249	3.91
NSDL	16965	36193954	52.30
CDSL	5986	30309397	43.79
<b>TOTAL</b>	<b>27036</b>	<b>69210600</b>	<b>100.00</b>



As on 31st March 2011, 22951 shareholders are holding shares in demat form. 6,65,03,351 (96.09%) shares have been dematerialized, representing 52.30% in NSDL and 43.79% in CDSL of the total Equity Share capital. 27,07,249 shares are in physical form representing 3.91%.

14. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity : Nil
15. Plant locations : Kagithapuram  
Karur District  
Tamil Nadu  
Pin : 639 136  
Tel.No.04324-277001 to 277017  
Fax : 04324-277025/277026/277027
16. 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 : cameo@cameoindia.com  
Contact Person : Thiru D Narasimhan, Executive
- (b) Any query on Annual Report : Shares Department  
Tamil Nadu Newsprint and Papers Ltd.  
67, Mount Road, Guindy,  
Chennai – 600 032.  
Tel.No.22354417 Fax No. 22350834 & 22354614  
e-mail address : response@tnpl.co.in,  
sivakumar.vs@tnpl.co.in  
shares@tnpl.co.in  
secretarial@tnpl.co.in  
Contact Person : Thiru V Sivakumar, Sr.Manager (Secretarial and Internal Audit)
- (c) E-mail ID of Investor Grievances Section : invest\_grievances@tnpl.co.in
- (d) Name of the Compliance Officer : A. Velliangiri, Deputy Managing Director and Company Secretary

**11. REQUEST TO INVESTORS**

- Investors are requested to communicate change of address, if any, directly to the share transfer agent of the company at the above address
- To avoid the incidence of fraudulent encashment of dividend warrants, members are requested to intimate the company under the signature of the Sole/First Joint holder, the following information so that the bank account number and name and address of the bank can be printed on the dividend warrants:
  - i) Name of Sole/First Joint holder and Folio number
  - ii) Particulars of bank account viz.
    - Name of bank
    - Name of branch
    - Complete address of bank with PINCODE
    - Account type, whether Savings Bank(SB) or Current Account(CA)
    - Bank account number
- The shareholders are requested to dematerialize their physical share certificates, through a depository participant. Shareholders requiring any further clarification/ assistance on the subject may contact the company's share transfer agent
- The amended provisions of the Companies Act, 1956, provide for Nomination facility to Members. Members are requested to write to the RTA for more information, if any needed on Nomination facility and /or to get a copy of Nomination Form.
- The mandate, if given by the Members in respect of shares held in physical form will not be applicable to the dividend payable on shares held by them in demat mode and vice versa. Members holding shares in demat mode must, therefore give instructions to their DPs regarding the bank account in which they wish to receive dividend.
- The shareholders are advised to avail 'Electronic Clearing Service(ECS)' available in all RBI Centres for receiving the dividend by direct electronic credit to the bank account. ECS provides protection against fraudulent interception and encashment of dividend warrants or damage to dividend warrants in transit or problem of revalidation/ issuance of duplicate dividend warrants and there is no extra cost. Option of availing the facility may be informed to the RTA in respect of the shares held in physical form and to the respective Depository Participant(DP) in respect of shares held in electronic form.
- Members holding shares in demat form are requested to incorporate the DP Id number and Client Id Number in the Attendance Slip/ Proxy form for easy identification of attendance at the meeting.
- Investors are requested to kindly note that any dividend which remains unencashed for a period of seven years will get transferred to "Investor Education and Protection Fund" in terms of Section 205C of the Companies Act, 1956.
- Members who have not encashed their dividend warrants in respect of dividends declared for the year ended 31st March 2004 and for any financial year thereafter may contact the company and surrender their warrants for payment. Members are requested to note that the dividend not claimed for a period of seven years from the date they first became due for payment shall be transferred to Investor Education and Protection Fund (IEPF) in terms of Section 205 C of the Companies Act, 1956. Yearwise details of the amount to be transferred to IEPF are given below:

Year	Dividend type	Dividend %	Date of declaration	Due for transfer to IEPF
2003-04	Final	27.5	20.08.2004	25.10.2011
2004-05	Final	27.5	22.08.2005	27.10.2012
2005-06	Interim	15	17.10.2005	22.12.2012
2005-06	Final	15	25.08.2006	30.10.2013
2006-07	Interim	15	12.10.2006	17.12.2013
2006-07	Final	25	31.08.2007	05.11.2014
2007-08	Interim	20	27.10.2007	02.01.2015
2007-08	Final	25	29.08.2008	03.11.2015
2008-09	Final	45	09.09.2009	14.11.2016
2009-10	Final	45	08.09.2010	13.11.2017

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

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

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

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

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

**2. Remuneration Committee**

The Company has not formed Remuneration Committee.

**3. Shareholders' Rights**

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

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

**4. Training of Board Members**

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

**5. Mechanism for evaluating non-executive Board Members**

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

**6. Whistle Blower Policy**

Presently the company does not have a Whistle Blower Policy

The Ministry of Corporate Affairs, Government of India, has issued in December 2009 "Corporate Governance Voluntary Guidelines 2009". While the Board welcomes the issue of these guidelines intended to better governance of corporates, introduction of the recommended measures will be considered carefully at the appropriate time.

For and on behalf of the Board

Date:27.5.2011  
Place:Chennai

**T K RAMACHANDRAN IAS**  
MANAGING DIRECTOR

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

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

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2011 and that to the best of our knowledge and belief:
  - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's Code of Conduct
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps have been taken to rectify these deficiencies
4. We have indicated to the Auditors and the Audit Committee:
  - a. significant changes in internal control over financial reporting during the year
  - b. significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements and
  - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

For **TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Place: Chennai  
Date : 27.05.2011

**T K RAMACHANDRAN IAS**  
MANAGING DIRECTOR

**A VELLIANGIRI**  
DY.MANAGING DIRECTOR

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the period ended 31st March 2011.

For **TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Place: Chennai  
Date : 27.05.2011

**T K RAMACHANDRAN IAS**  
MANAGING DIRECTOR

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members,  
M/s. Tamil Nadu Newsprint and Papers Limited

1. We have examined the compliance of conditions of Corporate Governance by M/s. Tamil Nadu Newsprint and Papers Limited, for the year ended 31st March 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. 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 the Company, there were no investors grievances remaining unattended/pending for more than 30 days as at 31st March 2011.
5. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P.B. Vijayaraghavan & Co.**  
Chartered Accountants  
Firm Registration No. 004721S

**P.B. Srinivasan**  
Partner  
Membership No. 203774

Place – Chennai  
Date – 27<sup>th</sup> May 2011