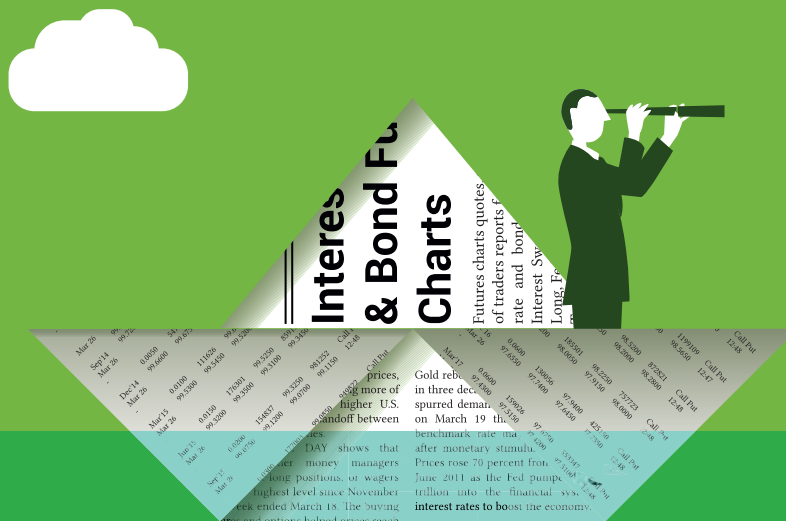


Driven by Excellence.

Moving up and ahead.



# 34<sup>TH</sup> ANNUAL REPORT 2013-2014

Tamil Nadu Newsprint and Papers Limited



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

<b>Thiru C V Sankar IAS</b> (Full Additional Charge w.e.f. 25.10.2013)	Chairman & Managing Director
<b>Thiru N S Palaniappan IAS</b> (From 13.12.2012 to 25.10.2013)	Chairman & Managing Director
<b>Thiru T Udhayachandran IAS</b>	Director
<b>Thiru Mahesan Kasirajan IAS</b>	Director
<b>Thiru A Velliangiri</b>	Deputy Managing Director
<b>Thiru R Mani</b>	Director (Operations)
<b>Thiru V Narayanan</b>	Director
<b>Thiru N Kumaravelu</b>	Director
<b>Thiru M R Kumar</b>	Director
<b>Thiru V Nagappan</b>	Director
<b>Tmt Sarada Jagan</b>	Director

REGISTERED OFFICE:	67, Mount Road, Guindy, Chennai – 600 032.
FACTORY:	Kagithapuram – 639 136, Karur District, Tamil Nadu.

### AUDITORS :

M/S Raman Associate,  
Chartered Accountants,  
1<sup>st</sup> Floor, RE Apartments,  
No.7, Arya Gowda Road,  
West Mambalam,  
Chennai 600 033.

### BANKERS :

Canara Bank  
DBS Bank Ltd.  
HDFC Bank Ltd.  
Indian Bank  
Indian Overseas Bank  
Oriental Bank of Commerce  
Punjab and Sind Bank  
State Bank of India  
State Bank of Patiala  
State Bank of Travancore  
Syndicate Bank  
The Hongkong and Shanghai Banking  
Corporation Ltd.  
The Karur Vysya Bank Ltd.  
Union Bank of India

DRIVEN BY EXCELLENCE - MOVING UP AND AHEAD.

## FINANCIAL HIGHLIGHTS - 10 YEARS AT A GLANCE

DESCRIPTION	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
	REVENUE: (Rs. in lakhs)									
Sales & Other Income	66823	80141	88040	96965	110030	107362	122504	153899	188118	<b>230195</b>
PBIDT	11727	18768	21455	26266	30792	31980	36274	43543	42207	<b>52320</b>
Interest	1622	1864	2052	2391	4927	4618	4424	14127	12097	<b>12821</b>
Profit Before Tax	3917	10147	12503	16306	15785	15806	19514	12511	12611	<b>20268</b>
Tax	122	2092	3897	5023	5047	3200	4615	1617	3463	<b>4150</b>
Profit After Tax	3795	8055	8606	11283	10738	12606	14899	10894	9148	<b>16118</b>
	BALANCE SHEET: (Rs. in lakhs)									
Net Fixed Assets	72836	81726	117782	128351	148396	209659	229342	248678	254101	<b>252819</b>
Investments	114	114	114	1715	114	1140	114	114	114	<b>114</b>
Captive Plantation	147	198	289	304	504	962	1319	1795	2121	<b>2121</b>
Net Other Assets	15238	16464	10670	7699	20048	25993	34575	46836 <sup>*</sup>	26279 <sup>*</sup>	<b>38718<sup>*</sup></b>
Total Capital Employed	88335	98502	128855	138069	169062	237754	265350	297423	282615	<b>293772</b>
Shareholders Fund	46474	52212	57631	63990	66432	80450	91579	97068	103547	<b>114597</b>
Borrowings	25004	30814	55940	55244	80645	136291	148810	173379 <sup>*</sup>	150022 <sup>*</sup>	<b>147511<sup>*</sup></b>
Deferred Tax Liability	16857	15476	15284	18835	21985	21013	24961	26976	29046	<b>31664</b>
Total	88335	98502	128855	138069	169062	237754	265350	297423	282615	<b>293772</b>
Book Value Per Share (Rs.)	66.74	75.44	83.27	92.46	95.99	116.24	132.32	140.25	149.61	<b>165.58</b>
EPS (Rs.)	5.47	11.66	12.43	16.30	15.52	18.21	21.53	15.74	13.22	<b>23.29</b>
Dividend (%)	27.50	30.00	40.00	45.00	45.00	45.00	50.00	50.00	50.00	<b>60.00</b>
Debt to equity	0.32	0.42	0.84	0.62	0.88	1.19	1.17	1.21	0.97	<b>0.89</b>

<sup>\*</sup> Regrouped as per pre-revised Schedule VI for the purpose of comparison only.

## ACHIEVEMENTS 2013 -14

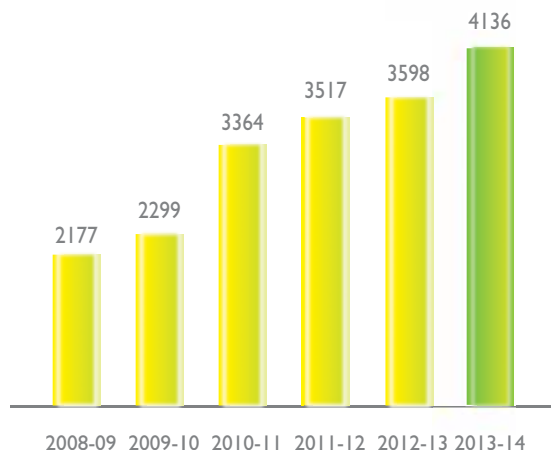
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- Sales turnover crossed Rs. 2000 crore for the first time.
  - Paper production increased to 387714 Mts, 16077 Mts. higher than the previous year.
  - Paper sales increased to 391843 MT. against 373229 MT. in the previous year.
  - Achieved ZERO stock of Printing and Writing Paper at the end of the year.
  - Produced 113904 tons of Cement using lime sludge and fly ash generated in the Paper Mill. TNPL is the First and only Company in the Paper industry to have established this facility
  - Commissioned De-inking pulp plant of a capacity of 300 tpd.
  - Augmented the captive power generation capacity to 103.62 MW. from 81.12 MW. Surplus power is exported
  - Generated 96.64 lakh cubic metres of methane in the two Bio- methanation plants and saved usage of 5766 kl. of furnace oil valuing Rs. 24.54 crores.
  - Generated 522.07 lakh units of 'Green Power' from the two wind farms
  - Overall Water consumption was reduced to 42 Kl. per MT of paper.
  - Commissioned 100 tonnes per day Wet Ground Calcium Carbonate plant on BOO basis.
  - Commenced works relating to setting up a state-of-the-art Multilayer Double Coated Board Plant of a capacity of 200,000 tons per annum in Manaparai Taluk, Trichy District. The project is scheduled to be completed by December 2015.
  - Return On Equity (ROE) is 14.06% and Payout ratio is 30.14%.
  - Dun & Bradstreet, Mumbai, has selected TNPL as the **Top Indian Company under the sector Paper for Dun & Bradstreet Corporate Awards 2014**, third time in a row.
  - Received the **"Environmental Best Practices Award 2013"** from Confederation of Indian Industry (CII).
-

# CONSISTENT GROWTH

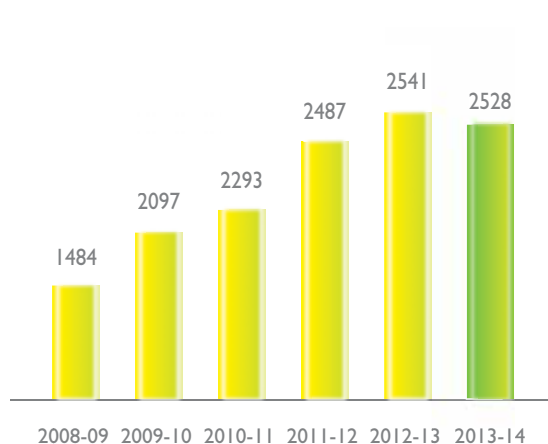
Gross Fixed Assets

Rs. In Crore



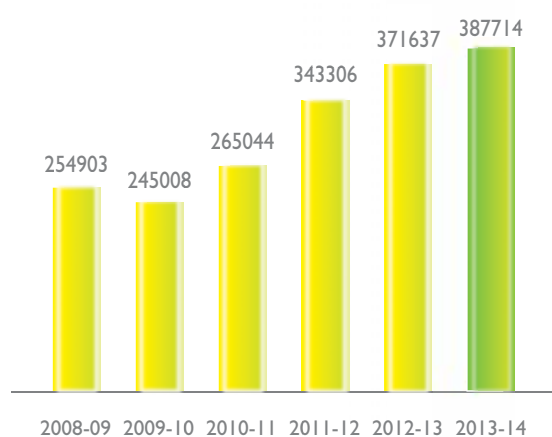
Net Fixed Assets

Rs. In Crore



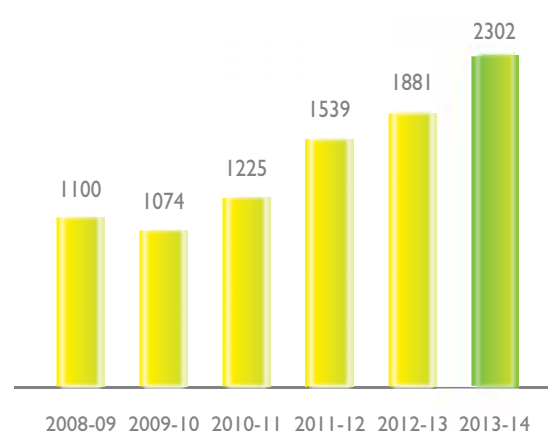
Production

Metric Tonnes



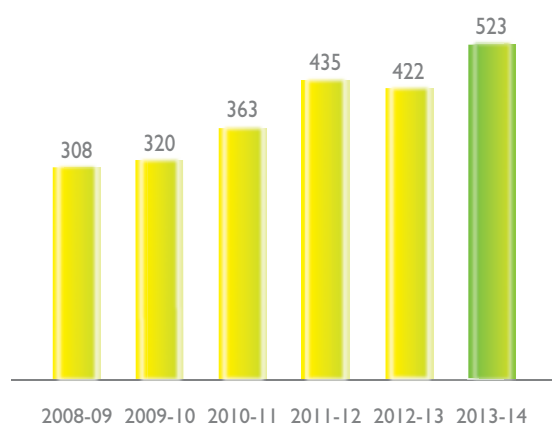
Sales and Other Income

Rs. In Crore



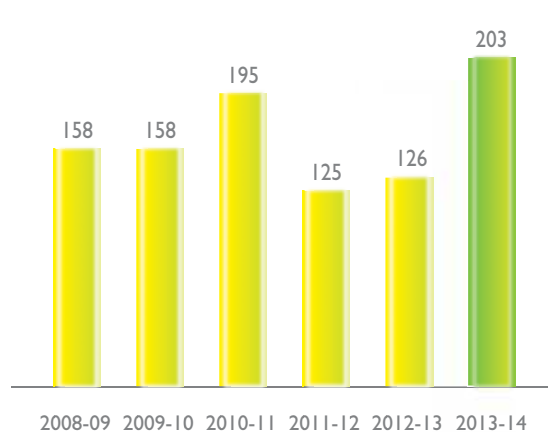
PBIDT

Rs. In Crore



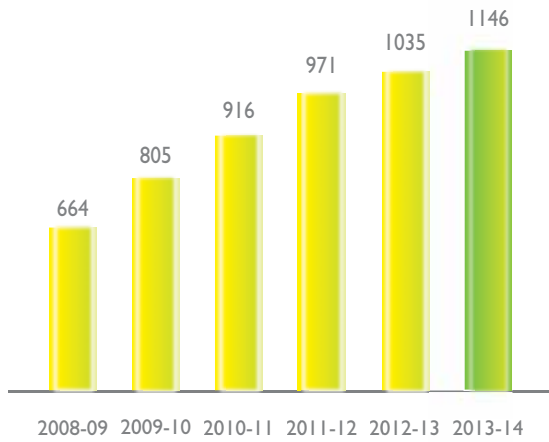
PBT (Profit Before Tax)

Rs. In Crore

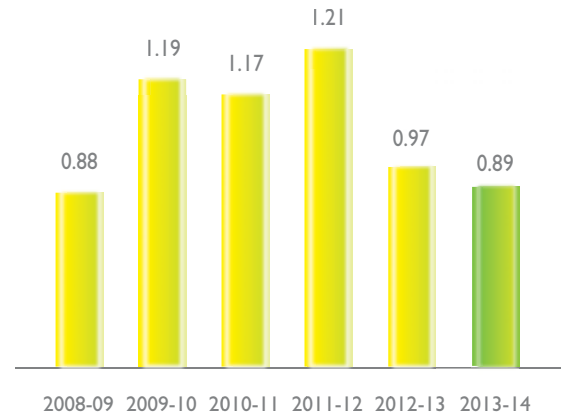


### Net Worth

Rs. In Crore

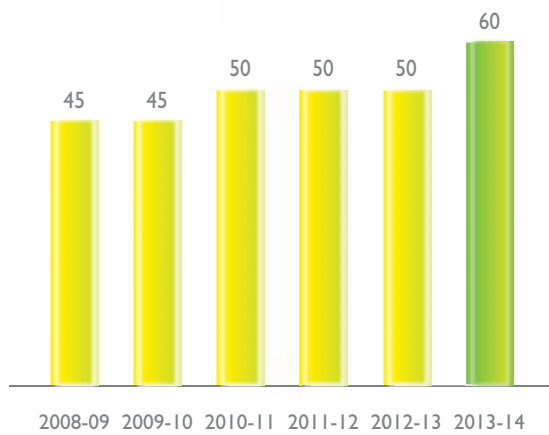


### Debt Equity Ratio



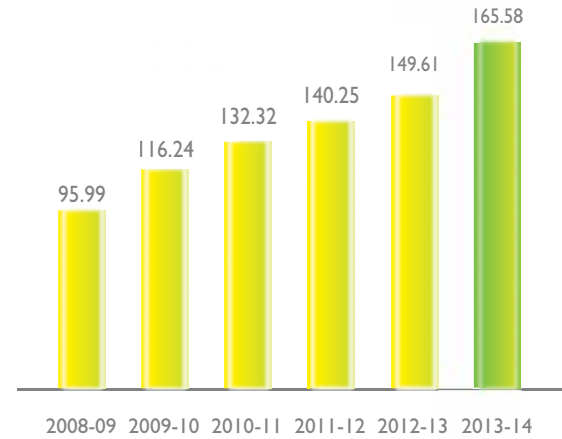
### Dividend

Percentage (%)



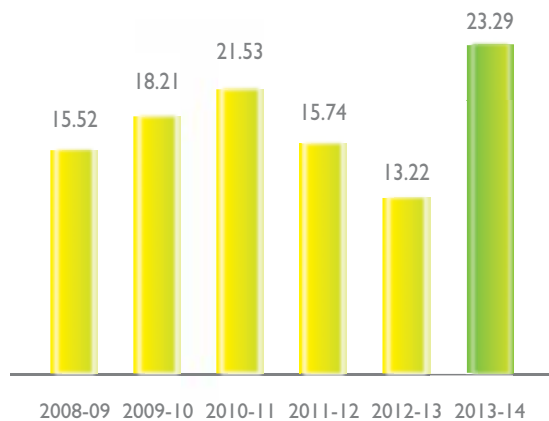
### Book Value per Share

(Rs.)



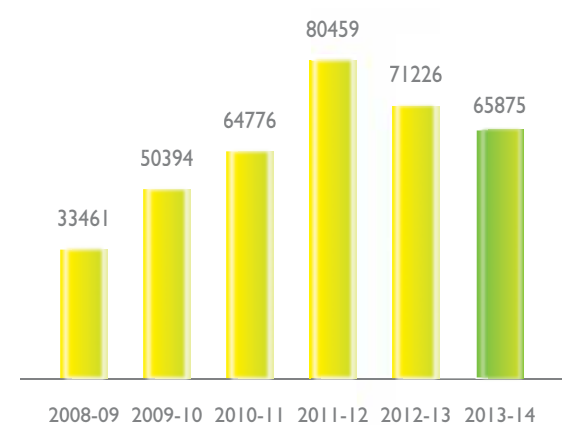
### Earning Per Share (EPS)

(Rs.)



### Exports

Metric Tonnes



## DRIVEN BY EXCELLENCE - MOVING UP AND AHEAD : TECHNOLOGY

TNPL took up the implementation of Mill Development Plan (MDP) in the year 2005, for improving the environmental standards and to increase the in-house pulping capacity from 520 tpd to 720 tpd. The MDP was completed in 2008. Since then, TNPL has switched over from conventional chlorine bleaching for producing pulp to environmentally benign Elemental Chlorine Free (ECF) bleaching. Paper production capacity was increased from 230000 tpa to 245000 tpa.

During 2008, TNPL took up implementation of Mill Expansion Plan (MEP), to increase the paper production capacity from 2,45,000 tonnes to 4,00,000 tonnes per annum by installing a new paper machine (PM 3) and to increase in-house pulp production capacity from 720 tonnes to 880 tpd. The MEP was commissioned in January 2011.

Subsequently, the company took up implementation of : Revamping of Steam and Power System (RSPS), Installation of a 300 tpd De-inked Pulp line, 600 tpd Lime

Sludge and Flyash Management (LSFM) system, 100 tpd Wet Ground Calcium Carbonate (WGCC) and 200 tpd Precipitated Calcium Carbonate (PCC) plants. With the implementation of these projects, the existing site is fully utilised. The company has chosen the next phase of growth in a new site as a Green-Field project.

TNPL has taken up implementation of a new Green-Field Project to install a 200,000 tpa Multilayer Coated Paper Board Machine (BM4). The project is located at Mondipatti Village, Manaparai Taluk in Trichy District, about 90 km from the existing site. The capital outlay for the project is Rs.1500 crore. The BM4 to be supplied by VOITH has a trim width of 3750mm at the reel. The design speed is 700 meters per minute and is capable of producing 200000 tonnes per annum of finished production. The Paper Board planned to be produced are : White-Line Chip Board (WLC), Folding Box Board (FBB) and Solid Bleached Sulphate Board (SBS) in the substance range of 170 to 450

GSM. The Board Machine is designed for Best quality, Highest efficiency and Lowest utility consumption.

One of the special features of BM #4 is the Tandem Nipco Flex Press (Shoe Press) with gentle and high dewatering capacity resulting in homogeneous densification of the sheet with more bulk. Also the web is protected against crushing and surface defects at higher speeds.

A modern, state of art roll packing and High bay Automated Storage and Retrieval systems (ASRS) for intermediate storage of 20,000 MT and finished goods storage of 6000 MT also will be installed as part of the Board Mill.

The start-up of the BM #4 is targeted for December 2015. The project will enable TNPL to make a foray into the growing Multilayer Double Coated Board segment. Total production capacity of TNPL will increase from 400000 tpa to 600000 tpa by March 2016.







(1) Cement Plant (2) DIP - De-inking Plant (3) 125 Tonnes per hour Boiler

## DRIVEN BY EXCELLENCE - MOVING UP AND AHEAD : ENVIRONMENT PROTECTION

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 processes
- 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 among our work force.

### Resource Conservation

TNPL is the leader in manufacturing paper using bagasse, as primary raw material. The mill has used 772935 MT of depithed bagasse during the year as primary raw material for manufacture of paper. Utilization of bagasse as fibrous raw material has conserved about 6 lakhs Mt of wood in the year 2013-14.

On pulpwood front TNPL is committed to procure wood only from the responsible known sources. TNPL's own farm forestry and captive plantation programs are covered by FSC Forest Management Certification which guarantees that the wood used for the production of paper come from the plantations which are managed in a socially and environmentally responsible way. FSC product label guarantee the customer that the product they buy comes from sustainable sources.

TNPL has installed and commissioned a state-of-the-art de-inking plant of capacity of 300 tons per day during 2013 to produce pulp from wastepaper.

The mill has implemented various water conservation projects in 2013-14 and has reduced water consumption to 42 kl. Per ton of paper during 2013 -2014 which is one of the lowest in paper industry.

### Waste to wealth

TNPL stepped into an innovative way of making cement from inorganic solid waste generated from chemical recovery cycle and fly ash from power boilers. Every day, about 200 ton lime sludge from first stage causticizing and 100 ton fly ash from the power boilers are

converted into high grade cement which is first of its kind in pulp and paper industry. This has resulted in conservation of 77,440 tons lime stone.

### Climate Change and sustainability

Towards greening the surrounding areas, the company has planted about 12500 trees in and around the mill. TNPL has generated wind power 522.07 lakh units which resulted in reduction of about 47796 Mt of CO<sub>2</sub> equivalent in 2013-14. Similarly, treatment of bagasse wash water through the two biogas plants have reduced 127928 Mt of CO<sub>2</sub> equivalent in 2013-14.

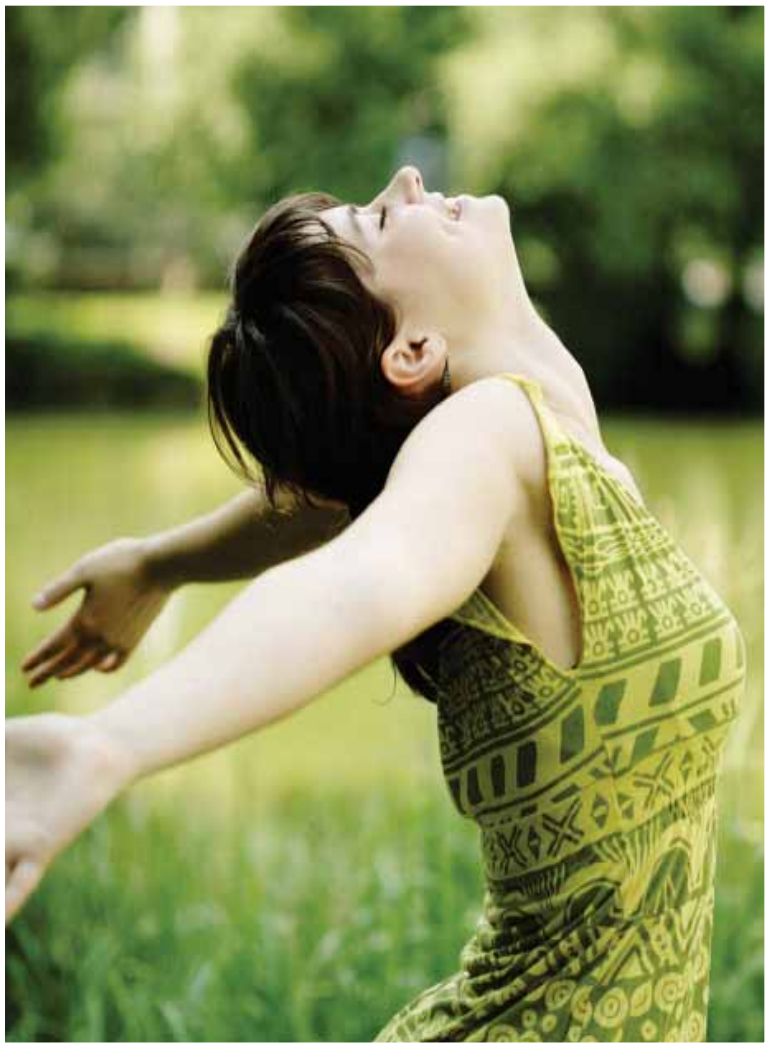
### Recognition for environmental protection

An innovative project "Reducing pollution load and recovery of fiber from D1 and EOP filtrate of Chemical Bagasse fiber line" implemented in TNPL has been awarded "Most Innovative Environmental Project" at Confederation of Indian Industry (CII) - Environmental Best Practices Award 2013 conducted by CII - Sohrabji Godrej Green Business Centre, Hyderabad.

TNPL was selected as runner-up under "The Water Efficiency Award" category by Pulp and Paper International (PPI) Awards 2013.







## DRIVEN BY EXCELLENCE - MOVING UP AND AHEAD : PULPWOOD PLANTATION

With the increasing demand for the pulpwood raw material and continuous depletion of natural forest in the country, the National Forest policy, 1988, emphasizes the wood based industries to generate their own raw material resources through afforestation programs by establishing linkages with the farmers and other stakeholders and thereby maintain the environmental stability through preservation and conserve the natural heritage.

Through effective implementation of Plantation schemes, TNPL has established pulpwood plantations in 1,00,185 acres involving 18,709 farmers throughout the state as on 31.03.2014. It is planned to raise plantation in 15000 acres of land during the year 2014-15. About 7.42 lakh MT of pulpwood has been procured from Farm Forestry / Captive Plantation sources in the last five years. The year wise details of area planted and pulpwood procured from plantation sources are given below.

Year	Farm Forestry	Captive Plantation	Total extent (acres)	No of farmers	Qty. of pulpwood procured in MT
2004-05	1891	741	2632	480	-
2005-06	6055	60	6115	1475	-
2006-07	9718	281	9999	2107	-
2007-08	10529	86	10615	2182	-
2008-09	9448	1131	10579	1991	-
2009-10	9687	1830	11517	1773	24260
2010-11	13001	2349	15350	2004	110943
2011-12	13116	2102	15218	3006	276950
2012-13	8698	988	9686	2003	140995
2013-14	7319	1155	8474	1688	188491
<b>Total</b>	<b>89462</b>	<b>10723</b>	<b>100185</b>	<b>18709</b>	<b>741639</b>

Through plantation programs TNPL trains the farmers in advanced silvicultural management practices of tree cultivation. This plantation program not only ensures raw material availability but also improves

the environmental status in the operating areas by converting barren, uncultivable degraded waste lands into carbon sink through raising plantation. Apart from this TNPL is also involved in ameliorating the soil through integrated reclamation process with physical, chemical & biological methods by raising pulpwood plantations in the salt affected areas of Industrial effluent polluted lands in Noyyal ayacut areas of Tirupur, Erode and Karur Districts.

TNPL also supports the farmers to improve soil fertility and crop productivity in and around the mill site in 1700 acres as per TNAU recommendation which makes them to raise regular commercial agricultural crops like Coconut, sugarcane, tapioca and fodder grass for their livestock by using treated effluent water for irrigation.

All these plantation schemes have improved the economic status of farming community by ensuring regular income through plantation and providing employment to the local landless agricultural labourers.

TNPL has established a unique world class state of art Clonal Propagation and Research Centre (CPRC) to produce clonal plants with minimum area for mother

plants (Clonal Mini gardens) without any rooting hormones. So far 63.67 million seedlings/clones were produced and distributed to farmers throughout the state at subsidized rate.

TNPL Forestry Research and Development unit involves in improving the productivity of the plantations through various tree improvement programs such as Screening of superior genotypes, Introduction of new germplasm of various provenances from other countries, Inter and Intra species hybridization, Standardization of micro & macro propagation techniques and Conducting multi location adaptive trials in collaboration with Forest College & Research Institute, Mettupalayam and Institute for Forest Genetics and Tree Breeding, Coimbatore .

TNPL has successfully completed 3 years of certificate & surveillance audit for Forest Stewardship Council (FSC) –Forest Management and chain of custody certificate (RA-FSC-FM/CoC-006000) valid from July 2012 to July 2017. This certificate covers 15285 ha of land comprising of 6274 units which is the largest area certified by FSC in India.







(1) Captive Plantation (2) Plantation - R & D Multi-location trials (3) Farm Forestry



## CORPORATE SOCIAL RESPONSIBILITY

TNPL is committed to being a socially responsible corporate citizen.

TNPL has constituted the Corporate Social Responsibility Committee consisting of 5 independent directors as members of the Committee. The Committee has formulated a CSR Policy

The CSR policy is focused primarily on Education, Health Care, Socio-economic development, Environmental Sustainability and promotion of Culture. The Company's goal is to protect and nourish the interests of all its stakeholders. Honesty, integrity, ethics, values and transparency will underpin its policy and interaction with stakeholders. All activities will sub serve National priorities and Societal aspirations and will be carried out with dignity, diligence and decorum.

TNPL's CSR activities will initially cover 3 Town Panchayats Viz., Punjai Pugalur, Kagitha Aalai & Punjai Thottakkurichi and 5 Panchayats viz. Punnam, Vettamangalam, N. Pugalur, Thirukkaduthurai & Kombupalayam, surrounding Kagithapuram Plant, which will form the core of CSR Operations. Areas around the new Greenfield site will be identified and added later on. In addition, need based activities will also be carried out in areas outside the core areas within the overall policy guidelines.

As per revised CSR Policy formulated after the implementation of the Companies Act 2013, the company is committed to spend atleast 2% of the Profit After Tax of the previous year for CSR activities but not lower than 2% of average of previous three years profit after tax.

TNPL has spent Rs. 327 lakhs for CSR activities during 2013-14 and has proposed an allocation of Rs. 450 lakhs for CSR activities during the year 2014-15, which will be much above the target of 2% of the Profit After Tax of the previous year (Rs. 3.22 cr.) and the average of previous 3 years' Profit After Tax (Rs. 2.41 cr.)

During the year 2013-2014, the Hon'ble Chief Minister of Tamil Nadu inaugurated Out - patient ward constructed at Government Hospital, Velayuthampalayam, Karur District at a project cost of Rs. 25.06 lakhs, drinking water supply schemes to Moorthypalayam, Nadunanaparappu and Thannasigoundanpudur villages of Karur District executed at a project cost of Rs. 83.34 lakhs.





(1) Talent Expo 2013 (2) Athletic Training Camp (3) Blood Donation Camp (4) Eye Screening Camp for Govt. School Students (5) Cattle Care Camp (6) Career Development Training



## TNPL PRODUCT PROFILE

TNPL produces wide portfolio of high quality non-surface sized and surface sized papers which are best suited for hitech printing machines. These papers guarantee excellent uniform printing surface with optimized smoothness, perfect printability and sharpness without compromising on stiffness. It is used for various end applications like office stationery, publication, high end printing, Tamil based papers etc.

TNPL also produces pigmented paper which is a premium surface sized paper having pigment coating on both sides. The coating is of a specialized formulation, which perfectly suits printing on both sides and without showing through on the other side. The pigment coating ensures that the printed images are clear, sharp and bright; they also help to create vivid images with perfect color and contrast; Typical end applications include premium promotional materials, high quality magazines, annual reports, catalogues, etc.

TNPL has created a niche for its branded products by offering a wide range of customized paper for varied applications in the office documentation and stationery space.

### **TNPL COPIER – PLATINUM:**

A market leader in the cut size copier papers. The superior bulk and high dimensional stability coupled with optimized fibre orientation ensures that this premium copier paper runs well on high-speed photocopying machines.

### **TNPL COPY CROWN:**

A high quality premium copy paper which is specially earmarked for export market.

### **TNPL EEZEE WRITE:**

A premium ready to use packaged writing paper made available in popular sizes and gsms.

### **TNPL PRINTER'S CHOICE:**

A high quality surface sized paper made available in commercial offset printing sizes.

### **TNPL ECO-FRIENDLY EXERCISE NOTEBOOKS:**

TNPL entered the education and stationery business to cater to the needs of the student community. TNPL produces premium softbound notebooks to suit the requirement of students. Meticulous understanding of student needs helped create a relevant and comprehensive portfolio, satisfies the needs of different sets of requirements.

### **GREENPAL:**

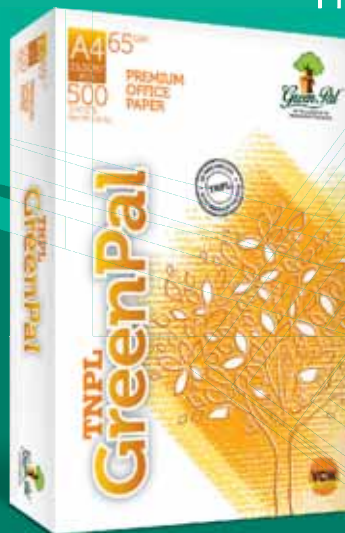
TNPL will shortly introduce "Greenpal" notebooks and office stationery papers made from bagasse (agro residue) and De-inked Pulp (made from waste paper). In this range of branded products no wood pulp will be used meaning that "No tree is cut in the making of this paper".







NO TREES WERE CUT  
IN THE MAKING OF  
THIS PAPER.



## DRIVEN BY EXCELLENCE - MOVING UP AND AHEAD : ENERGY EFFICIENCY AND ENERGY MANAGEMENT

Pulp and paper Industry is Energy intensive and the Energy cost is around 20% of its Manufacturing cost. TNPL has been taking constant efforts to reduce carbon footprint. TNPL consumes bio-fuel and bio-gas to a larger extent. The Consumption of bio-fuel and bio-gas accounts for 38% of the total Energy consumed during 2013-14.

Agro/ Internally generated waste Fuels Utilised	2013-14	2012-13
Agro fuel	380	504
Pith	87053	82816
Wood Dust	9078	9129
BL Solids	475281	483015
Bio Methanation gas ('000 M <sup>3</sup> )	9611	10125

The Company has installed two bio-methanation plants. The first plant was commissioned during 2003 and the second plant during 2008. 96.64 lakh M<sup>3</sup> Methane gas generated during the year is used in lime kiln as fuel to replace 5766 KL of furnace oil.

TNPL successfully got the accreditation for Renewable Energy Certificate (REC) benefit for its 20 MW power generation from TG 5 operated through Recovery Boiler steam by executing necessary modifications in the steam system and metering arrangement from 16th January 2012. TNPL availed this benefit as the first one in the Indian Paper Industry. TNPL has generated 1,28,043 No of RECs and sold 66,854 No of RECs during the FY 2013-14. (136738 No. of RECs were obtained and 94678 No. of RECs were sold in the exchange during the FY 2012-13). RECs unsold have been carried forward .

TNPL is self sufficient in power. TNPL has produced 5,650.80 lakh kwh captive power and 522.07 lakh kwh wind power during FY 2013-14. (Previous year captive power was 5,233.31 lakh kwh and wind power 586.59

lakh kwh). TNPL has Exported 118.74 lakh kwh of power from CPP and 336.92 lakh kwh wind power during FY 2013-14 (previous year wind power 450.57 lakh kwh).

The Revamping of Steam and Power System (RSPS) was successfully completed in the FY 2013-14. Three nos. of low pressure (44 ata) boilers of 60 tph each were replaced with a Single High pressure (104 ata) boiler of 125 tph capacity. Two nos. of old low efficiency turbo generator sets were replaced with a 41 MW capacity energy efficient TG set.

As a part of Energy Conservation Act 2001, the Ministry of Power notified the list of Designated Consumers (DCs) of various power intensive industries across the country on 30th March 2012. It also specified the baseline energy consumption of the individual DCs and their targeted energy consumption norms to be met in the period from FY 2012-13 to FY 2014-15 as per

“Perform Achieve and Trade” (PAT) scheme. Accordingly, TNPL being a DC is taking adequate energy saving steps to meet the target.

TNPL has obtained the Excellent Energy Efficient Unit award for the year 2013 from Confederation of Indian Industry (CII).

TNPL has installed the first wind Farm of 15 MW capacity during 1993-94 at Devarkulam Perungudi, Tirunelveli District. Since then the company has increased the wind farm capacity to 35.5 MW in stages. The wind farm power is partly exported to the grid and partly consumed in the factory by wheeling.

Year of Installation		Capacity
1993-94	-	15.00 MW
2000-01	-	3.00 MW
2003-04	-	3.75 MW
2005-06	-	6.25 MW
2006-07	-	7.50 MW
<b>Total</b>	<b>-</b>	<b>35.50 MW</b>



**NOTICE**

NOTICE is hereby given that the Thirtyfourth Annual General Meeting of the Members of Tamil Nadu Newsprint and Papers Limited will be held on Monday the 15<sup>th</sup> September 2014 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 2014, the Balance Sheet as at that date and Reports of the Board of Directors and the Statutory Auditors and the comments of the Comptroller and Auditor General of India, thereon.
2. To declare dividend
3. To appoint a director in the place of Thiru T Udhayachandran IAS (holding DIN 02357295), who retires by rotation and being eligible offers himself for reappointment
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution:

RESOLVED THAT consent of the Company be and is hereby accorded for the payment of remuneration of Rs 7,50,000/- to M/s.Raman Associate (Firm Registration No.002910S) Statutory Auditors, besides reimbursement of travelling and out of pocket expenses at actuals subject to other terms and conditions laid down by the Office of the Comptroller and Auditor General of India in their letter No.CA V/COY/Tamil Nadu, TNEWSP(1)/107 dt.30.7.2013

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution:

RESOLVED THAT subject to the approval of the Central Government, pursuant to the provisions of Companies Act 2013 read with Companies (Audit and Auditors) Rules 2014, 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, Cement and Energy for the financial year 2014-15 as per the directions which may be issued by the Central Government at a fee of Rs 1,80,000/-, besides reimbursement of travelling and out of pocket expenses at Rs.30,000/- be and is hereby approved and ratified

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution :

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Thiru V Narayanan (holding

DIN 00081673), Director of the company and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director of the Company be and is hereby appointed as an Independent Director of the company to hold office for three consecutive years for a period upto 31.3.2017, not liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution :

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Thiru N Kumaravelu (holding DIN 00147683), Director of the company and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director of the Company be and is hereby appointed as an Independent Director of the company to hold office for three consecutive years for a period upto 31.3.2017, not liable to retire by rotation.

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Thiru M R Kumar (holding DIN 03628755), Director of the company and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director of the Company be and is hereby appointed as an Independent Director of the company to hold office for three consecutive years for a period upto 31.3.2017, not liable to retire by rotation.

9. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Thiru V Nagappan (holding DIN 01271378), Director of the company and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act,



2013 proposing his candidature for the office of a Director of the company be and is hereby appointed as an Independent Director of the company to hold office for three consecutive years for a period upto 31.3.2017, not liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Tmt. Sarada Jagan (holding DIN 06658674), Director of the company and in respect of whom the company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing her candidature for the office of a Director of the company be and is hereby appointed as an Independent Director of the company to hold office for three consecutive years for a period upto 31.3.2017, not liable to retire by rotation.

11. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution:

RESOLVED THAT Thiru Mahesan Kasirajan IAS (holding DIN 05102717), who was appointed Additional Director pursuant to the provisions of Sec.161 of the Companies Act, 2013, who ceases to hold office at this Annual General Meeting and in respect of whom the Company has received a notice pursuant to Sec.160 of the Companies Act, 2013, be and is hereby appointed a Director of the company liable to retire by rotation.

12. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution:

RESOLVED THAT pursuant to the provisions of Sec.196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Art.140 of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the members of the Company be and is hereby accorded to the appointment of Thiru C V Sankar IAS (holding DIN 00703204) as Chairman & Managing Director of the company w.e.f.25.10.2013 on such terms and conditions and such remuneration as may be prescribed by the Government of Tamil Nadu from time to time.

13. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution:

RESOLVED THAT consent of the company be and is hereby accorded to the appointment of Thiru A Velliangiri (holding DIN 00153169) as Deputy Managing Director of the company for a period of two years w.e.f.19.12.2013

RESOLVED FURTHER THAT pursuant to the provisions of Sec.196,197,203, Schedule V and all other applicable

provisions, if any of the Companies Act, 2013 and Art.140 of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the members of the Company be and is hereby accorded for payment of remuneration to Thiru A Velliangiri, Deputy Managing Director as below with effect from 19.12.2013 notwithstanding the absence or inadequacy of profits during any financial year:

Particulars	Rs.
Basic Pay	90000
Special Pay	20000
Dearness Allowance	67050
House Rent Allowance	33000
Other allowances	43704
Provident Fund to be paid at 12% on the Basic Pay plus Special pay and Dearness Allowance	

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

14. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY Resolution:

RESOLVED THAT consent of the company be and is hereby accorded to the appointment of Thiru R Mani (holding DIN 06543489) as Director(Operations) of the company for a period of one year w.e.f.27.2.2014

RESOLVED FURTHER THAT pursuant to the provisions of Sec. 196,197,203, Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and Art.140 of the Articles of Association of the Company and subject to such other approvals, as may be necessary, consent of the members of the Company be and is hereby accorded for payment of remuneration to Thiru R Mani, Director(Operations) as below with effect from 27.2.2014 notwithstanding the absence or inadequacy of profits during any financial year:

Particulars	Rs.
Basic Pay	68000
Dearness Allowance	47155
Special Allowance	3850
General Monthly Medical Reimbursement	9592
Other allowances	16462
1. Provident Fund and Superannuation Fund to be paid at 12% and 14% respectively on the Basic Pay and Dearness Allowance	
2.Free housing provided in the company's quarters	

RESOLVED FURTHER THAT Thiru R Mani will not be entitled to any sitting fee for attending the meetings of the Board or any Committee thereof.

Place : Chennai  
Date : 10.7.2014

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 later than 48 hours before the meeting.
- 3) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending within 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 Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business set out under Items 5 to 14 is annexed hereto.
- 5) The Register of Members and Share Transfer Books of the Company will be closed from 5.9.2014 to 15.9.2014 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31st March 2014 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) The dividend for the year ended 31st March 2014 as recommended by the Board, if sanctioned at the

meeting, will be paid to those members whose names appear in the company's Register of Members on 15<sup>th</sup> September 2014. 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 205 of the erstwhile Companies Act, 1956, all unclaimed dividends upto the financial year ended March 31, 2006 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrant(s) for the said period are requested to claim the amount from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, Block No.6, II Floor, 26 Haddows Road, Chennai 600 006. In case any assistance is required in this regard, please write to the company or to the company's Registrar and Share Transfer Agents.
- 10) As regards dividend pertaining to the financial year ended March 31, 2007 and thereafter, amounts remaining in the Unpaid Dividend Accounts of the company 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. Thereafter, the Members shall have no claim against the Fund or the Company in respect of his/her unpaid dividend. Such transfer has already been effected with regard to the unpaid dividend for the financial years 1996-97 to 2005-2006. The unpaid dividend for the financial year 2006-07 will be transferred to the above fund during November 2014. Members are therefore requested to lodge their claims for unpaid dividend, if any, immediately with the Company.
- 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) Additional information pursuant to Clause 49 of the Listing Agreement with the stock exchanges 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.
- 13) 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.
  - 14) 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.
  - 15) Members/Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
  - 16) 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 .
  - 17) 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.
  - 18) Equity shares of the company have been placed under Compulsory Demat Trading w.e.f. 8.5.2000. Members who have not dematerialised their physical holding in the company are advised to avail the facility of dematerialisation of equity shares of the company.
  - 19) 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.
  - 20) 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 authorising their representative to attend and vote on their behalf at the meeting.
  - 21) 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.
  - 22) 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.
  - 23) 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.

**ANNEXURE TO THE NOTICE**

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

**Profile of Directors being appointed/ reappointed****ITEM NO.3**

Name : Thiru T Udhayachandran IAS

Age : 42 years

Qualification : B.E.(ECE)

Experience : Thiru T Udhayachandran IAS belongs to 1995 batch of Indian Administrative Service. Thiru T Udhayachandran IAS has 19 years of service in various departments of Government of Tamil Nadu. Currently, Thiru T Udhayachandran IAS holds the position of Secretary to Government(Expenditure), Finance Department , Govt. of Tamil Nadu.

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

Company	Position	Committee Membership
Tamil Nadu Tourism Development Corpn. Limited	Director	
ELCOT	Director	
TN Water Investment Company Limited	Director	
TNUIFSL	Director	
TN Arasu Cable T V Corpn. Ltd.	Director	
SIDCO	Director	
New Tirupur Area Development Corpn. Ltd.	Director	
TN Sports Development Authority		Member
TN Text Book & Educational Services Corporation		Member
TN Water Supply and Drainage Board (TWAD)		Member

**ITEM NO.6**

Name : Thiru V Narayanan

Age : 76 years

Qualification : M.Sc. (Chemistry)

Experience : Thiru V Narayanan has more than 52 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.

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

Company	Position	Committee Membership
Sundram Fasteners Limited	Director	Audit Committee - Member

**ITEM NO.7**

Name : Thiru N Kumaravelu

Age : 59 years

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

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

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

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

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

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

**ITEM NO.8**

Name : Thiru M R Kumar

Age : 53 years

Qualification : B.Sc.

Experience : Thiru M R Kumar holds the position of Executive Director (Personnel), LIC of India, Mumbai . 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.

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

#### ITEM NO.9

Name : Thiru V Nagappan

Age : 49 years

Qualification : B.Com., M.B.A.

Experience : 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. He is currently the Member of the Advisory Committee of Madras Stock Exchange Limited and a Director in its subsidiary, MSE Financial Services Limited. He is also the President of the Securities and Timeshare Owners' Association and Hon.Secretary of the Associated Chamber of Capital Markets. 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

Thiru V Nagappan holds one share in TNPL. His Directorships and Committee Memberships of other companies are as follows:

Company	Position	Committee Membership
MSE Financial Services Limited	Director	Audit Committee-Chairman

#### ITEM NO.10

Name : Tmt.Sarada Jagan

Age : 55 years

Qualification : M.Sc.,B.Ed.,PGDM (IIM-Ahmedabad)

Experience : Started her career as a teacher. Then went on to do MBA programme at IIM,Ahmedabad. She has around 28 years of experience in

management consulting and industry. Presently, holding the position of Deputy Managing Director-HR, Corporate Division, The Sanmar Group(a group with a turnover of around Rs.5000 crores).

In the last 15 years, she has conceptualized and implemented several HR policies, processes and practices including manpower planning, recruitment, performance management, training and learning. She has been responsible for implementing several talent management initiatives for retention and development of talent. Initiated and implemented IT enabled systems for better internal customer service. She has initiated several in-house communication initiatives including the launch of an in-house newsletter.

Has received the Indra Super Achiever Award 2004, Women Super Achiever Award 2011, Women at work Leadership Award 2012 and has been listed as one of the top 100 HR professionals in India in a directory that was released a few years ago.

Tmt.Sarada Jagan does not hold any shares in TNPL. Her Directorships and Committee Memberships of other companies are 'Nil'

#### ITEM NO.11

Name : Thiru Mahesan Kasirajan IAS

Age : 52 years

Qualification : Post Graduate in Commerce, Cost Accountant and a Graduate in Law

Experience : Thiru Mahesan Kasirajan IAS belongs to 2000 batch of Indian Administrative Service. Thiru Mahesan Kasirajan IAS has served as Collector of Erode, Sivaganga and Trichy districts. Currently, Thiru Mahesan Kasirajan IAS holds the position of Director of Sugar.

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

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



**ITEM NO.12**

Name : Thiru C V Sankar IAS

Age : 58 years

Qualification : M.Com., M.B.A.(Australia)

Experience : He belongs to 1982 batch of Indian Administrative Service. He has 31 years of service in holding senior position in various departments of Govt. of Tamil Nadu. Currently, he holds the position of Principal Secretary to Govt., Industries Department, besides full additional charge of CMD of TNPL.

Thiru C V Sankar IAS does not hold any shares in TNPL. His Directorships of other companies are as follows:

Sl.	Company	Position
1.	Tamil Nadu Salt Corpn.Ltd.	Chairman
2.	Tamil Nadu Petro Products Ltd.	Chairman
3.	Tamil Nadu Minerals Ltd.	Chairman
4.	Tamilnadu Cements Corpn.Ltd.	Chairman
5.	Tamilnadu Sugar Corpn.Ltd.	Chairman
6.	Tamil Nadu Industrial Development Corpn.Ltd.	Director
7.	State Industries Promotion Corporation of Tamil Nadu Ltd.	Director
8.	Neyveli Lignite Corpn.Ltd.	Director
9.	Tamilnadu Electricity Board	Director
10.	Tamil Nadu Generation and Distribution Corporation Ltd.	Director
11.	Tamil Nadu Transmission Corporation Limited	Director
12.	TIDEL Park Limited	Director
13.	Titan Industries Limited	Director
14.	Nilakkottai Food Park Limited	Director
15.	TN Water Investment Company	Director

**ITEM NO.13**

Name : Thiru A Velliangiri

Age : 64 years

Qualification : B.Com.,FCA, FCS, FICWA, MBA, DMA(ICA)

Experience : Thiru A Velliangiri has 41 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 18.12.2013. Now, the Board of Directors have extended his services for a period of two years from 19.12.2013 with remuneration as per the details given in the resolution.

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.

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

**ITEM NO.14**

Name : Thiru R Mani

Age : 60 years

Qualification : B.E.(Hons.Mech.), B.O.E.

Experience : Thiru R Mani joined TNPL in 1983. Since then he has held various positions including Chief General Manager (Operations) from 2.11.2010 to 26.2.2013. Thiru R Mani served as Director (Operations) for one year on contractual basis from 27.2.2013. Now, the Board of Directors have extended his service for a period of one year from 27.2.2014 with the same terms and conditions.

Thiru R Mani holds 200 shares in TNPL. His Directorships and Committee Memberships of other companies are Nil.

**ANNEXURE TO THE NOTICE****Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013****ITEM NO.5**

The Board of Directors at their meeting held on 29.5.2014 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 and Energy for the financial year 2014-15 as per the directions which may be issued by the Central Govt. and the remuneration was fixed as given in the resolution.

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 is interested or concerned in the above said resolution. None of the key managerial personnel of the company either directly or through their relatives are in any way concerned or interested whether financially or otherwise in this resolution set out at item No. 5.

**ITEM NO.6**

Thiru V Narayanan is a Non-executive Independent Director of the company. He joined the Board of Directors of the company in January 2002. Thiru V Narayanan is the Chairman of the Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Board of Directors of the company.

Thiru V Narayanan is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Sec.149 and any other applicable provisions of the Companies Act, 2013, Thiru V Narayanan being eligible and offering himself for appointment , is proposed to be appointed as an Independent Director for three consecutive years for a term upto 31st March 2017. A Notice has been received from a member under Section 160 of the Companies Act, 2013 proposing Thiru V Narayanan as a candidate for the office of the director of the company .

The company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Thiru V Narayanan for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The company has received from Thiru V Narayanan (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 and (iii) a declaration to the effect that he meets the criteria of independence as

provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Thiru V Narayanan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the company and is independent of the management. Copy of the draft letter of appointment of Thiru V Narayanan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the company during normal business hours on any working day upto the date of the AGM .

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail services of Thiru V Narayanan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Thiru V Narayanan as an Independent Director for the approval by the shareholders of the company.

Except Thiru V Narayanan being an appointee, none of the Directors and their relatives or Key Managerial Personnel of the company and their relatives is concerned or interested , financial or otherwise in the resolution set out at item No.6.

**ITEM NO. 7**

Thiru N Kumaravelu is a Non-executive Independent Director of the company. He joined the Board of Directors of the company in June 2005. Thiru N Kumaravelu is a Member of the Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Board of Directors of the company.

Thiru N Kumaravelu is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Sec.149 and any other applicable provisions of the Companies Act, 2013, Thiru N Kumaravelu being eligible and offering himself for appointment , is proposed to be appointed as an Independent Director for three consecutive years for a term upto 31st March 2017. A Notice has been received from a member under Section 160 of the Companies Act, 2013 proposing Thiru N Kumaravelu as a candidate for the office of the director of the company .

The company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Thiru N Kumaravelu for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The company has received from Thiru N Kumaravelu (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 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Thiru N Kumaravelu fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the company and is independent of the management. Copy of the draft letter of appointment of Thiru N Kumaravelu as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the company during normal business hours on any working day upto the date of the AGM.

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail services of Thiru N Kumaravelu as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Thiru N Kumaravelu as an Independent Director for the approval by the shareholders of the company.

Except Thiru N Kumaravelu being an appointee, none of the Directors and their relatives or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No.7.

#### ITEM NO.8

Thiru M R Kumar is a Non-executive Independent Director of the company. He joined the Board of Directors of the company in September 2011. Thiru M R Kumar is a Member of the Audit Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Board of Directors of the company.

Thiru M R Kumar is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Sec.149 and any other applicable provisions of the Companies Act, 2013, Thiru M R Kumar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for three consecutive years for a term upto 31st March 2017. A Notice has been received from a member under Section 160 of the Companies Act, 2013 proposing Thiru M R Kumar as a candidate for the office of the director of the company.

The company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Thiru M R Kumar for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The company has received from Thiru M R Kumar (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 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Thiru M R Kumar fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the company and is independent of the management. Copy of the draft letter of appointment of Thiru M R Kumar as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the company during normal business hours on any working day upto the date of the AGM.

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail services of Thiru M R Kumar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Thiru M R Kumar as an Independent Director for the approval by the shareholders of the company.

Except Thiru M R Kumar being an appointee, none of the Directors and their relatives or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No.8.

#### ITEM NO.9

Thiru V Nagappan is a Non-executive Independent Director of the company. He joined the Board of Directors of the company in April 2013. Thiru V Nagappan is a Member of the Audit Committee and Corporate Social Responsibility Committee of the Board of Directors of the company.

Thiru V Nagappan is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Sec.149 and any other applicable provisions of the Companies Act, 2013, Thiru V Nagappan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for three consecutive years for a term upto 31st March 2017. A Notice has been received from a member under Section 160 of the Companies Act 2013 proposing Thiru V Nagappan as a candidate for the office of the director of the company.

The company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Thiru V Nagappan for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The company has received from Thiru V Nagappan (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 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Thiru V Nagappan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the company and is independent of the management. Copy of the draft letter of appointment of Thiru V Nagappan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the company during normal business hours on any working day upto the date of the AGM.

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail services of Thiru V Nagappan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Thiru V Nagappan as an Independent Director for the approval by the shareholders of the company.

Except Thiru V Nagappan being an appointee, none of the Directors and their relatives or Key Managerial Personnel of the company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No.9.

#### ITEM NO.10

Tmt.Sarada Jagan is a Non-executive Independent Director of the company. She joined the Board of Directors of the company in July 2013. Tmt.Sarada Jagan is a Member of the Audit Committee and Corporate Social Responsibility Committee of the Board of Directors of the company.

Tmt.Sarada Jagan is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile provisions of the Companies Act, 1956. In terms of Sec.149 and any other applicable provisions of the Companies Act, 2013, Tmt. Sarada Jagan being eligible and offering herself for appointment, is proposed to be appointed as an Independent Director for three consecutive years for a term upto 31st March 2017. A Notice has been received from a member under Section 160 of the Companies Act, 2013 proposing Tmt.Sarada Jagan as a candidate for the office of the director of the company .

The company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Tmt.Sarada Jagan for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The company has received from Tmt.Sarada Jagan (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 she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Tmt.Sarada Jagan fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the company and is independent of the management. Copy of the draft letter of appointment of Tmt.Sarada Jagan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the company during normal business hours on any working day upto the date of the AGM.

The Board considers that her continued association would be of immense benefit to the company and it is desirable to continue to avail services of Tmt.Sarada Jagan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Tmt.Sarada Jagan as an Independent Director for the approval by the shareholders of the company.

Except Tmt.Sarada Jagan being an appointee, none of the Directors and their relatives or Key Managerial Personnel of the company and their relatives is concerned or interested , financial or otherwise in the resolution set out at item No.10.

#### ITEM NO.11

The Board of Directors of your company has appointed Thiru Mahesan Kasirajan IAS as an Additional Director of the company w.e.f. 9.6.2014 . Pursuant to the provisions of Section 161 of the Companies Act, 2013, Thiru Mahesan Kasirajan IAS will hold office upto the date of the ensuing AGM.

The company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Thiru Mahesan Kasirajan IAS for the office of Director

The company has received from Thiru Mahesan Kasirajan IAS (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

Your Directors recommend this resolution 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 Mahesan Kasirajan IAS is interested or concerned in the resolution.



**ITEM NO.12**

Pursuant to G.O.Rt.No.3635 dated 9.10.2013, Thiru C V Sankar IAS, Principal Secretary to Govt. of Tamil Nadu, Industries Department was co-opted as Additional Director vice Thiru N S Palaniappan IAS.

Pursuant to G.O.D.No.141 Industries (MIA.2) Department dt.24.10.13 issued by the Govt. of Tamil Nadu and in terms of Article 139 of the Articles of Association of the Company, the Board of Directors have passed a resolution appointing Thiru C V Sankar IAS as Chairman & Managing Director of the Company with effect from 25.10.2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Thiru C V Sankar IAS will hold office upto the date of the ensuing AGM.

The company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of Rs.1,00,000/- proposing the candidature of Thiru C V Sankar IAS, for the office of Director.

The company has received from Thiru C V Sankar IAS (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.

Pursuant to Sec. 196(4) read with Schedule V of the Companies Act, 2013, appointment of Managing Director has to be approved by the Members of the company in general meeting. The terms and conditions of his appointment including remuneration payable to him are governed by the orders of the Govt. of Tamil Nadu.

The resolution seeks the approval of the members in terms of Sections 196, 197 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 C V Sankar IAS as Chairman and Managing Director of the company with effect from 25th October 2013.

Your Directors recommend this resolution 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 C V Sankar IAS is interested or concerned in the resolution.

**ITEM NO.13**

The Board of Directors of your Company have extended the services of Thiru A Velliangiri as Deputy Managing Director for a period of two years with effect from 19.12.2013 on the terms and conditions as detailed in the Resolution set out under item No.13 of 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 and 197 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 for a period of two years with effect from 19<sup>th</sup> December 2013.

Your Directors recommend this resolution 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 A Velliangiri is interested or concerned in the resolution.

**ITEM NO.14**

The Board of Directors of your Company have extended the contractual engagement of Thiru R Mani as Director(Operations) for a period of one year with effect from 27.2.2014 as per terms set out in the Resolution in the notice.

The company has received from Thiru R Mani (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 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder for the appointment of Thiru R Mani as Director(Operations) for a period of one year with effect from 27<sup>th</sup> February 2014. .

Your Directors recommend this resolution 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 R Mani is interested or concerned in the resolution.

BY ORDER OF THE BOARD

Registered Office :  
67 Mount Road, Guindy  
Chennai 600 032

**V SIVAKUMAR**  
COMPANY SECRETARY

Place: Chennai  
Date : 10.7.2014

## E-VOTING INSTRUCTIONS

### THE INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER:-

#### IN CASE OF MEMBERS RECEIVING E-MAIL:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) 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 and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name followed by last 8 digits of Folio No. in the PAN field. In case the Folio No. is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramesh Kumar with Folio No. 1 then enter RA00000001 in the PAN field.	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	

Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
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**# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository or company please enter the folio number in the Dividend Bank details field.**

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly 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 <Company Name> on which you choose to vote.
- (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 Resolutions.
- (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 Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

#### **IN CASE OF MEMBERS RECEIVING THE PHYSICAL COPY:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) 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.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

#### **OTHER INFORMATION:**

- (i) The e-voting period commences on Tuesday , 9th September 2014 (9.00 a.m. IST) and ends on -Thursday, 11th September 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 8th August 2014 may cast their vote electronically.
- (ii) The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by a

Member, he shall not be allowed to change it subsequently.

- (iii) The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on 8th August 2014.
- (iv) Mr.R.Sridharan, Practicing Company Secretary (Membership No.F4775) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (v) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against forthwith to the Chairman of the Company.
- (vi) Voting is provided to the members through e- voting and at the annual general meeting of the Company. A Member can opt for only one mode of voting i.e. either through e-voting or at the Annual General Meeting of the Company.
- (vii) If a Member casts votes by both modes, then voting done through e-voting shall prevail.

The results shall be declared not later than two days from the date of Annual General Meeting (AGM) of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.tnpl.com](http://www.tnpl.com) and on the website of CDSL within forty eight hours of AGM and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Company's Directors are pleased to present the 34th Annual Report of the Company along with Audited Accounts for the financial year ended 31st March 2014.

### 1. FINANCIAL RESULTS

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

	(Rs. in crore)	
Particulars	2013-14	2012-13
Revenue from operations	2285.22	1861.26
Other income	16.72	19.92
Operating Profit (PBIDT)	523.21	422.06
Finance cost	128.21	120.97
Gross Profit (PBDT)	395.00	301.09
Depreciation	192.32	174.98
Profit before tax	202.68	126.11
Provision for tax	41.50	34.63
Profit after tax	161.18	91.48
Balance brought forward	20.22	20.93
<b>Profit Available for appropriation</b>	<b>181.40</b>	<b>112.41</b>
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	100.00	46.00
Debenture Redemption Reserve	5.70	5.70
Proposed Dividend	41.53	34.61
Tax on Dividend	7.05	5.88
Balance carried forward	27.12	20.22
	<b>181.40</b>	<b>112.41</b>

The overall Results are satisfactory as the Company had to contend with severe raw material shortages, steep escalation in costs and a progressive reduction in Market Demand during the year. The Management deserves commendation for their performance despite the adverse external environment.

### 2. DIVIDEND

Your Directors recommend a dividend of 60 % for the year ended 31.3.2014. 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 15.9.14. Expenditure on the proposed dividend, will be Rs.48.58 crores, inclusive of taxes.

### 3. TRANSFER TO RESERVES

The Company has transferred Rs. 100 cr. to General Reserves and Rs. 5.70 crores to Debenture Redemption Reserve out of the amount available for appropriation. Rs.27.12 cr. is proposed to be retained in the Profit & Loss Account.

### 4. PERFORMANCE HIGHLIGHTS OF THE YEAR

#### a) Operations

1. Sales turnover crossed Rs.2000 cr. mark for the first time. At Rs. 2285 cr., sales were 22% higher than in the previous year.
2. Profit before tax of Rs.202.68 cr. was an all time record. Profit after tax of Rs.161.18 cr. exceeded the PAT achieved in 2012-13 by 76%.

3. Sales volume of 391843 MT was the highest achieved by the Company in its history. This was made possible by the record production of 387714 MT by the Kagithapuram Factory.

The company once again achieved ZERO stock of Printing and Writing paper at the end of the year.

4. The Directors have recommended a Dividend of 60% compared to 50% in each of the last three years. This rate of Dividend is the highest since the company began operations in 1986.

The Dividend reflects the confidence that the Directors and Management have in the future of the company.

5. The Company generated 5650.80 lakh units of power and consumed 5532.06 lakh units. The excess of 118.74 lakh units were exported to the State Grid.

TNPL self-generates 99.2% of its power requirements and draws only 0.8% from the State Grid. This is an unparalleled performance compared to other mills in the paper industry in India and all industries in Tamil Nadu.

6. The company received 128043 Renewable Energy Certificates (REC) for generating power using steam produced in the Recovery Boiler. Of these 66854 RECs were sold during the year yielding revenues of Rs.10 cr.

7. The Bio-methanation plants generated 96.64 lakh cubic metres of methane gas, the consumption of which in the lime kilns saved use of furnace oil valued at Rs. 24.54 cr.

8. 113904 tonnes of cement were produced using waste material - lime sludge and fly ash generated in the Paper Mill. TNPL is the first and only company in the Paper Industry in India to convert mill wastes into useable high grade cement.

9. 257524 tonnes of Hardwood and Chemical Bagasse Pulp were produced during the year.

The Company is involved in Farm Forestry and Plantations covering over 100185 acres benefitting 18709 farmers in 29 districts of Tamil Nadu.

10. The company repaid on schedule Term Loans amounting to Rs.375 cr..



**b. New Projects**

1. The Company has begun work on setting up a state-of-the-art Multilayer Double Coated Board Plant with an annual capacity of 200,000 tonnes at a greenfield site in Manaparai Taluk, Trichy District (Tamil Nadu State). The capital outlay for this project is estimated at Rs.1500 cr. and is scheduled to be completed by December 2015.
2. A De-inking pulp plant with a capacity of 300 tonnes per day was commissioned during the year to augment inhouse pulp production.
3. A 125 tonnes per hour capacity high pressure boiler and a 41MW capacity Turbo Generator (TG) were commissioned during the year. As a consequence, the company is now almost self-sufficient in power.
4. A 100 tonnes per day Wet Ground Calcium Carbonate (WGCC) plant has been completed on a Build, Own Operate basis (BOO) through M/s OMYA, Switzerland. The total requirement of WGCC for manufacture of paper will be met from this source at a substantially lower cost.
5. A 200 tonnes per day Precipitated Calcium Carbonate (PCC) Plant is being set up through M/s OMYA, Switzerland on a Build, Own Operate basis(BOO). The plant will become operational in July 2014 and when completed, will lower costs for the Company.

**c. Contribution to Environment**

1. The company has adopted Eco friendly ECF bleaching in Pulp manufacture. The switch over from conventional chlorine bleaching to ECF bleaching involved a capital outlay of Rs.316 cr.
2. The Company has introduced 'OZONE TREATMENT' as a tertiary step in the effluent treatment plant, substantially improving the quality of discharged water. TNPL is the first and only company in the paper industry to have introduced Ozone treatment technology, to improve the quality of its effluent water.
3. The company has implemented several water conservation measures. The overall water consumption per mt of paper during the year was 42 Kl., one of the lowest in the industry.
4. Waste products (i.e lime sludge and fly ash) generated in paper manufacture is being converted into high grade cement.
5. The company has installed a continuous air quality monitoring system at the factory.
6. The windfarms at Devarkulam and Perungudi with an installed capacity of 35.5MW generated 522.07 lakh Kwh Units of 'Green Power'.

**d. Corporate Social Responsibility (CSR)**

1. The Company is committed to being a socially responsible corporate citizen. The CSR activities focus primarily on two areas – EDUCATION & HEALTH CARE

2. The CSR projects promote and enrich Economic, Social, Environmental and Cultural growth of the community living in areas near the factory.
3. The Company aims to spend approximately 3% of the profit of the previous year on CSR activities, in the following year. The Company spent Rs. 3.27 cr. on CSR activities during the year under review.

**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 spent Rs. 4.04 cr. on R & D activities during the year.

**f. Awards**

The Company has received "Environmental Best Practices Award 2013" from the Confederation of Indian Industry(CII).

The company has received the National Award for Excellence in Cost Management 2013 [First Award under the category of Private – Manufacturing: Organisation (Large)] from the Institute of Cost Accountants of India.

Dun & Bradstreet, Mumbai, has selected TNPL as the Top Company in the Indian Paper Industry as one of the Dun & Bradstreet Corporate Awards for 2014.

**5. MARKET TRENDS****a. General**

The global paper production is estimated at 430 Million tonnes and in India 12 Million tonnes. India accounts for only 2.79% of World production. Demand growth in developed countries is expected to be flat. Growth in developing countries is likely to account for the worldwide growth of 1.5% – 2% per annum.

With the population growth of 1.9% and the increase in the literacy rate, India is expected to be the fastest growing market in the world with an overall growth rate of 6% per annum. Paper consumption in India is expected to reach around 14 Million tonnes by 2015-16.

Excise Duty and Import Duty remained unchanged at 6% and 10% respectively during the year.

**b) Printing & Writing Paper (PWP)**

Between 2008 and 2011, paper production capacity increased by approximately 60% over the capacity in 2007 against the then demand growth of about 8%

per annum. Supplies were in excess of demand during 2011 and 2012. Paper prices therefore declined steeply during these years. Raw materials shortage and steep increase in input costs from the third quarter of financial year 2012-13 increased the cost of production substantially. Consequent to this, paper prices increased from December 2012. Printing and Writing paper now accounts for 35% of total demand, with a growth rate of 6% per annum. No major capacity addition has been announced by mills after the expansion between 2008 and 2011.

### c) Packaging Boards

The market for Packaging Board is estimated at 2.2 Million tonnes. Grey-back Boards account for 1.05 million tonnes, White-back Coated Boards and other high-end varieties like Folding Boxboard, Solid Bleached Sulphate Boards, account for the remaining 1.15 million tonnes. The demand growth in the high end segments is estimated at 11.6% per annum.

### d) Outlook

Despite slow economic recovery and continued erosion in demand by electronic media, global paper consumption is expected to reach 445 million tons by 2015, with a growth rate of 1.5 - 2% per annum. With consistent demand from the education sector, changes in lifestyle and overall economic growth there is potential for capacity addition and fresh investments in the Industry in the coming years.

As the demand for pulpwood exceeded supplies pulp wood prices have increased by about 60% during the year. Hit by the steep increase in pulpwood cost, the industry has stepped up plantation activities to augment pulp wood supplies. The shortage of pulpwood is expected to recede in a couple of years.

### e) TNPL response to Market Trends

TNPL has increased the production capacity consistently keeping in pace with Industry growth. The company is now setting up a multilayer double coated Board Plant with a capacity of 2 lakh tonnes per annum. With this, the total production capacity of the company will rise to 6 lakh MT per annum from financial year 2016-17.

During the year domestic sales constituted 83 % and Export 17%.

## 6 DIRECTORS

Pursuant to the orders issued by the Government of Tamil Nadu Thiru C V Sankar IAS is holding full additional charge of the post of Chairman and Managing Director, TNPL vice Thiru N S Palaniappan IAS w.e.f. 25.10.2013. Thiru C V Sankar, IAS will hold office upto the date of the forthcoming Annual General Meeting and is eligible for appointment as Director.

Thiru Mahesan Kasirajan, IAS, has been transferred from the post of Director of Sugar. Consequently he relinquished his position as Director in TNPL.

The Board of Directors have extended the services of Thiru A Velliangiri, Deputy Managing Director on contract basis for a period of two years w.e.f.19.12.2013. Thiru A Velliangiri will hold office upto the date of the forthcoming Annual General Meeting and is eligible for appointment as Director at the AGM.

The Board of Directors have extended the service of Thiru R Mani as Director(Operations) on contract basis for a further period of one year from 27.2.2014. Thiru R Mani will hold office upto the date of the forthcoming Annual General Meeting and is eligible for appointment as Director at the AGM.

Thiru T. Udhayachandran IAS, Director retires by rotation at the forthcoming Annual General Meeting. He is eligible for reappointment as Director.

In accordance with Sec.149 and other applicable provisions of the Companies Act, 2013, SEBI guidelines, the company has to appoint at least one half of the Board as Independent directors with specific mention of tenure. Accordingly, the following non-executive and independent directors are proposed to be appointed as Independent directors for a tenure of three years i.e. upto 31.3.2017 :

- 1.Thiru V Narayanan
- 2.Thiru N Kumaravelu
- 3.Thiru M R Kumar
- 4.Thiru V Nagappan
- 5.Tmt.Sarada Jagan

Independent directors are not liable for retirement by rotation.

## 7. 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 2013-14.

**b) Cost Auditors** Pursuant to Sec.233B of the Companies Act, 1956, the Central Government has ordered that the company carries out audit of cost accounts for every year relating to Paper, Cement and Energy. M/s S Mahadevan & Co, were appointed as Cost Auditors for the year 2013-14. The cost audit report for the year 2013-14 will be submitted to the Central Government before the due date. Cost Audit report for the financial year 2012-13 was filed on schedule.

**c) Secretarial Auditor** M/s R. Sridharan & Associates have carried out Secretarial Audit of the company for the year ended March 2014. The company has complied with all applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with the Stock Exchanges and all the regulations of SEBI as applicable to the company.

## 8. FIXED DEPOSITS

The company has stopped accepting fresh deposits from 1.6.2002 and renewals from 1.8.2005. The outstanding deposits as on 31.3.2014 was Rs.0.45 Lakhs against Rs.1.64 Lakhs in the previous year. The number of depositors on 31.3.2014 was 2 against 10 in the previous year. The outstanding deposits remain unpaid as the depositors have not made known their new addresses to the Company.

## 9. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred Rs.8,44,419/- being the Dividend and Fixed Deposit amount which were 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.

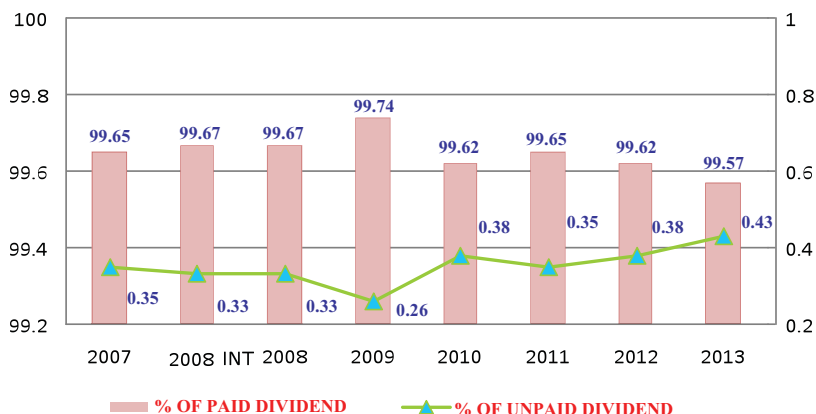
## 10. UNPAID DIVIDEND STATUS

Dividends were remaining unpaid due to non-confirmation of their new addresses by the concerned shareholders. The unpaid dividends were returned by the postal authorities. Effective follow-up by the Company has resulted in Unpaid Dividends being consistently below 0.5% of the total dividends. 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 Dividends

### DIVIDEND STATUS FOR THE LAST 7 YEARS

(Rs. In lakhs)

SL No.	YEAR	SHARE CAPITAL	DIVIDEND %	DIVIDEND AMOUNT	DIVIDEND PAID	DIVIDEND UNPAID AS ON 31.3.2014	% OF PAID DIVIDEND	% OF UNPAID DIVIDEND
1.	2006-07 (Final Dividend)	6921.06	25	1730.27	1724.25	6.02	99.65	0.35
2	2007-08 (Interim Dividend)	6921.06	20	1384.21	1379.71	4.50	99.67	0.33
	2007-08 (Final Dividend)	6921.06	25	1730.27	1724.7	5.57	99.67	0.33
3.	2008-09	6921.06	45	3114.48	3106.50	7.98	99.74	0.26
4.	2009-10	6921.06	45	3114.48	3102.73	11.75	99.62	0.38
5.	2010-11	6921.06	50	3460.53	3448.57	11.96	99.65	0.35
6.	2011-12	6921.06	50	3460.53	3447.61	12.92	99.62	0.38
7.	2012-13	6921.06	50	3460.53	3445.74	14.78	99.57	0.43



# 11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required under Sec. 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in Annexures I and II to this Report.

# 12. STATEMENT OF EMPLOYEES' REMUNERATION (217(2A) Companies Act 1956)

None of the employees drew remuneration of more than Rs.60,00,000/- per annum during the year. This information is furnished as required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

# 13. CASH FLOW STATEMENT

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, a Cash Flow Statement prepared in accordance with the Accounting Standard (AS-3) issued by the Institute of Chartered Accountants of India is attached to the Balance Sheet.

# 14. EXPORT HOUSE STATUS

The Company continues to enjoy "Two Star Export House" status, awarded by the Government of India, in recognition of its export performance.

# 15. INDUSTRIAL RELATIONS

Industrial relations during the year continued to be cordial.

# 16. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. That the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Annual Accounts were prepared for the financial year ended 31st March 2014 on a going concern basis.

# 17. CORPORATE GOVERNANCE

The Report on Management Discussion and Analysis and the Report on Corporate Governance forming part of

Directors' Report are enclosed as Annexures III and IV.

As required by the Listing Agreement, 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.

# 18. CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, a Certificate on the Financial Statements and Cash Flow statement of the company for the year ended March 31, 2014 duly signed by the Chairman & Managing Director and Deputy Managing Director was submitted to the Board of Directors at the meeting held on May 29, 2014.

# 19. 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.

For and on behalf of the Board

**C V SANKAR**

**CHAIRMAN AND MANAGING DIRECTOR**

Date: 29th May 2014

Place: Chennai 600 032

**ANNEXURE - I****PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****REPORT ON ENERGY CONSERVATION DURING THE YEAR 2013-14****I (A) ENERGY CONSERVATION MEASURES TAKEN:**

- I a) 1** Recycling of EOP & D1 bleach filtrate in CB-ECF plant reduced LP steam consumption from 0.25 to 0.15 t per ton of unbleached pulp in bleach plant has resulted in a cost savings of Rs.178.25 lakhs.
- 2.** Thermal energy savings by utilizing the continuous blow down water of Boiler #5 in Causticizer Plant resulted in savings of 48.3 MT of Imported coal and the cost savings is Rs.2.45 lakhs.
- 3.** Thermal energy savings by utilizing the continuous blow down water of Boiler #6 in Causticizer Plant resulted in savings of 114.5 MT of Imported coal and the cost savings is Rs.5.81 lakhs.
- 4.** Providing New VFD drive for Ash mixing tank transfer pump in RB #3 resulted in cost savings of Rs.1.36 lakhs.
- 5.** Utilization of waste effluent sludge in the power boilers has reduced the imported coal consumption by 416 MT with savings of Rs.21.1 lakhs.
- 6.** Utilization of wood bark / wood dust in the power boilers has reduced the imported coal consumption by 2472 MT and cost savings is Rs.125.5 lakhs.

(b) Additional investments incurred in implementing of the above proposals	<b>Rs. 14.00 Lakhs</b>
--	------------------------

(c) 1) Impact of the measures at (a), (b) in reduction of energy consumption	<b>Rs.320.47 Lakhs Per annum</b>
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2) Impact on the cost of production per ton of paper	<b>Rs. 82.66 (Reduction)</b>
--	------------------------------

**II. REPLACEMENT OF OLD ASSETS:**

Installation and commissioning of one number of High Pressure CFBC Boiler of 105 ata, 125 tph along with one number of 41 MW TG to replace three numbers of old 44 ata, 60 tph, Power Boilers and 2 number of TGs totaling 18.5 MW under "Ravamping of Steam and Power System" (RSPS) was done during the FY 2013-14. It resulted in reduction of imported coal by 4598 MT thereby saving Rs.233 lakhs apart from meeting the plant requirement.

**I (B) RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION (AS PER "FORM B" SEE RULE 2)****I. Specific areas in which R & D carried out by the company :**

Paper industry is facing many challenges like scarcity of natural resources, increasing cost of raw material, stringent environmental regulations. New innovations in R & D are necessary to manage the aforesaid challenges. TNPL R & D concentrates on measures to reduce cost, add value, improve end product quality, water conservation and environment improvement.

**Identification and improvements of fibrous raw materials:**

To improve the fibrous raw material quality, seven Eucalyptus clones received from Institute of Forest Genetics and Tree Breeding (IFGTB) were screened for pulp yield, strength and optical properties. In addition, seven hybrid clones of Eucalyptus camaldulensis, received from plantation department were also screened for yield, strength and optical properties. Of this, two clones were found suitable for high biomass yield, pulp yield and also pulp properties.

Four clones were screened for pulp properties as alternate pulp wood species to avoid mono culturing. Among the four species A. Candamba was found superior in terms of pulp, fibre properties and bleaching response and others comparable with traditional pulp wood species like Eucalyptus.

**Biotechnology:**

Tissue culture protocol was standardized for two Eucalyptus hybrids clones and 2,800 plants were produced and supplied to plantation for further multiplication. During the year, total 50,000 tissue culture seedlings were produced and distributed which include 7,000 seedlings of thorn-less bamboo. Studies were conducted to know both microbial and environmental impact on wet lapped de-inked pulp during the storage.

**New product development:****Print Fine:**

A new product "PRINT FINE" was developed during the year.

**Low cost pigmenting paper**

The market requires pigmented paper with lower price. R&D has developed a low cost pigmenting paper with a coat weight of about 1 gsm per side. The bench scale production of the new product has exhibited improved print gloss, enhanced visual appeal, adequate surface strength and reduced linting tendency (fluff). Initial bench scale trials have shown encouraging results and it is planned to take plant scale trials shortly.



**Assessment of the multilayer boards:**

Multilayer Boards collected from local and international markets were assessed extensively for surface, optical, physical and printability characteristics. The outcome of the assessment helped greatly to decide upon the appropriate configuration for the new Board Machine.

**Minimizing of ink drying:**

Studies on ink drying problems were carried on various furnish at different ash levels. Addition of right kind of additive in right proportion has resulted in faster ink drying on bench scale trials. Plant scale trials will be taken shortly for the field evaluation.

**Process and environment improvements:**

Water balance and pollution load study from different waste water streams were carried out. Total 21 numbers of in-house water conservation measures were introduced to manage the water shortage during April – June 2013. The projects mainly include reuse of pump seal & vacuum pump seal water, recycling of soda recovery plant process condensate & pulp mill extraction stage filtrate, reuse of back water filler dilution and reuse cooling tower blow down water. The above measure reduced the water consumption to around 35m<sup>3</sup> per MT of paper and helped to sustain the mill operation during summer months without major stoppage.

Suitable flocculent was identified by bench scale settling studies and added in ASL outlet to improve the settling character of sludge and to reduce the suspended particles carryover in the secondary clarifier outlet during process upsets. Lab scale and pilot study was carried out for sodium sulphate recovery from electrostatic precipitate ash from recovery boiler. The purity of sodium sulphate is in the range of 91% to 95%.

Laboratory experiments to reduce Total Dissolved Solids (inorganic) in the bleach effluent using weak alkalis, such as, magnesium hydroxide instead of sulphuric acid, in the first stage chlorine dioxide was completed successfully. The results of the above study indicates that inorganic load in pulp mill effluent can be reduced by 20% with minor increase in tensile strength of the bleached pulp. Feasibility of introducing magnesium hydroxide in the plant scale is underway.

Bench scale experiments were conducted in laboratory using various settling aids/neutralizing agents including alum and hydrochloric acids to improve lime mud filtration. The results of the above study confirms that alum addition improve the lime mud filter performance. Accordingly, alum solution was introduced to improve the settling property of lime mud, whenever the mud turns into slimy due to high alkali content, for smooth operation of lime mud filter.

**II. Benefits derived as a result of above R&D studies**

- Two Eucalyptus pulp wood clones with high pulp yield and quality was identified and introduced.
- Anthocephalus cadamba an alternate pulp wood species has relatively high fibre length than the conventional Eucalyptus hardwood pulp.
- Two new products viz. print fine and Low cost pigmenting paper were developed.
- Water conservation measures helped to maintain the specific water consumption to around 35 m<sup>3</sup> per MT of paper during the 2013 summer and helped to sustain the mill operation without any major stoppage.
- Addition of settling aids/neutralizing agents like alum improved the settling property of lime mud, whenever the mud turns into slimy due to high alkali content, for smooth operation of lime mud filter.
- Around 50,000 high quality pulp wood tissue culture seedlings were developed and supplied to Plantation department as mother plant for mini clonal garden or distribution to farmers.

**III. Future plan of action:**

- Optimization of deinking pulping process to reduce stickies problem.
- Development of new products.
- Pretreatment of hardwood chips to reduce extractives and explore the possibility of introducing bio-refinery concept.
- Identification of alternative use of bagasse pith.
- Monitoring and management of Carbon and Water footprint.
- Monitoring of water reuse and its impact on product quality and wastewater characteristics.
- Identification and screening of new pulp wood clones to improve economical and environmental performance.
- Enzymatic deinking process to reduce the pulping chemicals and TDS in wastewater.
- Introduction of Phyto-technology to stabilize anaerobic reactor outlet wastewater to reduce high suspended solids and colour.

**IV Expenditure on R&D**

	(Rs. In lakhs)
a) Capital	108.38
b) Recurring	295.26
c) Total	403.64
d) Total R&D expenditure as a percentage on turnover	0.18%

**I (C) FOREIGN EXCHANGE EARNINGS****a. Activities relating to Exports**

During the year , the company exported 65875 Mts. of Printing and Writing Paper valued at Rs.339.63 crores to 35 countries including Angola, Armenia, Bulgaria, Egypt, Ethiopia, Ghana, Indonesia, Iran, Jordan, Kenya, Kuwait, Malaysia, Nigeria, Senegal, South Africa, Sri Lanka, Sudan, Thailand, Tunisia, Turkey, Uganda, Yemen, etc.

<b>b. Foreign Exchange Earnings</b>	<b>(Rs. In lakhs)</b>
Export of PWP (C&F value)	33963.03

**I (D) FOREIGN EXCHANGE OUTGO****a. Imports (on CIF basis) (Rs. In lakhs)**

Raw materials	11274.77
Components, Spare parts & chemicals	7768.44
Imported coal	30182.63
Capital goods	456.87
<b>Total</b>	<b>49682.71</b>

**b. Other than imports (Rs. In lakhs)**

Engineering & Supervision charges	241.29
Interest	1627.94
Repayment of foreign currency loan (Long Term)	21846.42
Others	202.99
<b>Total</b>	<b>23918.64</b>

**ANNEXURE - II**  
**Form A (See Rule 2)**

**A. POWER AND FUEL CONSUMPTION****1. POWER**

S.No	Particulars	UOM	2013-2014 Current year	2012-2013 Previous year
(a)	<b>Purchased</b>			
	Unit	Lakh KWH	<b>45.06</b>	88.19
	Energy Charges	Rs.in lakhs	<b>327.32</b>	571.64
	MD & Other Charges	"	<b>621.41</b>	391.37
	Total Charges	"	<b>948.74</b>	963.01
	Rate/Unit ( Excluding MD&Other Charges)	Rupees	<b>7.26</b>	6.48
(b)	<b>Own Generation</b>			
	(i) Through Steam Turbine/ Generator			
	Units generated	Lakh KWH	<b>5650.80</b>	5233.31
	Cost / Unit (Variable Cost)	Rupees	<b>3.01</b>	2.73
	Units Consumed	Lakh KWH	<b>5532.06</b>	5233.31
	Cost / Unit (Variable Cost)	Rupees	<b>2.98</b>	2.73
	Units sold	Lakh KWH	<b>118.74</b>	0.00
	Cost / Unit (Variable Cost)	Rupees	<b>4.18</b>	0.00
	(ii) Through Wind Turbine Generator			
	Cost / Unit (Total Cost)	Lakh KWH	<b>522.07</b>	586.59
		Rupees	<b>2.07</b>	1.76

**2. FUEL CONSUMED #**

S. No.	Particulars	2013-2014			2012-2013		
		Qty (MT)	Total cost (Rs.lakhs)	Avg. rate Rs.	Qty (MT)	Total cost (Rs.lakhs)	Avg. rate Rs.
	<b>Fuel Purchased</b>						
A	Indigenous Coal	<b>13882</b>	<b>562.85</b>	<b>4054</b>	19648	668.21	3401
B	Imported Coal	<b>413431</b>	<b>20796.02</b>	<b>5030</b>	356969	16845.43	4719
C	Raw Lignite	<b>1626</b>	<b>39.02</b>	<b>2400</b>	0	0.00	0
D	Furnace Oil (Kilo Litre)	<b>16235</b>	<b>6960.68</b>	<b>42875</b>	13282	5291.39	39839
E	Agro Fuel	<b>380</b>	<b>17.25</b>	<b>4540</b>	504	22.84	4529
	<b>Fuel - Internal Generation</b>						
F	Pith	<b>84487</b>			69992		
G	MLSS Pith	<b>2566</b>			12824		
H	Wood Bark / Dust	<b>9078</b>			9129		
I	Black Liquor Solids	<b>475281</b>			483015		
J	Bio Methane Gas - 000 M <sup>3</sup>	<b>9611</b>			10125		

# Includes Fuel consumed for the Inhouse Power sold.



**B. CONSUMPTION PER UNIT OF EQUIVALENT PRODUCTION OF CEMENT / PAPER**

S NO.	PARTICULARS	UOM	Current year (1)		Previous year (2)	
			Cement	P&WP	Cement	P&WP
(a)	Electricity	KWH	174	1376		1451
(b)	Ind.Coal	Kg		36		53
(c)	Imp.Coal	Kg	214	941		959
(d)	Raw Lignite	Kg		4		0
(e)	Furnace Oil	Ltr		42		36
(f)	Agro Fuel	Kg		25		26
(g)	Pith	Kg		219		188
(h)	MLSS Pith	Kg		7		34
(i)	Black Liquor Solids	Kg		1236		1296
(j)	Bio-Methane Gas	M <sup>3</sup>		25		27

**ADDENDUM TO DIRECTORS' REPORT**

Pursuant to the orders of Government of Tamil Nadu, Thiru Mahesan Kasirajan IAS has been appointed as Additional Director. Thiru Mahesan Kasirajan IAS will hold office upto the date of forthcoming Annual General Meeting and is eligible for appointment as Director in the General Meeting.

FOR AND ON BEHALF OF THE BOARD

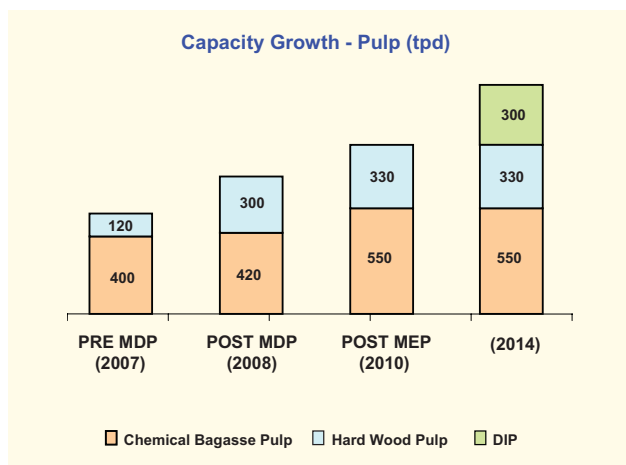
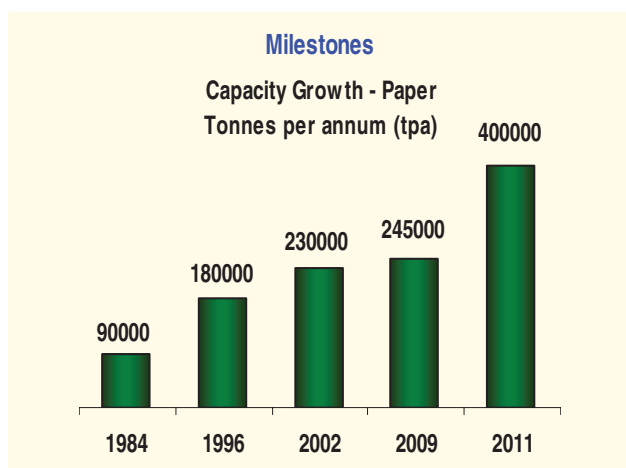
Place:Chennai  
Date : 10.7.2014

**C V SANKAR**  
CHAIRMAN & MANAGING DIRECTOR

## ANNEXURE - III 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 factory is located at Pugalur in Karur District. The plant with a capacity 90,000 tonnes per annum was commissioned in 1984. TNPL has enhanced the capacity to 400,000 tonnes per annum in four phases. The company has increased the pulping capacity in tandem to 1180 tonnes per day comprising of bagasse pulp 550 tonnes per day, hard wood pulp 330 tonnes per day and de-inked pulp 300 tonnes per day.

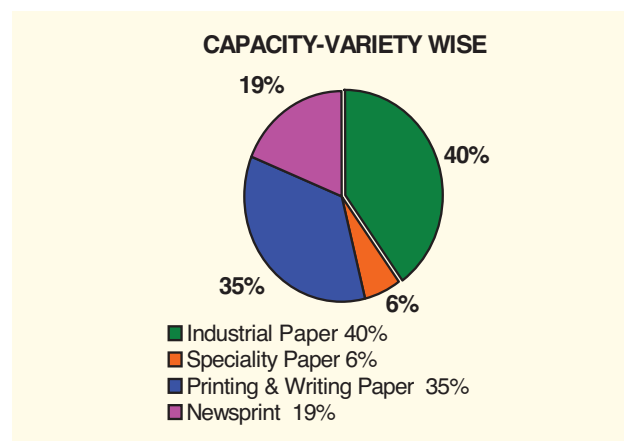


### II. INDUSTRY SCENARIO

India ranks 15th among paper producing countries in the world. Total installed capacity in the country is approximately 12 million tonnes. The per capita consumption of paper is about 10 Kg. against the world average of 60 Kg. and Asian average of 40 Kg. The industry is fragmented with over 700 paper mills. Only 50 mills have a capacity of 50,000 tpa or more.

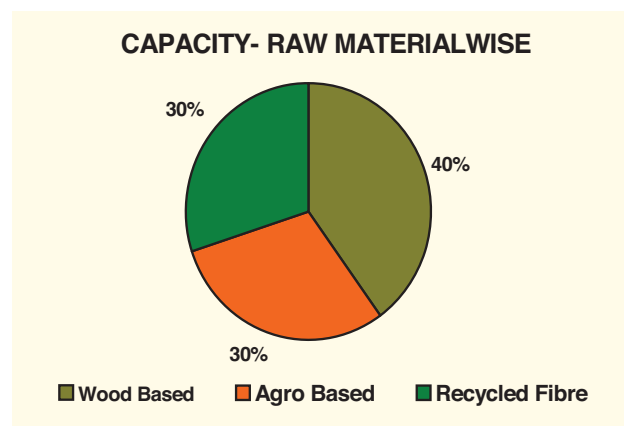
The current demand of 12 million tonnes is expected to reach 20 million tonnes by 2020. With the consistent growth in the literacy rate and economy, India is rated as the fastest growing market for paper in the world with a growth rate of 6% per year. Increase of per capita paper consumption by one kg would increase the demand by about 1.25 million tonnes per year.

The paper industry is divided into four segments namely Newsprint, Printing & Writing Paper (PWP), Industrial Paper and Speciality Paper. PWP accounts for about 35%, Newsprint 19%, Industrial paper 40% and speciality papers 6% of total production

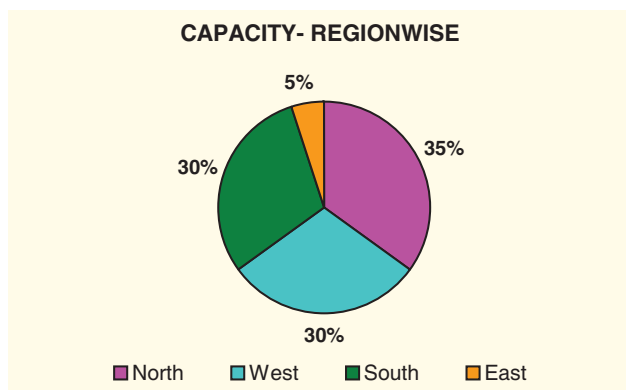


TNPL produces 4 lakh tonnes of uncoated Printing & Writing Paper per annum, approximately 10% of the total production of Printing and Writing Paper (PWP) in the country.

The paper industry is broadly divided into three categories viz. wood-based, agro-based and waste paper based. TNPL uses bagasse as the primary raw material.



About 35% of the capacity is located in Northern Region, 30% in Western Region, 30% in Southern Region and 5% in Eastern Region.



Raw materials shortages, rising input costs, strict environment regulations, high capital cost and lower capital - turnover ratio are the major entry barriers to the industry.

### 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. Consistent growth
2. Better cost management
3. Financial re-engineering
4. Customer centric
5. Innovation
6. Management of Human Resources

#### 1. Consistent Growth:

An organization has to grow in tandem with the Industry growth to retain its market share. TNPL has grown from the initial capacity of 90,000 tpa in 1984 to 4,00,000 tpa in 2011 in tandem with the Industry growth. Currently TNPL enjoys the fourth position in capacity and second position in production of printing and writing paper in the country. The company has three paper machines. Paper Machine- 1, with a capacity of 1,15,000 tpa., Paper Machine-2 with a capacity of 1,30,000 tpa and Paper Machine-3 with a capacity of 1,55,000 tpa. Life Cycle Extension was carried out in Paper Machine-I in April 2009. Every phase of growth is supported by the state-of-the-art technology and equipment quality of global standards. Many equipments were installed as First time in the Industry.

#### 2. Better Cost Management:

TNPL has implemented several cost saving measures to keep the cost at the optimum level. TNPL has benchmarked the entire operations with Best Practices in the Industry. This has ensured optimum utilization of resources.

Continuous focus on process improvement measures, optimum mix of raw materials, improvement in machine and labour productivity have facilitated the company to continue to remain as the least – cost producer of paper in the country. The cost performance is reflected in the profit margin of the company.

#### 3. Financial re-engineering:

During the financial year 2002-03, TNPL swapped the outstanding multi-currency loan USD 45 million availed from World Bank into USD FCNR(B) loans. TNPL repaid the entire FCNR (B) loans, USD 45 million in 5 years and saved Rs.39.95 cr.

TNPL has implemented a sound Forex Risk Policy and thereby has minimized the currency risks in forex transactions.

The expansion schemes are funded through an appropriate mix of internal generation and borrowed funds taking into account the cash generation potential from the existing facilities and expansion schemes.

The average cost of the long term loan availed as on 31.3.2014 is 8.87 %. (31.3.2013: 7.74%) and Working Capital loans 10.19% (31.3.2013: 9.81%). Overall cost is 9.28 % (31.3.2013: 8.42%). The increase is due to the increase in base rates by the Banks and repayment of old low cost loans as per amortization schedule.

#### 4. Customer Centric:

TNPL product mix is always in line with market demand. New Products have received good response from the market.

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 has exported 65875 mts of PWP to 35 countries in 2013–14 which indicates the global quality of its products.

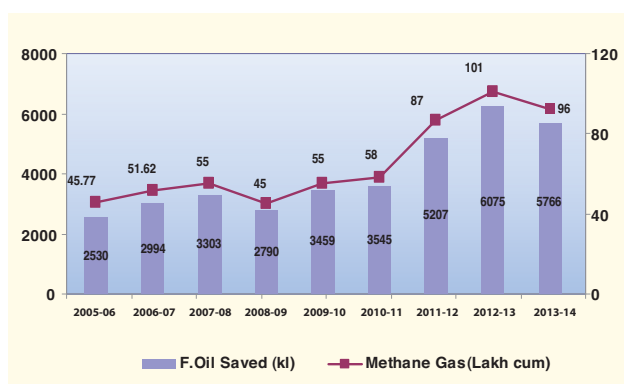
Customer complaints are given utmost priority for redressal. Consistency in quality, transparency in pricing and prompt delivery have made TNPL a household name amongst domestic and export customers.

#### 5. Innovation:

TNPL is built on the concept that the environment must be protected for the benefit of present and future generations. TNPL has perfected the technology of manufacturing newsprint & printing and writing paper from bagasse, a waste product of the sugar industry. This is an outstanding

innovation. TNPL procures bagasse from sugar mills in exchange of steam on barter basis. This is a unique system practiced successfully for over 30 years.

The two bio-methanation plants set up within the factory premises have generated cumulatively 96.64 lakh m<sup>3</sup> of methane gas during Apr – Mar 2014. The methane gas is used in lime kiln/Power boiler in the place of furnace oil. With this arrangement, TNPL has saved usage of 5766 KL of high cost furnace oil during the year 2013-14. TNPL registered the project with UNFCCC during 2006 as the country's First CDM Project in the waste management sector.



TNPL has set up a 600 tpd. Cement plant for producing high grade cement using mill waste materials viz lime sludge and fly ash. TNPL is the First Mill in the country to have set up a cement plant for producing cement from waste generated by the paper mill.

TNPL is the First Company in the Paper Industry to have established a separate bio-technology and bio-energy Research Centre to develop tissue culture seedlings to be used as mother plants in its farm forestry and captive plantation schemes.

A Tertiary treatment of effluent by 'ozonation', a first of its kind in the Indian Paper Industry was introduced during 2010 to improve dissolved oxygen in the effluent and to reduce colour.

## 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 sent to management programmes conducted by leading Management Institutes.

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

A Knowledge Management Portal has been created as an in-house facility for the benefit of all employees.

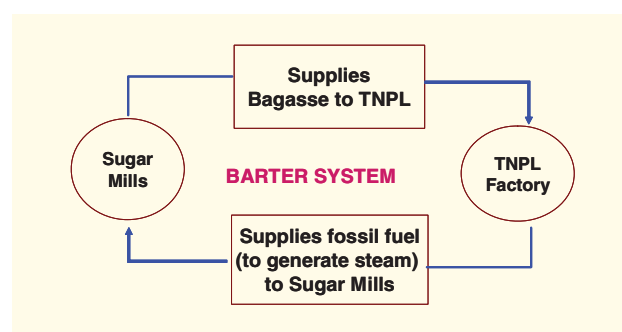
## IV.THE SUCCESS DRIVERS

### Environment Management

Environment improvement is a priority area for TNPL. Continuous studies are undertaken to reduce the water consumption and improve the quality of effluent. Compliance to pollution control norms and CREP regulations are strictly adhered to.

### Raw material Management: Bagasse

TNPL is the largest producer of paper from bagasse (a waste product in the sugar industry) TNPL uses about 1 million tonnes of depithed bagasse for producing 4,00,000 MT of Printing & Writing Paper. TNPL has established tie-up arrangements with eight sugar mills for procuring bagasse in exchange of steam.



### Raw material management: Pulpwood

TNPL implemented Farm Forestry and Captive Plantation schemes during 2004-05 to grow pulpwood trees and become self-sufficient in its pulpwood requirements.

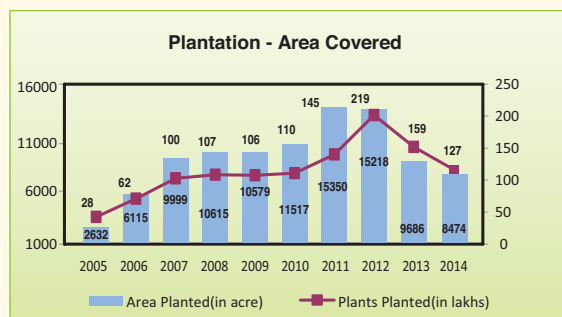
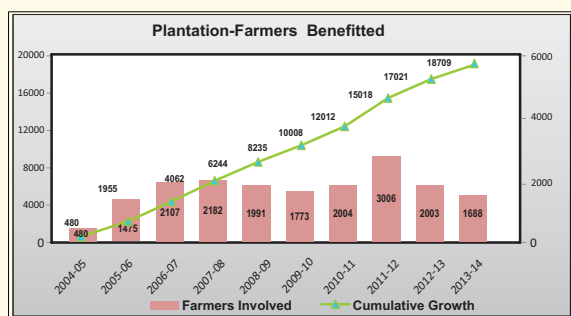
Under the Farm Forestry Scheme (FFS), TNPL motivates individual farmers and institutions to raise fast growing pulp wood plantations in their dry lands. The scheme involves supply of high quality clones/seedlings at subsidized rates, providing technical assistance and entering into buy back arrangement with the farmers with guaranteed prices.

Under the Captive Plantation Scheme (CPS), TNPL enters into a MoU with land owners for establishment of plantation in their land either on lease basis or on gross revenue sharing basis. The minimum land holding is 25 acres. Under CPS, all expenses are borne by TNPL - from land development to harvesting.

During the current year about 8,474 acres of plantation have been raised through Farm forestry and Captive plantation. TNPL has achieved the target of 1.00 lakh acres by end of 2013-14. The details of acreage covered and farmers involved from 2004 onwards are furnished below.

Year	Farm Forestry	Captive Plantation	Total Extent (Acres)	No. of Farmers
2004-05	1891	741	2632	480
2005-06	6055	60	6115	1475
2006-07	9718	281	9999	2107

2007-08	10529	86	10615	2182
2008-09	9448	1131	10579	1991
2009-10	9687	1830	11517	1773
2010-11	13001	2349	15350	2004
2011-12	13116	2102	15218	3006
2012-13	8698	988	9686	2003
2013-14	7319	1155	8474	1688
<b>Total</b>	<b>89462</b>	<b>10723</b>	<b>100185</b>	<b>18709</b>



### Pulpwood Receipt:

1,88,491 MT of pulpwood have been procured from Farm Forestry / Captive Plantation sources upto 31.03.2014. Due to continuous poor rainfall in the last three years and Gall insect infestations in Eucalyptus species during 2009-10 & 2010-11, the average yield from the plantations harvested during current year was low at 18MT/ Ha. in interior parts of the State. The plantations raised in coastal districts like Pudukottai, Sivagangai and Nagapattinam have shown better growth due to better soil depth and better rainfall compared to interior parts of the State.

### Cluster Approach:

During 2013-14, TNPL has adopted a cluster approach. 10 to 20 adjoining potential villages were grouped together. 41 clusters were formed as above covering 737 villages in 19 taluks of 6 districts viz, Pudukkottai, Ariyalur, Sivagangai, Trichy, Karur & Namakkal districts. TNPL team monitors the plantations in the clusters right from entering, identifying potential plantation area till harvest. Regular contacts have been established with individual farmers by the field supervisors.

### Clonal Propagation & Research Centre-CPRC:

Through CPRC – a unique state of art technique has been introduced in the country to produce clonal plants with minimum area for mother plants without any rooting hormones. During the year, 160.36 lakh quality eucalyptus and casuarinas clones/seedlings were produced and 127.79 lakh plants were supplied to the farmers at subsidized rate as below:

Variety	Achievement in Lacs	
	Production	Supply
EH-Clone	101.08	74.96
Casuarina -Clone	14.86	13.14
EH-Seedling	16.89	12.89
Casuarina Seedling	26.33	26.22
Other species	1.20	0.58
<b>Total</b>	<b>160.36</b>	<b>127.79</b>

### R&D Activities in Plantation :

TNPL has established a separate Forestry Research and Development unit to cater the needs of the plantation activities. The Forestry R&D wing has undertaken tree improvement programme such as screening of superior genotypes, introduction of new germplasm of various provenance from other countries, inter and intra species hybridization, standardization of micro & macro propagation techniques and conducting multi location adaptive trials. And to sub-serve the technical and scientific needs, TNPL has established adequate research linkage with various research institutes.

2237 acres of salt affected lands in Noyyal river basin has been taken up for reclamation as part of CSR activity. TNPL has raised eucalyptus plantation in these lands after reclaiming the soil.

### Forest Stewardship Council (FSC) certificate:

Forest certification is necessary to know the origin of raw material and avoid usage of illegal wood and to confirm that wood is produced in an environmentally and socially sustainable way. Forest Stewardship Council (FSC) issues Forest Management (FM) and Chain of Custody (COC) certificates. FSC certificates guarantee the sourcing of wood and wood based products.

TNPL has received Forest Stewardship Council (FSC) Chain of Custody & Controlled Wood Certificate (SW-COC-005007 & SW-CW-005007) for the procurement and manufacturing process. The certificate is valid from 21st July 2010 to 20th July 2015. TNPL also received Forest Management and Chain of Custody Certificate (RA- FM/CoC-006000) for farm forestry and captive plantation. This certificate is valid from 6th July 2012 to 5th July 2017. FSC certification is an independent, global and credible label for forest products.

During 2013-14, TNPL has produced and sold 13,226 MT of FSC certified paper against 6,411 MT during the financial year 2012-13 which is 106% more than the previous year.

**Fuel Management:**

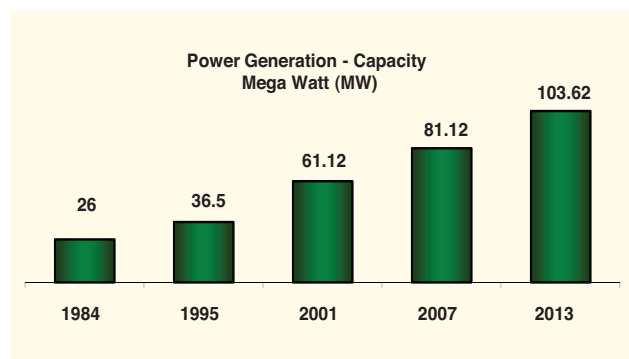
TNPL uses solid fuel in the power boilers and black liquor in the recovery boiler to generate steam. Black liquor solid has now been recognized as bio-mass. Power generated from the steam produced in the recovery boiler is eligible for Renewable Energy Certificates (RECs). TNPL is the First Company in the Paper Industry to have been awarded this benefit.

**Water Management:**

TNPL sources water from the river Cauvery. TNPL has installed a series of rain water harvesting structures in the factory campus. With the implementation of various water conservation measures, fresh water consumption has been reduced to 42 Kl. per ton of paper- the lowest in the Industry. Continuous efforts are made to further reduce water consumption.

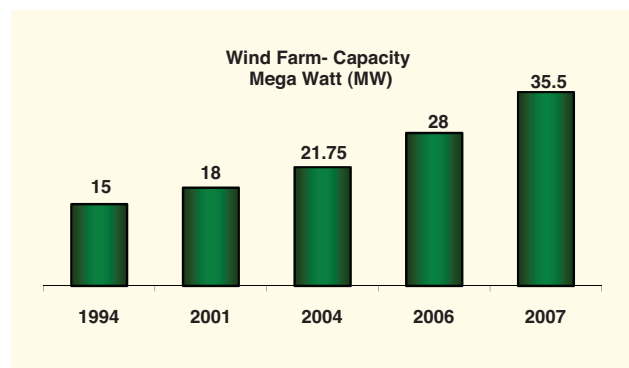
**Energy Management:**

TNPL has four power boilers and four turbo generators with a total power generation capacity of 103.62 mw.



TNPL is 100% self sufficient in power. Surplus power generated about 7 MW 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 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 resources exclusively for production of Writing & Printing Papers.

TNPL sells its products across the country. The domestic market is served through a wide network of dealers. The Company has strengthened the network by appointing more dealers.

TNPL exports its products to 35 countries around the world. During the year 2013-14 the company exported 65875 MT.

**Research and Development:**

Research and innovation in pulp and paper sector needs to focus on climate friendly technologies, customer requirements and values, saving of natural resources for sustainable operation of the mill and overall improvement on the environment front. TNPL is equipped to face these challenges at each stage of paper cycle viz. Forest management, pulp & paper production, paper usage, recycling natural resources including water, energy recovery & efficiency, waste and wastewater management.

Water balance and pollution load study from different waste water streams were carried out to reduce water consumption and increase wastewater recycling. 21 water conservation measures were introduced to manage the water shortage during summer months, April-June 2013. The projects mainly include reuse of pump seal and vacuum pump seal water, recycling of soda recovery plant process condensate & pulp mill extraction stage filtrate, reuse of back water filler dilution and reuse cooling tower blow down water. The above measures reduced water consumption to around 35m<sup>3</sup> per MT of paper during summer months and helped to sustain mill operation without major stoppage.

Development of new products is another important activity of R & D. Two products namely Printfine and low cost pigmented paper were developed during the year. Printfine paper has been introduced into the market. The plant scale trial for low cost pigment paper will be taken up shortly.

Paper Boards samples collected from local and international markets were assessed extensively for surface, optical, physical and printability characteristics. The outcome of the assessment helped greatly to decide upon the appropriate configuration, for the new board machine. Studies on ink drying problems were carried for various furnish at different ash levels.

**Quality Control:**

Quality Management in TNPL is a holistic effort involving Marketing, Production and Quality Control departments. Quality control personnel are continuously trained in modern concepts to put them into practice. Customer feedback is given utmost importance.

**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. RESOURCES & LIQUIDITY

The first expansion project for doubling the capacity from 90,000 tpa to 1,80,000 tpa implemented during 1993-96 was funded through internal generation, issue of shares and 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 a 600 tpd Cement mill under Lime Sludge and Fly Ash Management, setting up a 300 tpd De-inking Plant and revamping of steam & power system were funded through appropriate mix of internal generation and borrowed funds. TNPL has repaid loans on due dates.

Term loans outstanding as on 31.3.2014 is Rs. 1024.72 cr. The working capital loans outstanding as on 31.3.2014 is Rs. 452.67 cr. The weighted average cost of term loan outstanding as on 31.3.2014 is 8.87 %.

## VI OUTLOOK, OPPORTUNITIES AND CHALLENGES

### Newsprint

As manufacture of newsprint is uneconomical, TNPL has stopped producing newsprint during the year. TNPL is unlikely to produce Newsprint in the near future.

### Printing & Writing Paper

Global paper consumption is expected to reach 445 million tonnes by 2015. The growth in developed countries is expected to be flat. The growth in the developing countries is expected to provide for an overall growth of 1.5 to 2% per annum. Indian Paper Industry market size is estimated at 12 Million tonnes, consisting of Printing & Writing Paper 4.2 Million tonnes, Newsprint 2.3 Million tonnes, Industrial Paper 4.85 Million tonnes and Speciality Paper 0.65 Million tonnes.

In the Printing & Writing Paper Segment, uncoated varieties constitute 3.52 Million tonnes and Coated varieties 0.68 Million tonnes. Within the uncoated varieties, Creamwove Papers constitute 50% and Surface Sized Grades account for the balance 50%.

Between 2008 and 2011, paper production capacity increased by about 1.50 Million tonnes, approximately 60% over the capacity in 2007 against the demand growth of about 8% per annum. Supplies were in excess of demand during 2011 and 2012. Paper prices therefore declined steeply during these years.

Raw materials shortage and steep increase in input costs increased the cost of production in all mills during the year. Because of steep increase in the input costs, paper prices were increased gradually from December 2012 onwards. The demand growth in the printing and writing paper is estimated at 6% per annum. No major capacity addition has been announced by mills as of now.

## Packaging Boards

The packaging board market size is estimated at 2.2 million tonnes. Grey-back Boards constitute 50% and White-back Coated Boards, Folding Box Board, Solid Bleached Sulphate Board and other speciality boards account for the balance 50%.

## Opportunities and Challenges

The demand for uncoated Printing & Writing Paper is expected to grow 6% per annum and high-end Packaging Board at 11.6% per annum. Per capita consumption of paper in India is very low at 10 kg. Increase in per capita consumption by 1 kg would require additional capacity of about 1.25 million tonnes. With the consistent growth in literacy rate and economy, there is a good potential for capacity addition and fresh investments in the Industry. India is considered as the fastest growing paper market in the world with a growth rate of 6% per annum.

Shortage of raw materials, steep increase in input costs, high interest rates, are some of the major challenges for the Industry.

## VII. KEY PROJECTS IMPLEMENTED /UNDER IMPLEMENTATION :

### a) Project implemented:

#### Installation of De-inking Pulp Plant (300 tpd)

TNPL has set up a state-of-the-art Deinking Pulp line (DIP) of capacity 300 tpd. The plant was commissioned on July 1, 2013. The plant is in continuous operation since then. The commissioning of DIP line is an important milestone in the history of the company. The DIP line gives tremendous flexibility in managing the raw material supply chain to meet the annual production target.

#### Revamping of Steam & Power System (RSPS)

To revamp its Steam and Power system, TNPL has installed and commissioned a new Circulating Fluidised Bed Combustion (CFBC) boiler of 125 tph steam generation capacity replacing three old low pressure boilers of 60 tph each. Along with the CFBC boiler, a new Turbo Generator (TG) set of 41 MW power generation capacity has also been installed replacing two old TG sets of total capacity 18 MW. The project also featured installation of an Air Cooled Condenser (ACC) in place of conventional water cooled condenser, to conserve water to the tune of 1,500 M<sup>3</sup>/day. The project was commissioned in November 2013. With the revamping of steam and power system, TNPL has become self-sufficient in power. Surplus power about 7 MW is exported to TANGEDCO.

#### Installation of PCC and WGCC plants on BOO basis

Precipitated Calcium Carbonate (PCC) and Wet Ground Calcium Carbonate (WGCC) are used as fillers. TNPL entered into an agreement with M/s. Omya India Limited, a fully owned subsidiary of M/s. Omya, Switzerland, to set up PCC & WGCC plant on Build, Own and Operate (BOO) basis. OMYA has commissioned the WGCC plant in January 2014 and since then supplying WGCC about 100 tpd. The commissioning of PCC plant is targeted for July 2014. By sourcing PCC and WGCC from OMYA's satellite plant,

the company will be able to get fillers of consistent quality at lower cost

#### b) Projects under implementation:

TNPL is implementing a state-of-the-art Multilayer double coated board plant of capacity 200,000 MT per annum, at a total capital outlay of Rs.1500 Crore. The project is financed through internal generation and borrowings. The financial closure for the project has been achieved.

Orders have been placed for major plant and machinery like Board Machine, Boilers and TG. Environment Clearance for the project has been received. Civil works have been commenced. Action has been initiated for laying of water line from River Cauvery for plant operations. The plant is expected to be completed by December 2015.

### VIII. 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 also placed before the Audit Committee and the Board bi-annually.

### IX. INTERNAL CONTROLS

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. 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 eight times during the financial year. The review of Management Response to Audit Observations, constitutes an important aspect of the Agenda for each meeting.

### X. ENVIRONMENT

TNPL has declared policies on Environment, Health & Safety. The main excerpts of the above policies are as follows:

- Compliance with all relevant legislative requirements.
- Reducing Pollution Load in terms of Liquid Discharge, Air Emission and Land Contamination.
- Stimulate rational use of resources through behavioral and technological improvements.
- Minimising waste and maximizing recycling/ reuse.
- Creating Human Awareness in Environment, Safety and Health.
- Promoting comprehensive programs for continual improvement of Environmental performance.

- Reduce specific energy consumption and associated green house gas emission.

During January '14, M/s TuV India Limited, a subsidiary of TuV NORD, Germany carried out Re-certification Audit of TNPL's Environmental Management System (EMS) and extended the validity of the certificate till Feb' 2017 .

The bio-gas generated in Bio-methanation plants is used in the lime kilns in replacement of expensive furnace oil.

21 water conservation measures were implemented during summer months between April 2013 and June 2013 and thereby TNPL averted loss of production due to water shortage to a very large extent.

TNPL has carried out a pilot plant study at a capital outlay of Rs.432 lakhs to explore techno-commercial feasibility of treating bleach plant effluents with high Total Dissolved Solids (TDS)-inorganic through membrane technology to reduce the overall TDS (inorganic) in the final treated effluent discharged from the mill .

To create awareness among employees, stakeholders and school children etc., TNPL celebrated " World Environment Day" on 05/06/13. As part of greenery development, about 1.25 lakh trees of various species are maintained in the factory premises. Around 2.0 lakh trees are maintained in TNPL housing colony and nearby areas.

TNPL's treated effluent water 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.

### XI. HUMAN RESOURCES DEVELOPMENT

#### a) KNOWLEDGE MANAGEMENT

TNPL has launched a Knowledge Management portal to enable the employees to share their experience and knowledge with other employees. A knowledge forum has been formed and the forum organizes professional meetings at regular intervals for the benefit of all employees.

#### b) INDUSTRIAL RELATIONS

- The Company maintains cordial industrial relations.
- Issues concerning workmen are bilaterally discussed and amicably resolved.
- Election to elect Employees' Representative to the Tamil Nadu Newsprint and Papers Limited Provident Fund Trust and Election to Elect Workmen's Representative to Canteen Managing Committee of Industrial Canteen were conducted smoothly.
- Memorandum of Settlement was entered into with the 4 Recognised Trade Unions for Payment of Bonus and Ex-gratia for the Financial year 2012-2013.
- Positive work culture built over the years has enabled the company to effectively utilize its human resources.

#### c) HEALTH

An Occupational Health Centre is functioning round the clock in housing colony with Five Medical Officers, Four Nurses, One Dresser and Nine Attenders. Apart from this,

every Sunday, Specialist Doctors in Cardiology, General Medicines, Ortho, Skin, Gynecology, Eye, Dental, ENT, Psychiatry, etc., visit the Occupational Health Centre.

TNPL bears the entire medical expenses for employees towards injuries sustained while on duty and also for 7 serious ailments i.e., Heart Ailment, Cancer, Kidney Transplantation, Paralysis, Leprosy, Tuberculosis and Brain Surgery.

The Company bears 50% of the hospitalization expenses for employees and their dependents under a Special Medical Assistance Scheme.

Master Health Check-up is carried out thrice in the service period of employees at the age of 40, 50 and above 56. Audiometry test is conducted for the employees who are exposed to high noise level areas, every year and Eye test is conducted once in 2 years.

#### **d) TRAINING**

Training is imparted to improve and update the knowledge / skill level of employees. Senior executives are sent to management programmes conducted by leading Management Institutes. New recruits are inducted through well-designed induction / orientation programmes. Young executives are guided and groomed by a systematic Mentoring programme.

43 in-house training programmes were conducted during the year on various topics by covering 2002 mandays. Besides this, over 205 mandays were covered through external training programmes.

#### **e) 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, 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. Periodical medical checkups are organized for the employees to identify occupational health hazards. 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.

Material Safety Data Sheet (MSDS) for hazardous chemicals used in the mill are displayed at storage areas. Testing of Pressure Vessels, Lifting tackles, Safety belts, Conveyor Systems, Building Stability, Chemical stored FRP tanks etc., are carried out as per statutory requirements through competent persons. 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. Toxic gas leak sensors with alarms installed at toxic gases storage and handling areas like chlorine, sulphur di oxide etc. Smoke detectors with warning alarms installed at paper storage godowns, Motor Control Centres (MCC), control rooms etc. 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 for use in the event of fire. In addition, two mobile fire tenders and one portable fire pump are available to tackle fire emergency. Since inception, TNPL has maintained an excellent safety record.

### **CORPORATE SOCIAL RESPONSIBILITY**

TNPL has been spending approximately 3% of the profit after tax of the previous year for various CSR activities covering Education, health, Infrastructure, drinking water supply, sports, training, etc. During 2013 - 2014 TNPL has spent Rs.3.27 Cr. for CSR activities.

In the beginning of every financial year, CSR activities are planned in consultation with elected representatives of the surrounding panchayat areas.

On 30.12.2013, the Hon'ble Chief Minister of Tamil Nadu inaugurated three CSR projects viz., Out-patient ward constructed at Government Hospital, Velayuthampalayam, Karur District at a project cost of Rs. 25.06 lakhs, Drinking water supply schemes to Moorthipalayam, Nadunanaparappu and Thannasigoundanpudur villages of Karur District executed at a project cost of Rs. 83.34 lakhs and Industrial Training Institute, Kagithapuram, Karur District established at a cost of Rs. 4.00 Crores.

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

### **XII AWARDS AND ACCOLADES RECEIVED DURING THE YEAR**

The company has received "Environmental Best Practices Award 2013" from Confederation of Indian Industry(CII).

The company has received the National Award for Excellence in Cost Management 2013 (First Award under the category of Private – Manufacturing : Organisation (Large)) from the Institute of Cost Accountants of India.

Dun & Bradstreet, Mumbai, has selected TNPL as the Top Indian Company under the sector Paper for Dun & Bradstreet Corporate Awards 2014.

### **XIII CAUTIONARY STATEMENT**

The Management Discussion and Analysis Report contains forward looking statements based on the data available with the Company, assumptions with regard to global economic conditions, government policies etc. 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.

## ANNEXURE - IV

### REPORT ON CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance in conformance with the SEBI format is provided below:

#### 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 31.3.2014, the Board consisted of nine directors - a Chairman and Managing Director and a non-executive Director nominated by GOTN, two Executive Directors and five independent, non-executive Directors

As per Clause 49 of the Listing Agreement, where the Chairman of the Board is an Executive Director, at least half of the Board should comprise of independent directors. The composition of the Board of Directors of TNPL complied with the provisions of Clause 49 of the Listing Agreement

As per Section 149 of the Companies Act 2013, independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director:-

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives—  
(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;  
(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—  
(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or  
(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;  
(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or  
(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- f) who possesses such other qualifications as may be prescribed.

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

###### 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 creating long term sustainable growth that benefits all stakeholders.

The Board also sets standards of behaviour and ethical conduct for all the employees.

It also ensures strict compliance with the law and all regulations by the Company.

- b. Attendance of each Director at the Board of Directors' Meetings held during 2013-2014, 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
Tvl.								
C V Sankar IAS Chairman and Managing Director (Full Additional charge w.e.f. 25.10.2013)	Executive	4	4	-	11	6	-	-
N S Palaniappan IAS Chairman and Managing Director (Between 13.12.2012 and 25.10.2013)	Executive	4	3	Not Attended	10	5	-	-
A Velliangiri Deputy Managing Director	Executive	8	8	Attended	-	-	-	-
R Mani Director(Operations)	Executive	8	8	Attended	-	-	-	-
S Krishnan IAS (Between 15.9.2011 and 8.8.2013)	Non-Executive	2	2	-	10	-	-	-
T Udhayachandran IAS	Non-Executive	6	5	Not Attended	7	-	3	-
Mahesan Kasirajan IAS (Between 6.11.2012 and 28.3.2014)	Non-Executive	7	4	Attended	1	1	-	-
V Narayanan	Independent Non- Executive	8	8	Attended	1	-	1	-
N Kumaravelu	Independent Non- Executive	8	7	Attended	2	-	-	-
M R Kumar	Independent Non- Executive	8	5	Attended	-	-	-	-
V Nagappan	Independent Non- Executive	7	7	Attended	1	-	-	1
Tmt Sarada Jagan	Independent Non- Executive	6	5	Attended	-	-	-	-



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

Eight Board Meetings were held during the year 2013-2014 as against the minimum requirement of four meetings. The meetings were held on the following dates:

9.4.2013, 27.5.2013, 8.8.2013, 19.9.2013, 12.11.2013, 10.1.2014, 7.2.2014, 28.3.2014

**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, the Audit Committee and Investors' Grievances Committee
2. Quarterly, half yearly and annual financial results of the company and its business segments
3. Perspective Plan for the future of the company
4. Annual operating plans and updates
5. Capital budgets and any updates
6. Cost Audit report / Secretarial audit report
7. Appointment of statutory auditor, secretarial auditor, cost auditor and internal auditor
8. Materially important show cause, demand, prosecution and penalty notices
9. Legal compliance report and certificate
10. Review of foreign exchange exposures and exchange rate movement, if material
11. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any
12. Any material default in financial obligations to and by the company or substantial non-recoveries against sale, if any
13. 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
14. 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.
15. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders' service such as non-payment of dividend, delay in share transfer etc.
16. Issues relating to shareholders such as ratification of transfers, demat status, pending grievances, issue of duplicate share certificates etc.
17. Contracts in which Director(s) are deemed to be interested
18. Details of investment of surplus funds available with the company
19. General disclosure of interest

**e. Board material distributed in advance**

Agenda papers are circulated to the directors, in advance, in the prescribed 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 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.

The meetings are usually held at the company's Registered Office at 67 Mount Road, Guindy, Chennai 600 032

**f. 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.

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

The current status of follow up action on the decisions taken is reported to the Board and the Committees thereof in every meeting.



**h. 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 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 34th Annual General Meeting along with the Explanatory Statement.

**3. Audit Committee (Statutory)****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 II(D) of the Listing Agreements as well as in Sec.292A of Companies Act 1956 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.

19. To review periodically statutory compliances of various laws, regulatory changes, if any.

20. Periodically review pending legal cases.

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.

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 (II A) ). Currently, the following five non-executive Directors are the members in the Audit Committee:

Thiru V Narayanan, Chairman of the Committee

Thiru N Kumaravelu, Member

Thiru M R Kumar, Member

Thiru V Nagappan, Member

Tmt Sarada Jagan, Member

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

#### **c. Meetings and attendance during the year (Cl. 49( II B))**

Director	No. of Meetings Held	Attended
Tvl.		
V Narayanan	8	8
N Kumaravelu	8	7
M R Kumar	8	5
V Nagappan	5	5
Tmt Sarada Jagan	5	4

The Audit Committee met 8 times during 2013-14 as against the minimum requirement of 4 meetings. The dates on which the meetings were held are given below:

9.4.2013, 27.5.2013, 8.8.2013, 19.9.2013, 12.11.2013, 10.1.2014, 7.2.2014, 28.3.2014

#### **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 company has to constitute a Stakeholders Relationship Committee. 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 has been renamed as STAKEHOLDERS` RELATIONSHIP COMMITTEE.

The following three non-executive directors are the members in the Stakeholders` Relationship Committee as on 31.3.2014

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

The Stakeholders Relationship Committee met on 27th May 2013 and 12th November 2013 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.

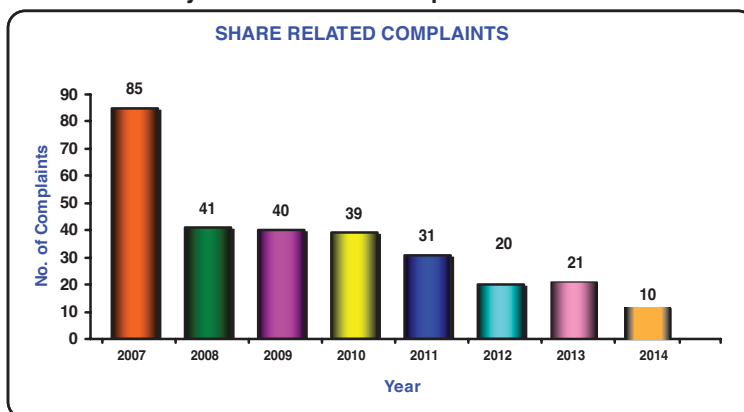
The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Type of Complaints	Number of complaints
Non-receipt of Annual Reports	2
Non-receipt of Dividend Warrants	8
Non-receipt of Share Certificates	-
<b>Total</b>	<b>10</b>

Complaints Status: 1.4.2013 to 31.3.2014

Nature of complaints (Received and Resolved)	Q1	Q2	Q3	Q4	Total
Securities and Exchange Board of India	3	2	2	-	7
Stock Exchanges	-	-	-	-	-
Shareholders	1	-	1	1	3
<b>Total</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>10</b>

Given below is the trend of share related complaints during last eight years. There is a steady decline in the number indicating an improvement in efficiency within the Share Department



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 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 31.3.14 have been acted upon. No share transfer was pending as on 31.3.14.

**5. Corporate Social Responsibility Committee (Statutory)**

Section 135(1) of the Companies Act 2013 mandates every company having net worth of Rs.500 cr. or more or turnover of Rs.1000 cr. or more or a net profit of Rs.5 cr. or more during any financial year to constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

The company had formulated CSR Policy guidelines in 2011. While formulating the CSR Policy Guidelines, it was decided to spend approximately 3% of the profit after tax in the previous year for CSR activities. Currently, the amount is allocated broadly as follows:

- |                         |   |     |
|-------------------------|---|-----|
| 1. Education            | - | 20% |
| 2. Health               | - | 10% |
| 3. Infrastructure       | - | 25% |
| 4. Economic development | - | 20% |
| 5. Environment          | - | 20% |
| 6. Culture & Heritage   | - | 5%  |

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 with effect from 1.4.2014:

- |                       |                           |
|-----------------------|---------------------------|
| 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                    |

The CSR Committee shall recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII, recommend the amount of expenditure to be incurred on the activities referred to in Schedule VII and monitor the CSR Policy of the company from time to time

The following activities are considered as CSR activities under Schedule VII of the Act :

- I. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- II. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- III. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- IV. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- V. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- VI. Measures for the benefit of armed forces veterans, war widows and their dependents;
- VII. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
- VIII. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled tribes, other backward classes, minorities and women;
- IX. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- X. Rural development projects;

The Board, after taking into account the recommendations made by the CSR Committee, shall approve the CSR Policy for the company and disclose contents of such policy in its report and also place it on the company's website.



**6. Remuneration Committee**

The company will be forming a Nomination and Remuneration Committee as mandated under Sec.178(1) of the Companies Act 2013.

**a. Remuneration Policy**

Thiru C V Sankar IAS was appointed as Chairman and Managing Director (full additional charge) by the Government on 25.10.2013. He is being paid remuneration in accordance with the Govt. rules as applicable to his cadre.

Thiru N S Palaniappan IAS was appointed as Chairman and Managing Director by the Government on 13.12.2012 and was relieved on 25.10.2013. He was paid remuneration in accordance with the Govt. rules as applicable to his cadre.

Thiru A Velliangiri, Dy.Managing Director's service has been extended for two years from 19.12.2013. Thiru A Velliangiri, as Dy.Managing Director is drawing remuneration as per the Contractual Appointment order dt.4.12.2013, details of which were circulated to all the shareholders vide Notice dt.29.11.2013 under Sec.302 of the Companies Act, 1956.

Thiru R Mani, Director (Operations) service has been extended for a further period of one year from 27.2.2014 and is drawing remuneration as per the Contractual Appointment order dt.19.3.2014, details of which were circulated to all the shareholders vide Notice dt.17.3.2014 under Sec.302 of the Companies Act, 1956.

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

**b. Details of remuneration for the year ended 31.3.2014****Executive Directors****(Rs. in lakh)**

Name & Position	Pay & Allowances	Reimbursement of medical expenses	Perquisites	Total	Retirement Benefits
Tvl N S Palaniappan IAS, CMD(fac) (ceased to be director w.e.f. 25.10.2013)	2.82	0.73	-	3.55	As per Govt. rules applicable to his cadre
A Velliangiri Dy.Managing Director	24.65	0.91	3.57	29.13	-
R Mani Director(Operations)	16.26	1.15	3.27	20.68	-
<b>Total</b>	<b>43.73</b>	<b>2.79</b>	<b>6.84</b>	<b>53.36</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.			
S Krishnan IAS	30000*	-	-
Mahesan Kasirajan IAS	60000*	-	-
T Udhayachandran IAS	75000*	-	-
V Narayanan	120000	120000	30000
N Kumaravelu	105000	105000	30000
M R Kumar	75000	75000	30000
V Nagappan	105000	75000	-
Tmt Sarada Jagan	75000	60000	-
<b>Total</b>	<b>645000</b>	<b>435000</b>	<b>90000</b>

\* remitted to Govt. of Tamil Nadu

Independent Directors were paid sitting fees of Rs.15000/- 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 except Thiru R Mani, Director (Operations) (200 shares), Thiru. V Nagappan (1 share).

### 7. 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
2010-11	Music Academy Chennai 14	15.9.2011	10.30 AM	No
2011-12	-do-	21.9.2012	10.25 AM	No
2012-13	-do-	19.9.2013	10.30 AM	No

#### Postal Ballot

Two special resolutions were put through postal ballot last year. One was for incorporating Sub-clauses 13 & 14 in Clause III of the Objects clause of Memorandum of Association in September 2013 and the other was for increasing the borrowing powers of the Board during November 2013.

Details of voting pattern of the postal ballots are as follows:

Special Resolution 1: (for incorporating Sub-clauses 13 & 14 in Clause III of the Objects clause)

Particulars	No. of Postal Ballot Forms	No. of Votes	%
Total Postal Ballot Forms received	1572	44394996	-
Less:- Rejected Postal Ballot Forms	31	119874	-
Net Valid Postal Ballot Forms	1541	44275122	100%
Postal Ballot Forms with Assent for the Resolution	**1525	44273672	99.99%
Postal Ballot Forms with Dissent for the Resolution	18	1450	0.01%

\*\* Two shareholders have cast their votes for both assent & dissent and therefore not considered for counting

The special resolution was carried with requisite majority

Special Resolution 2: (for increasing the borrowing powers of the Board)

Particulars	No. of Postal Ballot Forms	No. of Votes	%
Total Postal Ballot Forms received	1174	46614020	-
Less:- Rejected Postal Ballot Forms	16	23935	-
Net Valid Postal Ballot Forms	1158	46590085	-
Postal Ballot Forms with Assent for the Resolution	1112	46577219	99.97%
Postal Ballot Forms with Dissent for the Resolution	46	12866	0.03%

The special resolution was carried with requisite majority.

The procedure for postal ballot is set out below:

- The Board of directors shall appoint a designated person (Scrutiniser) to conduct, supervise and control the exercise of postal ballot. The person may be the Company Secretary, a retired judge or any person of repute who, in the opinion of the Board, can conduct the voting process in a fair and transparent manner.
- All communications in this regard shall be made by and addressed directly to the said designated person.
- A notice containing a draft of the resolution and the necessary explanatory statement shall be sent to all members entitled to vote requesting them to send their assent or dissent within a period of thirty days from the date of posting of the letter.
- The notice shall include a pre-paid postage envelope for facilitating the communication of the assent or the dissent of the shareholders to the resolutions within the said period.
- The envelope by post will be received directly by the post office through Post Box No., which will be obtained by the designated person in advance and will be indicated on each pre-paid envelope to be used by the members for sending the resolution.
- The designated person shall ascertain the will of the shareholders based on the response received and the resolution shall be deemed to have been duly passed, if approved by members not less in number, as prescribed by law.
- The designated person shall thereafter give a report to the Chairman/MD and on the basis of such report, the Chairman/MD shall declare the results of the poll.

### E-voting System

SEBI, vide its circular dated 13.7.2012, has amended the equity listing agreement with regard to e-voting by shareholders of listed companies. As per the circular, e-voting has been made mandatory for all listed companies beginning with the top 500 companies at BSE and NSE based on the market capitalization computed as on the date of the circular. Accordingly the company followed the system of e-voting for both the postal ballots as above

### 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

- 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 2014.
- Secretarial Audit Reports

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
30th June 2013	5th July 2013
30th September 2013	4th October 2013
31st December 2013	6th January 2014
31st March 2014	3rd April 2014

### 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.

### **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 2013-14 the Compliance Report on Corporate Governance to stock exchanges in the prescribed format within 15 days from the close of the quarter.

### **8. Disclosures –Cl.49(iv)**

- 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. 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 2014 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 34<sup>th</sup> Annual General Meeting.
- f. Presently, the company does not have whistle blower policy.

### **Code of Conduct-CL.49(ID)**

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 and a Code of Conduct for prevention of Insider Trading adopted pursuant to Cl.49(D) of the listing Agreement and SEBI(Prohibition of Insider Trading)Regulations, 1992(as amended) respectively 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 endeavour 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 code has been posted on the website of the company [www.tnpl.com](http://www.tnpl.com)

Affirmation of compliance of Code of Conduct for the financial year 2013-14 has been received from the Directors and Senior Management personnel 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  
Dhinathanthi  
Website where displayed : www.tnpl.co.in
- c. Whether the website also displays official news releases : Yes  
and presentations to the media, analysts, institutional investors etc. ?
- d. Audited financial results : Financial Express  
(Newspapers published in) : Business Standard  
Dhinathanthi
- e. Whether MD&A (Management Discussion & Analysis) is a part of : Yes  
Annual Report?
- \* 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 shareholders individually.  
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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The presentations broadly cover operations, financials and industry outlook.
- 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. NSE Electronic Application Processing System(NEAPS): The company also files information through NEAPS – a web based application provided by NSE which facilitates online filing of Corporate Governance Report and the shareholding pattern by companies.
- j. 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 7<sup>th</sup> June 2011 had mandated certain companies to file their Annual Accounts via this mode. The company has filed its Annual Accounts on MCA through XBRL.
- k. Ministry of Corporate Affairs: The company has periodically filed all the necessary documents with the MCA.
- l. SEBI Complaints Redressal System(SCORES): A centralized web based complaints redressal 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.

**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 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 being 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

### 1. 34<sup>th</sup> Annual General Meeting

<b>Day, Date and Time</b>	Monday, 15 <sup>th</sup> September 2014 at 10.15 AM
<b>Venue</b>	The Music Academy, 168, T.T.K.Road, Chennai-600 014.

2. Financial Year Calendar (2014-2015) (Tentative)      The Company follows the period of 1st April to 31st March, as the Financial Year. For the Financial year 2014 -2015, Financial Results will be announced as per the following tentative schedule.

1st quarter ending June 30, 2014	Second week of August 2014
2nd quarter ending September 30, 2014	Second week of November 2014
3rd quarter ending December 31, 2014	Second week of February 2015
4th quarter ending March 31, 2015	Fourth week of May 2015

3. Book closure date      5.9.2014 to 15.9.2014 (both days inclusive) on account of AGM and Dividend.

4. (a) Dividend payment date : 16.9.2014 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.

### 5. Debt Instruments:

Non-convertible debentures issued by the company on private placement basis are listed at Bombay Stock Exchange.  
ISIN No.

i) Series I - INE107A07012 – 100 crores

ii) Series II - INE107A07020 – 50 crores

### 6. 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) Bombay Stock Exchange Limited  
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 Trustee :

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 2014 -2015 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 2014-15 have been paid to National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd. (CDSL)

## 7. 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

## 8(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 2013	99.00	92.55	76638	100.00	92.65	253543
May 2013	105.75	93.15	254646	106.90	94.90	1104560
June 2013	102.50	94.65	168637	102.85	94.65	350345
July 2013	101.90	88.30	121814	101.35	88.00	1020736
August 2013	93.00	86.00	163621	93.40	85.90	1105468
September 2013	92.95	85.50	407082	92.20	85.50	1204190
October 2013	102.00	89.25	802648	101.20	89.15	731893
November 2013	115.95	102.65	305870	116.20	102.50	1264936
December 2013	123.80	110.10	385751	123.95	112.00	1362099
January 2014	143.70	119.10	735942	144.95	118.05	2589310
February 2014	127.00	118.10	176139	127.00	115.10	1580976
March 2014	130.05	120.00	167092	130.40	120.00	1112753

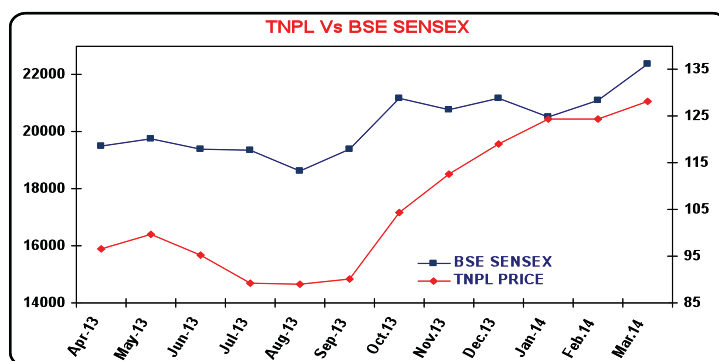
## 8(b).Market Capitalisation (Rs.)

Market Capitalisation	BSE	NSE
As on March 31, 2013	661,65,33,360	657,84,67,530
As on March 31, 2014	887,62,59,450	887,97,19,980

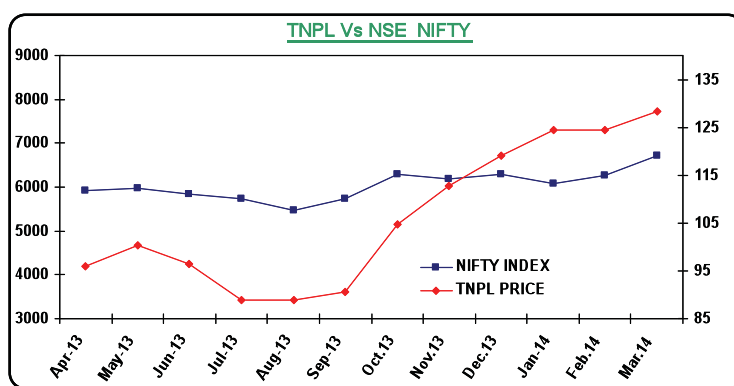
## 9. Share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty :

For the years April 2012 to March 2014 :

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
2012-2013	(-) 0.83 %	(+) 8.23 %	(-) 9.06 %	(-) 0.99 %	(+) 7.31 %	(-) 8.30 %
2013-2014	(+) 34.15 %	(+) 18.85 %	(+) 15.3 %	(+) 34.98 %	(+) 17.98 %	(+) 17.00 %
2012-2014	(+) 33.04 %	(+) 28.63 %	(+) 4.41 %	(+) 33.65%	(+) 26.60 %	(+) 7.05%



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



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

#### 10. 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

#### 11. 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/transmissions/remats received are processed and approved by the Share Transfer Committee which normally meets thrice in a month. Shares under objection are returned within two weeks.

##### ii) Nomination facility for shareholding

: As per the provisions of the amended Companies Act 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.



- iii) 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 Services (NECS).

Shareholders were requested by the company vide Circular dated 5th March, 2010, to intimate their folio No(s), Name and Branch of the Bank in which they wish to receive the dividend, the Bank Account type, Bank Account Number allotted by their banks after implementation of Core Banking Solutions (CBS) and the 9 digit MICR code Number.

Shareholders who have already intimated the above information to the Depository Participants (DPs)/Registrars of the company ("Registrars") pursuant to the above circular need not take any further action in this regard.

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.

- 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 2014 the dividend for the year ended March 31, 2007 which has remained unclaimed/unpaid.

- v) Details of dividend pending to the Unpaid/Unclaimed Dividend Account as on March 31, 2014:

Year	Amount	% to the total dividend
a) For the year 2006-2007 (Final)	Rs. 602405.00	0.35%
b) For the year 2007-2008 (Interim)	Rs. 449618.00	0.33%
c) For the year 2007-2008 (Final)	Rs. 556864.99	0.33%
d) For the year 2008-2009 (Final)	Rs. 798421.50	0.26%
e) For the year 2009-2010 (Final)	Rs. 1175773.50	0.38%
f) For the year 2010-2011 (Final)	Rs. 1196405.00	0.35%
g) For the year 2011-2012 (Final)	Rs. 1292430.00	0.38%
h) For the year 2012-2013 (Final)	Rs. 1478520.00	0.43%

As regards unclaimed dividend, dividend warrants are sent to addresses available as per the company records. Where the shareholders have not informed the company the change of address, 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.

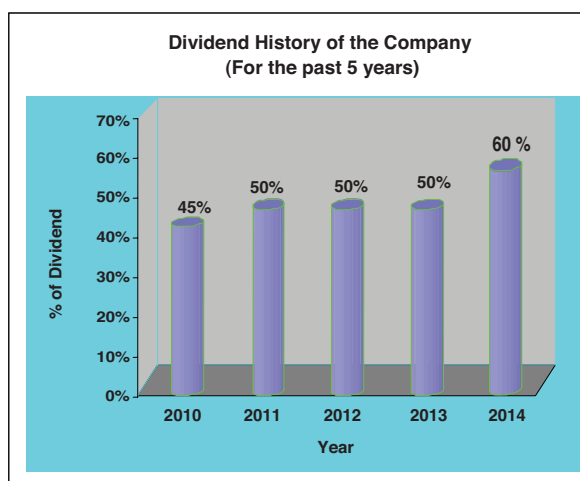
Following amounts have been transferred to IEPF account during the year:

Particulars	Date of Warrant	Due Date for Transfer	Date of Transfer	Amount transferred Rs.
1. Dividend :-				
2005-06 (Final)	26.08.2006	30.10.2013	29.10.2013	3,51,648
2006-07 (Interim)	03.11.2006	17.12.2013	17.12.2013	3,79,837
2. Fixed Deposit :				
2005-06	17.03.2006	17.04.2013	17.04.2013	30,488
	05.06.2006	05.06.2013	05.06.2013	27,790
	16.09.2006	16.10.2013	15.10.2013	12,328
	21.12.2006	21.01.2014	21.01.2014	30,000
	18.01.2007	18.02.2014	23.01.2014	12,328
<b>Total</b>				<b>8,44,419</b>

- 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 Company Secretary at the Registered Office with a copy of the earlier correspondence.

## 12. Dividend History (Last 5 Years)

Financial Year	Dividend %	Total Dividend (Rs. in Lakhs)
2009-10	45%	3114.48
2010-11	50%	3460.53
2011-12	50%	3460.53
2012-13	50%	3460.53
2013-14	60%	4152.64



## 13. Distribution of Shareholding as on 31st March, 2014.

**DISTRIBUTION SCHEDULE AS ON 31ST MARCH 2014**

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount (Rs.)	% of Amount
1 - 5000	23060	89.01	2584732	25847320	3.73
5001 - 10000	1347	5.20	1105278	11052780	1.60
10001 - 20000	667	2.57	1048752	10487520	1.52
20001 - 30000	222	0.86	570902	5709020	0.82
30001 - 40000	104	0.40	372675	3726750	0.54
40001 - 50000	94	0.36	447230	4472300	0.65
50001 - 100000	192	0.74	1439305	14393050	2.08
100001 - And Above	222	0.86	61641726	616417260	89.06
<b>Total :</b>	<b>25908</b>	<b>100.00</b>	<b>69210600</b>	<b>692106000</b>	<b>100.00</b>

## DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014

	CATEGORY	NO. OF HOLDERS	NO. OF SHARES	Percentage
<b>A</b>	<b>PROMOTERS' HOLDING</b>			
1	Promoters			
	- Indian Promoters	1	24444900	35.32
	- Foreign Promoters	Nil	Nil	Nil
2	Persons acting in Concert	---	---	---
	<b>SUB-TOTAL</b>	<b>1</b>	<b>24444900</b>	<b>35.32</b>
<b>B.</b>	<b>NON-PROMOTERS' HOLDING</b>			
1	Indian Financial Institutions	1	495168	0.72
2	Mutual Funds and UTI	26	6634405	9.59
3	Banks, Insurance Companies, Central/State Govt. Institutions	22	13383008	19.34
4	Foreign Institutional Investors	17	6107163	8.82
	<b>SUB-TOTAL</b>	<b>66</b>	<b>26619744</b>	<b>38.46</b>
<b>C</b>	<b>OTHERS</b>			
1	Private Corporate Bodies	542	5444961	7.87
2	Indian Public	24740	12075470	17.45
3	NRIs/OCBs	500	593370	0.86
4	Others	59	32155	0.05
	<b>SUB-TOTAL</b>	<b>25841</b>	<b>18145956</b>	<b>26.22</b>
	<b>GRAND TOTAL (A+B+C)</b>	<b>25908</b>	<b>69210600</b>	<b>100.00</b>

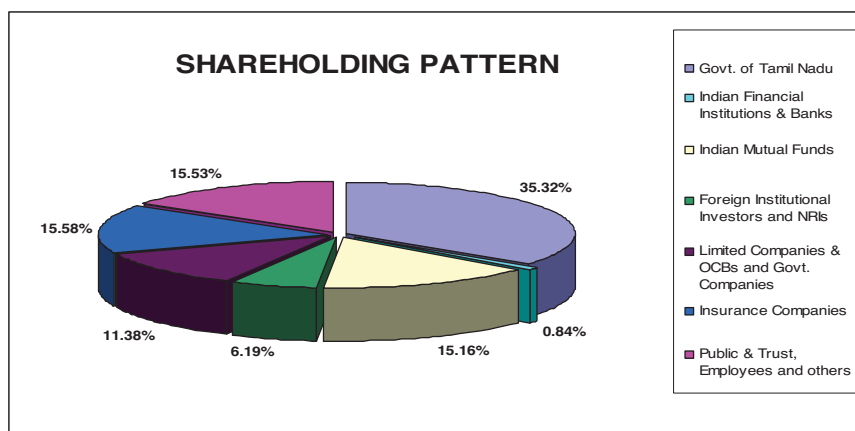
## LIST OF TOP TEN SHAREHOLDERS AS ON 31.03.2014

SL. NO.	Name of the shareholder(s)	No. of shares	% to Equity
1.	Governor Of Tamilnadu	24444900	35.32
2.	Life Insurance Corpn. Of India	6891158	9.96
3.	HDFC Trustee Co. Ltd. - HDFC Prudence Fund	3981634	5.75
4.	Warburg Value Fund	3500000	5.06
5.	HDFC Trustee Co. Ltd.-HDFC Mf Monthly Income Plan Long Term Plan	2238648	3.23
6.	General Insurance Corpn. Of India	2110074	3.05
7.	Govt. Pension Fund Global	1950000	2.82
8.	Bajaj Alliance Life Insurance Co. Ltd.	814355	1.18
9.	HDFC Standard Life Insurance Co. Ltd.	813436	1.18
10.	United India Insurance Co. Ltd.	683213	0.99

## SHAREHOLDING PATTERN

SL. No.	Category	Shareholding Pattern As on 31.3.2014			Shareholding Pattern As on 31.3.2013		
		Number of Shareholders	Number of Shares	%	Number of Shareholders	Number of Shares	%
1	Governor of Tamilnadu	1	24444900	35.32	1	24444900	35.32
2	Foreign Institutional Investors	17	6107163	8.82	16	3756190	5.43
3	Indian Mutual Funds	26	6634405	9.59	34	10494421	15.16
4	Banks	6	78806	0.11	4	82110	0.12
5	Financial Institutions	1	495168	0.72	2	496568	0.72

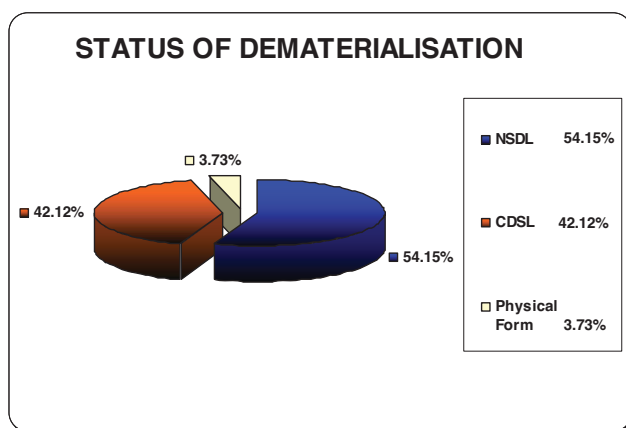
6	Insurance Companies	6	10495622	15.16	6	10785424	15.58
7	Govt. Companies	10	2808580	4.06	11	2808580	4.06
8	Employees	164	30200	0.04	169	31200	0.05
9	Limited Companies	542	5444961	7.87	583	5063953	7.32
10	NRIs	500	593370	0.86	573	525625	0.76
11	Public & Trust	24580	12046771	17.41	25667	10713449	15.48
12	Shares Dematerialised/ Shares in Transit	55	30654	0.04	34	8180	0.00
<b>Total</b>		<b>25908</b>	<b>69210600</b>	<b>100.00</b>	<b>27100</b>	<b>69210600</b>	<b>100.00</b>



14. 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 2014:

Category	No. of Shareholders	No. of Shares	% to Capital
PHYSICAL	3825	2576898	3.73
NSDL	16354	37481848	54.15
CDSL	5729	29151854	42.12
<b>TOTAL</b>	<b>25908</b>	<b>69210600</b>	<b>100.00</b>



As on 31st March 2014, 22083 shareholders are holding shares in demat form. 66633702 ( 96.27%) shares have been dematerialized, representing 54.15% in NSDL and 42.12% in CDSL of the total Equity Share capital. 2576898 shares are in Physical form representing 3.73%.



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

16. Credit Rating:

a. ICRA has assigned the following credit rating for the Company for 2013-2014 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 was also engaged to rate the bank facilities for 2013-14 and they have assigned the rating as below:

I. Long term facilities - CARE A+

II. Short term facilities - CARE A1

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

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

18. 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  
Asst. 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 : shares@tnpl.co.in  
secretarial@tnpl.co.in  
sivakumar.vs@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

**12. 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 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 their 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 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 2007 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
2006-07	Final	25	31.08.2007	5.11.2014
2007-08	Interim	20	27.10.2007	2.01.2015
2007-08	Final	25	29.08.2008	3.11.2015
2008-09	Final	45	09.09.2009	14.11.2016
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

**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 CMD is an executive Director in the company.

- 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. Shareholders' Rights**

- a. 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.co.in](http://www.tnpl.co.in)
- b. The half-yearly results of the company are published in more than one English newspaper having a wide circulation and in one Tamil Newspaper. The results are not sent to the shareholders individually.

**3. Training of Board Members**

Presently the company does not have a training programme for Board Members. They are all competent and well qualified.

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

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

**5. Whistle Blower Policy**

The company does not have a Whistle Blower Policy.

**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: 29.05.2014

**C V SANKAR IAS**  
CHAIRMAN & MANAGING DIRECTOR

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

We, C V Sankar, Chairman & 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 2014 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 : 29.05.2014

**C V SANKAR IAS**  
CHAIRMAN & 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 2014.

For **TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Place: Chennai  
Date : 29.05.2014

**C V SANKAR IAS**  
CHAIRMAN & MANAGING DIRECTOR



**CORPORATE GOVERNANCE REPORT**

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 2014** 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 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 Company, there were no investors' grievances remaining unattended / pending for more than 30 days as at 31st March 2014.
5. We further state that such compliance is neither an assurance to the future liability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Raman Associate.**  
Chartered Accountants  
Firm Registration No. 002910S

**G. Vasudevan**  
Partner  
Membership No. 020739

Place – Chennai  
Date – 29th May 2014

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF M/s. TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **M/s. Tamil Nadu Newsprint and Papers Limited** [‘the Company’] which comprise the Balance Sheet as at **31<sup>st</sup> March 2014** and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section [3C] of Section 211 of the Companies Act, 1956 [‘the Act’] read with the General Circular 15/2013, dated 13-09-2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on other legal and regulatory requirements**

1. As required by the Companies [Auditor's Report] Order, 2003 [‘the Order’], as amended, issued by the Central Government of India in terms of sub-section [4A] of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227[3] of the Act, we report that:
  - a) We have 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section [3C] of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013, dated 13-09-2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - e) On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the

Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause [g] of sub-section [1] of Section 274 of the Companies Act, 1956 and

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Raman Associate**

Chartered Accountants

Firm Registration No. 002910S

**G. Vasudevan**

Partner

Membership No. 020739

Place – Chennai

Date – 29th May 2014

**THE ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE  
TO THE MEMBERS OF M/S. TAMIL NADU NEWSPRINT AND PAPERS LIMITED  
ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH 2014**

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) 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 301 of the Act. Consequently, the provisions of clauses 4 [iii] [b], [iii] [c] and [iii] [d] of the Order are not applicable to the Company.
- 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 301 of the Act. Accordingly, paragraphs 4 [iii] [e] to 4 [iii] [g] of the Order are not applicable.

**Internal Control**

- a) In our opinion and according to the information and explanations given to us, there are adequate internal control systems and procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

**Transactions with parties' u/s. 301**

- a) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to Section 301 of the Companies Act, 1956 that needs to be entered into the register maintained under the section.

**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 as outlined under the provisions of the Companies (Acceptance of Deposits) Rules, 1975, as amended till date. Hence the provisions of Section 58A, 58AA or other relevant provisions of the Companies Act, 1956 are not applicable.

**Internal Audit**

- a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

**Cost Records**

- a) The Central Government has prescribed the maintenance of cost records by the Company under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie, the books of accounts prescribed under the Cost Accounting records [Paper] Rules, 1975, 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, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess and any other material 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 for a period of more than six months from the date they became payable. The Employees' State Insurance Act does not apply to the Company.
- c) According to the information and explanations given to us, there are no dues of Sales Tax / Income Tax / Customs Duty / Wealth Tax / Service Tax / Excise Duty / Cess which have not been deposited on account of any dispute other than those given below:

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, 1944	Excise Duty Exemption	1997-1998 & 1998-1999	4.25	Tribunal, Chennai
Cenvat Credit Rules, 2004	Input Credit Reversal	1997-1998 1998-1999 1999-2000 2000-2001 2001-2002	4.82 2.59 1.00 47.06 0.55	Hon'ble High Court of Madras
Cenvat Credit Rules, 2004	Capital Goods Credit	2003-2004 2004-2005 2005-2006 2006-2007	49.11 266.11 731.12 268.18	Tribunal Chennai
Cenvat Credit Rules, 2004	Capital Goods Credit	2006-2007 2007-2008	6548.75 3418.78	Tribunal, Chennai
Cenvat Credit Rules, 2004	Input credit reversal on effluent sludge waste	2006-07 2007-08 2008-09 2009-10	23.91 33.70 2203.39 2856.22	Tribunal, Chennai
Cenvat Credit Rules, 2004	Input Service Credit	2007-08 2008-09	255.62 660.76	Tribunal, Chennai
Cenvat Credit Rules, 2004	Capital Goods Credit	2008-09	9.44	Hon'ble High Court of Madras
Cenvat Credit Rules, 2004	Capital Goods Credit	2008-09 2009-10	15.42 13.66	Tribunal, Chennai
Cenvat Credit Rules, 2004	Capital Goods Credit	2008-2009	104.16	Commissioner, Appeals, Trichy
Cenvat Credit Rules, 2004	Capital Goods Credit	2009-2010	363.64	Tribunal, Chennai
Cenvat Credit Rules, 2004	Capital Goods Credit	2009-2010 2010-2011	11135.33 2067.89	Tribunal, Chennai
Cenvat Credit Rules, 2004	Capital Goods Credit	2010-2011	3.79	Tribunal, Chennai
Cenvat Credit Rules, 2004	Capital Goods Credit	2010-2011	4.53	Hon'ble High Court of Madras
Cenvat Credit Rules, 2004	Capital Goods Credit	2010-2011	5.10	Commissioner, Appeals, Trichy
Cenvat Credit Rules, 2004	Input credit reversal on effluent sludge waste	2010-2011	824.97	Tribunal, 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	Capital Goods Credit	2010-2011	838.48	Tribunal, Chennai
Cenvat Credit Rules, 2004	Capital Goods Credit	2011-2012 2012-2013 2013-2014	1.30 0.20 0.25	Commissioner, Appeals, Trichy
Cenvat Credit Rules, 2004	Capital Goods Credit	2012-2013 2013-2014	4.31 0.76	Commissioner, Appeals, Trichy
Customs Act, 1962	Customs Duty	1991-1992	44.34	Commissioner, Chennai and Hon'ble High Court of Madras
Customs Act, 1962	Customs Duty	1997-1998	54.81	Commissioner, Chennai
Customs Act, 1962	Customs Duty	1999-2000	106.29	Commissioner, Chennai
Customs Act, 1962	Customs Duty	1999-2000	20.45	Commissioner, Cochin
Income Tax Act, 1961	Income Tax	AY 2002-2003	16.48	Assessing Officer, Chennai
Income Tax Act, 1961	Income Tax	AY 2003-2004	612.81	Hon'ble High Court of Madras/ Commissioner of Appeals, Chennai
Income Tax Act, 1961	Income Tax	AY 2004-2005	40.87	Tribunal, Chennai
Income Tax Act, 1961	Income Tax	AY 2005-2006	212.96	Assessing Officer, Chennai
Income Tax Act, 1961	Income Tax	AY 2006-2007	41.18	Commissioner of Appeals, Chennai
Income Tax Act, 1961	Income Tax	AY 2007-2008	138.53	Commissioner of Appeals, Chennai
Income Tax Act, 1961	Income Tax	AY 2008-2009	65.54	Commissioner of Appeals, Chennai
Income Tax Act, 1961	Income Tax	AY 2009-2010	1680.20	Commissioner of Appeals, Chennai
Income Tax Act, 1961	Income Tax	AY 2010-2011	2057.31	Commissioner of Appeals, Chennai
Income Tax Act, 1961	Income Tax	AY 2011-2012	2019.39	Commissioner of Appeals, Chennai
Wealth Tax Act, 1957	Wealth Tax	AY 1997-1998 To AY 1999-2000 & AY 2001-2002 to AY 2003-2004	19.46	Assessing Officer, Chennai
		<b>Total</b>	<b>39899.77</b>	

**Sick Company**

- a) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and incurred such cash losses in the immediately preceding financial year.

**Default in dues to Bank / Financial Institutions / Debenture holders**

- a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank, Financial Institutions or Debenture Holders.

**Loans and advances made by the Company**

- a) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the question of documents and records does not arise.

**Nidhi / Mutual Benefit Fund / Chit Funds**

- a) According to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit / society.

**Record of Shares, Securities**

- a) In our Opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Hence this clause is not applicable to the Company.

**Guarantees given by the Company**

- a) The Company has not given any guarantee for loans taken by others from banks or financial institutions based on the records produced to us during the course of our audit.

**Term Loans and Short-term funds taken**

- a) The Company has obtained term loans during the year which were prima facie, applied for the purpose which they were obtained. However, according to the information and explanations given to us, the Company has not drawn the term loan during the year to the extent of Rs. 1054.05 crores out of Rs. 1250.00 crores of sanctioned limits.
- b) According to the information and explanations given to us and an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

**Preferential allotment of shares**

- a) The Company has not issued any shares during the year and hence the requirement regarding any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956, is not applicable.
- b) According to the information and explanation given to us, the Company has not issued any debentures during the year. However, in respect of debentures outstanding at the end of the year, necessary security or charge has been created.

**Disclosure of end use of funds raised in public issues**

- a) The Company has not raised any money through public issue during the year and as such the requirement regarding disclosure of end use of such money raised is not applicable. Hence the provision of clause 4 [xx] of the Companies [Auditor's Report] Order, 2003 are not applicable to the Company.

**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 or by the Company has been noticed or reported during the year nor have we been informed of any such case by the management.

As per our report of even date  
For **Raman Associate**  
Chartered Accountants  
Firm Registration No. 002910S

**G. Vasudevan**  
Partner  
Membership No. 020739

Place – Chennai  
Date – 29th May 2014

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TAMIL NADU NEWSPRINT AND PAPERS LIMITED FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2014.**

The preparation of financial statements of Tamil Nadu Newsprint and Papers Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on Independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29-05-2014.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Tamil Nadu Newsprint and Papers Limited for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquires 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 under section 619(4) of the Companies Act, 1956.

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

**K. SRINIVASAN  
Principal Accountant General**

Place : Chennai  
Date: 15.07.2014

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## BALANCE SHEET AS AT 31ST MARCH 2014

(Rs.in Lakh)

Particulars	Note No.	As at 31/03/2014		As at 31/03/2013	
<b>I. EQUITY AND LIABILITIES</b>					
<b>1 Shareholders' Funds</b>					
(a) Share Capital	1	6937.78		6937.78	
(b) Reserves and Surplus	2	107659.62		96609.87	
			114597.40		103547.65
<b>2 Non-Current Liabilities</b>					
(a) Long Term Borrowings	3	63698.83		65728.61	
(b) Deferred tax Liabilities (Net)	4	31664.00		29046.00	
(c) Long term Provisions	5	9153.61		8396.97	
			104516.44		103171.58
<b>3 Current Liabilities</b>					
(a) Short Term Borrowings	6	45040.38		49585.64	
(b) Trade payables	7	46576.47		40628.85	
(c) Other Current liabilities	8	52960.47		45479.70	
(d) Short term Provisions	9	7573.97		5688.52	
			152151.29		141382.71
			371265.13		348101.94
<b>II. ASSETS</b>					
<b>1) Non-Current Assets</b>					
a) Fixed Assets					
i) Tangible assets	10	242588.30		207933.23	
ii) Intangible assets		732.66		453.36	
iii) Capital work-in-progress		9498.52		45686.46	
iv) Intangible Assets under Development		0.00		28.29	
		252819.48		254101.34	
b) Non-Current Investment	11	114.05		114.05	
c) Captive Plantation	12	2121.38		2120.55	
d) Long-Term loans and advances	13	24809.81		9025.32	
			279864.72		265361.26
<b>2) Current Assets</b>					
a) Inventories	14	28536.48		26442.47	
b) Trade Receivables	15	37673.97		27694.17	
c) Cash and cash equivalents	16	1221.45		2450.54	
d) Short term Loans and Advances	17	21364.53		23978.79	
e) Other Current Assets	18	2603.98		2174.71	
			91400.41		82740.68
			371265.13		348101.94

Notes 1 to 18, 27 &amp; 28 form an integral part of this Balance Sheet.

**C V SANKAR, IAS**  
Chairman & Managing Director  
(DIN-00703204)

Place : Chennai  
Date : 29th May, 2014

**A.VELLIANGIRI**  
Dy.Managing Director  
(DIN-00153169)  
**V. SIVAKUMAR**  
Company Secretary

vide our report of even date  
**For RAMAN ASSOCIATE**  
Chartered Accountants  
Firm Reg. No.002910S  
**G. VASUDEVAN**  
Partner  
Membership No.020739



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs.in Lakh)

Particulars	Note No.	For the Year ended 31/03/2014	For the Year ended 31/03/2013
<b>I REVENUE FROM OPERATIONS</b>			
Revenue	19	238332.17	193705.24
Less: Excise Duty & Cess		9809.76	7579.49
Total Revenue		228522.41	186125.75
<b>II OTHER INCOME</b>	20	1672.09	1992.32
<b>III TOTAL REVENUE (I + II)</b>		<u>230194.50</u>	<u>188118.07</u>
<b>IV EXPENSES</b>			
Cost of Material Consumed	21	70786.89	53137.66
Purchase of Stock-in-Trade	22	9729.94	9627.94
Changes in inventories of finished Goods, Work-in-Progress & Stock-in-Trade	23	497.55	2666.93
Employee Benefit Expense	24	15579.45	13903.58
Finance Costs	26	12821.15	12097.13
Depreciation/amortization Expense	10	19231.73	17498.61
Other Expenses	25	81280.22	66575.59
<b>TOTAL EXPENSES</b>		<u>209926.93</u>	<u>175507.44</u>
<b>V PROFIT BEFORE EXCEPTIONAL ITEMS AND EXTRA ORDINARY ITEMS AND TAX (III - IV)</b>		20267.57	12610.63
<b>VI Exceptional Items</b>		-	-
<b>VII PROFIT BEFORE EXTRA-ORDINARY ITEMS AND TAX (V + VI)</b>		20267.57	12610.63
<b>VIII Extra-ordinary Items</b>		-	-
<b>IX PROFIT BEFORE TAX ( VII + VIII )</b>		20267.57	12610.63
<b>X TAX EXPENSE</b>			
- Current Tax		4247.00	2523.00
MAT Credit		(2768.00)	(1093.00)
Current Tax net of MAT Credit		1479.00	1430.00
- Deferred Tax		2618.00	2070.00
- Tax relating to earlier years		52.81	(37.37)
		<u>4149.81</u>	<u>3462.63</u>
<b>XI PROFIT / (LOSS) FOR THE PERIOD (IX - X)</b>		16117.76	9148.00
<b>XII BASIC &amp; DILUTED EARNINGS PER SHARE</b> (Face Value Rs.10/- per Share)	Rs	<u>23.29</u>	<u>13.22</u>

Notes 19 to 28 form an integral part of this statement of profit and loss.

**C V SANKAR, IAS**  
Chairman & Managing Director  
(DIN-00703204)

Place : Chennai  
Date : 29th May 2014

**A.VELLIANGIRI**  
Dy.Managing Director  
(DIN-00153169)  
**V. SIVAKUMAR**  
Company Secretary

vide our report of even date  
**For RAMAN ASSOCIATE**  
Chartered Accountants  
Firm Reg. No.002910S  
**G. VASUDEVAN**  
Partner  
Membership No.020739

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Rs. In Lakh)

Sl. No.	Particulars	2013-2014	2012-2013
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before Tax and Exceptional Items	20267.57	12610.63
	Adjustments for :		
	Depreciation	19231.73	17498.61
	Interest Income	(807.52)	(444.92)
	Dividend Income	(6.03)	(2.19)
	Rental Income	(108.27)	(106.99)
	(Profit)/Loss on write off/ sale of Fixed Assets	(56.69)	0.03
	Exchange Fluctuations	160.40	199.29
	Interest Expenditure	12821.15	12097.13
	<b>Operating Profit before working capital changes</b>	<b>51502.34</b>	<b>41851.59</b>
	Decrease(Increase) in Inventories	(2094.84)	6913.97
	Decrease(Increase) in Sundry Debtors	(9957.55)	8689.02
	Decrease(Increase) in Loans and Advances	5905.28	(528.94)
	Increase(Decrease) in Current Liabilities	10555.68	8614.84
	<b>Cash from Operations</b>	<b>55910.91</b>	<b>65540.48</b>
	Income Tax paid	(3551.12)	(2292.25)
	<b>Cash from Operating activities before exceptional items</b>	<b>52359.79</b>	<b>63248.23</b>
	Exceptional Items	-	-
	<b>Cash from Operating Activities</b>	<b>52359.79</b>	<b>63248.23</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Proceeds on Sale of Fixed Assets	61.05	2.23
	Additions to Fixed Assets & Capital Work-In-Progress	(12580.26)	(19351.17)
	Capital Advance	(16789.81)	(740.32)
	Interest Income	807.52	444.92
	Dividend Income	6.03	2.19
	Rental Income	108.27	106.99
	<b>Net Cash from Investing Activities</b>	<b>(28387.20)</b>	<b>(19535.16)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Borrowings	30040.79	6459.15
	Repayment of Borrowings	(37442.47)	(31304.17)
	Interest paid	(13752.16)	(14371.48)
	Dividend paid	(3460.53)	(3460.53)
	Dividend tax paid	(588.12)	(561.38)
	<b>Net Cash from Financing Activities</b>	<b>(25202.49)</b>	<b>(43238.41)</b>
<b>D</b>	<b>TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR (A+B+C)</b>	<b>(1229.90)</b>	<b>474.66</b>
	Cash and cash equivalents at the beginning of the year	2375.85	1901.19
	Cash and cash equivalents at the end of the year	1145.95	2375.85

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

**C V SANKAR, IAS**  
Chairman & Managing Director  
(DIN-00703204)

**A.VELLIANGIRI**  
Dy.Managing Director  
(DIN-00153169)

**V. SIVAKUMAR**  
Company Secretary

Place : Chennai  
Date : 29th May, 2014

vide our report of even date  
**For RAMAN ASSOCIATE**  
Chartered Accountants  
Firm Reg. No.002910S  
**G. VASUDEVAN**  
Partner  
Membership No.020739

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
<b>1)</b>	<b>SHARE CAPITAL</b>		
<b>a)</b>	<b>Authorised, Issued, Subscribed and paid-up share capital</b>		
	<b>Authorized:</b>		
	13,50,00,000 Equity Shares of Rs.10/- each	<u>13500.00</u>	<u>13500.00</u>
	<b>Issued:</b>		
	7,00,00,000 Equity Shares of Rs.10/- each	<u>7000.00</u>	<u>7000.00</u>
	<b>Subscribed and Fully Paid up:</b>		
	6,92,10,600 Equity Shares of Rs.10/- each fully paid up	<u>6921.06</u>	<u>6921.06</u>
	Add: Shares Forfeited	<u>16.72</u>	<u>16.72</u>
		<u>6937.78</u>	<u>6937.78</u>

**b) Shareholders Holding more than 5% of Equity Shares:**

Sl.No.	Name of the Shareholder	As at 31/03/2014		As at 31/03/2013	
		No. of Shares in lakh	% of holding	No. of Shares in lakh	% of holding
1	Governor of Tamil Nadu	244.45	35.32	244.45	35.32
2	Life Insurance Corporation of India	68.91	9.96	68.91	9.96
3	HDFC Trustee Company Limited - HDFC Prudence Fund	39.82	5.75	39.82	5.75
4	Warburg Value Fund	35.00	5.06	-	-

(Rs.in Lakh)

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
<b>2)</b>	<b>RESERVES AND SURPLUS</b>		
<b>(a)</b>	<b>Capital Reserve</b>		
	Project Investment subsidy	<u>125.00</u>	<u>125.00</u>
<b>(b)</b>	<b>Share Premium</b>	<u>17973.11</u>	<u>17973.11</u>
<b>(c)</b>	<b>Debenture Redemption Reserve</b>		
	Opening Balance	<u>2638.00</u>	<u>2068.00</u>
	Add: Additions during the year	<u>570.00</u>	<u>570.00</u>
		<u>3208.00</u>	<u>2638.00</u>
<b>(d)</b>	<b>General Reserve</b>		
	Opening Balance	<u>73223.03</u>	<u>68623.03</u>
	Add : Addition during the year	<u>10000.00</u>	<u>4600.00</u>
		<u>83223.03</u>	<u>73223.03</u>
<b>(e)</b>	<b>Hedging Reserve Account</b>	<u>418.41</u>	<u>628.04</u>
<b>(f)</b>	<b>Surplus - Opening Balance</b>	<u>2022.69</u>	<u>2093.34</u>
	<b>Add: Profit / (Loss) for the period</b>	<u>16117.76</u>	<u>9148.00</u>
	<b>Amount available for appropriation</b>	<u>18140.45</u>	<u>11241.34</u>
	<b>Appropriations:</b>		
	Transfer to General Reserve	<u>10000.00</u>	<u>4600.00</u>
	Debenture Redemption Reserve	<u>570.00</u>	<u>570.00</u>
	Proposed Dividend	<u>4152.64</u>	<u>3460.53</u>
	Tax on Dividend	<u>705.74</u>	<u>588.12</u>
	<b>Surplus - Closing Balance</b>	<u>2712.07</u>	<u>2022.69</u>
	<b>TOTAL (a)+(b)+(c)+(d)+(e)+(f)</b>	<u>107659.62</u>	<u>96609.87</u>

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
3)	<b>LONG TERM BORROWINGS</b>		
	<b>A) Secured Loans</b>		
	<b>1) Debentures</b>		
	a) <b>11% Non-Convertible Debentures</b>	555.56	2777.78
	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 Wind Mill & Bielomatic Cutter which are under specific charge to the respective term lenders including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, Tamilnadu		
	b) <b>8.75% Non-Convertible Debentures</b>	00.00	1250.00
	Secured by 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, Tamil Nadu		
	Total (1)	555.56	4027.78
	<b>(2) Term Loans from Banks</b>		
	<b>Mill Expansion Plan</b>		
	- External Commercial Borrowings (ECB)	0.00	11977.85
	- Other Foreign Currency Loan	3231.93	8788.99
	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 Wind Mill & Bielomatic Cutter which are under specific charge to the respective term lenders including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, Tamilnadu.		
	<b>Mill Expansion Plan</b>		
	- Rupee Term Loans	1304.00	2954.89
	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 Wind Mill & Bielomatic Cutter which are under specific charge to the respective term lenders including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, Tamilnadu and pari passu second charge on the current assets of the company viz., stock of raw materials, finished goods, stores and other movables.		
	<b>Mill Expansion Plan</b>		
	- Rupee Term Loans	0.00	2500.00
	Secured by 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, Tamil Nadu.		

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
	<b>De-Inking Plant (DIP)</b>		
	- Foreign Currency Loan	3348.62	3969.42
	- Rupee Term Loans	6490.00	8850.00
	Secured by a first pari passu charge on fixed assets of the Deinking Pulp Plant		
	<b>Automatic Storage &amp; Retrieval System(ASRS)</b>		
	- Rupee Term Loans	0.00	284.68
	<b>Lime Sludge &amp; Fly Ash Management System(LSFM)</b>		
	- Rupee Term Loans	5040.63	6825.00
	<b>Revamping of Steam and Power System (RSPS)</b>		
	- Rupee Term Loans	4600.00	5900.00
	Secured by a first pari passu charge on fixed assets created out of respective loans.		
	<b>Term Loans-General Corporate Loan</b>		
	- Rupee Term Loans	5500.00	5500.00
	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, Tamil Nadu		
	- Rupee Term Loans	10000.00	0.00
	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 Wind Mill & Bielomatic Cutter which are under specific charge to the respective term lenders including an equitable mortgage by deposit of title deeds in respect of 566.26 acres of land situated at Kagithapuram, Karur District, Tamilnadu and pari passu second charge on the current assets of the company viz., stock of raw materials, finished goods, stores and other movables.		
	<b>Multilayer Coated Board Plant</b>		
	- Rupee Term Loans	19594.76	0.00
	Secured by a first pari passu charge on fixed assets to be created 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.		
	<b>B) Unsecured</b>		
	Term Loans-General Corporate Loan		
	Rupee Term Loans	4033.33	4150.00
	Total (2)	63143.27	61700.83
	Total (1) + (2)	63698.83	65728.61



## NOTES TO ACCOUNTS

## TERMS OF REPAYMENT OF NON-CONVERTIBLE DEBENTURE AND TERM LOANS FROM BANKS AS AT 31.03.2014 (Rs.in Lakh)

Sl. No.	Particulars of Redemption / Repayment	Non Current	Current Maturities	Total
1	<b>a) 11% Non-Convertible Debentures</b> 18 quarterly instalments commencing from 31.3.2011 and ends on 30.6.2015	555.56	2222.22	2777.78
	<b>b) 8.75% Non-Convertible Debentures</b> 8 half-yearly instalments commencing from 19.7.2011 and ends on 19.1.2015	0.00	1250.00	1250.00
		<b>555.56</b>	<b>3472.22</b>	<b>4027.78</b>
2	<b>Mill Expansion Plan</b>			
	- <b>External Commercial Borrowings (ECB)</b>			
	DBS-6 half yearly instalments starting from 10.09.2012 to 10.03.2015	0.00	5156.83	5156.83
	DBS-8 half yearly instalments starting from 28.02.2011 to 29.08.2014	0.00	1793.10	1793.10
	HSBC-16 quarterly instalments starting from 11.05.2011 to 11.02.2015	0.00	2241.37	2241.37
	DBS-8 half yearly instalments starting from 04.12.2011 to 04.12.2014	0.00	3586.20	3586.20
		0.00	12777.50	12777.50
	- <b>Other Foreign Currency Loan</b>			
	EXIM-17 quarterly instalments starting from 29.09.2011 to 29.09.2015	3231.93	6463.86	9695.79
	- <b>Rupee Term Loans</b>			
	IB-18 quarterly instalments starting from 30.09.2011 to 31.12.2015	1304.00	1648.00	2952.00
	KVB-16 quarterly instalments starting from 30.06.2011 to 31.03.2015	0.00	625.00	625.00
	IB-16 quarterly instalments starting from 30.06.2011 to 31.03.2015	0.00	625.00	625.00
	CB-15 quarterly instalments starting from 30.06.2011 to 31.12.2014	0.00	547.51	547.51
	SYB-16 quarterly instalments starting from 30.06.2011 to 31.03.2015	0.00	625.00	625.00
		0.00	2422.51	2422.51
3	<b>De-Inking Plant</b>			
	- <b>Foreign Currency Loan</b>			
	EXIM-20 quarterly instalments starting from 20.09.2013 to 20.06.2018	3348.62	1030.35	4378.97
	- <b>Rupee Term Loans</b>			
	CB-20 quarterly instalments starting from 31.03.2013 to 31.12.2017	4840.00	1760.00	6600.00
	IB-20 quarterly instalments starting from 31.03.2013 to 31.12.2017	1650.00	600.00	2250.00
		6490.00	2360.00	8850.00
4	<b>Automatic Storage &amp; Retrieval System(ASRS)</b>			
	- <b>Rupee Term Loans</b>			
	ING-16 quarterly instalments starting from 31.03.2011 to 31.12.2014	0.00	284.68	284.68
5	<b>Lime Sludge &amp; Fly Ash Management System(LSFM)</b>			
	- <b>Rupee Term Loans</b>			
	CB-20 quarterly instalments starting from 31.03.2013 to 31.12.2017	5040.63	1896.25	6936.88
6	<b>Revamping of Steam and Power System (RSPS)</b>			
	- <b>Rupee Term Loans</b>			
	IB-20 quarterly instalments starting from 30.06.2012 to 31.03.2017	3000.00	1500.00	4500.00
	AXIS-20 quarterly instalments starting from 30.06.2012 to 31.03.2017	1600.00	800.00	2400.00
		4600.00	2300.00	6900.00
7	<b>Multilayer Coated Board Plant</b>			
	- <b>Rupee Term Loans</b>			
	SBT-18 quarterly instalments starting from 30.06.2017 to 30.09.2021	1633.20	0.00	1633.20
	IB-20 quarterly instalments starting from 30.06.2017 to 31.03.2022	5000.00	0.00	5000.00
	CB-18 quarterly instalments starting from 30.06.2017 to 30.09.2021	4855.91	0.00	4855.91
	UBI-18 quarterly instalments starting from 30.06.2017 to 30.09.2021	3606.59	0.00	3606.59
	P&S-22 quarterly instalments starting from 30.06.2017 to 30.09.2022	4499.06	0.00	4499.06
		19594.76	0.00	19594.76
8	<b>Rupee Term Loans-General Corporate Loan</b>			
	YES-4 half-yearly instalments starting from 30.06.2013 to 31.12.2014	0.00	1150.00	1150.00
	YES-4 half-yearly instalments starting from 30.04.2014 to 31.10.2015	1500.00	1500.00	3000.00
	KOTAK-30 Monthly instalments starting from 24.05.2014 to 24.10.2016	2533.33	1466.67	4000.00
	SBI-47 monthly instalments starting from 30.04.2015 to 28.02.2019	5500.00	0.00	5500.00
	EXIM-16 quarterly instalments starting from 20.01.2016 to 20.09.2019	10000.00	0.00	10000.00
		19533.33	4116.67	23650.00
	Total	63698.83	38772.04	102470.87

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No	Particulars	As at 31/03/2014	As at 31/03/2013
<b>4)</b>	<b>DEFERRED TAX LIABILITIES</b>		
	a) Deferred Tax Liabilities		
	Depreciation	<b>36315.00</b>	32841.00
	Sub Total (a)	<b>36315.00</b>	32841.00
	b) Deferred Tax Assets		
	Employees' Benefits	<b>3462.00</b>	3076.00
	Others	<b>1189.00</b>	719.00
	Sub Total (b)	<b>4651.00</b>	3795.00
	Deferred Tax Liabilities (a) - (b)	<b>31664.00</b>	29046.00
<b>5)</b>	<b>LONG TERM PROVISIONS</b>		
	Employee Benefits	<b>9153.61</b>	8396.97
		<b>9153.61</b>	8396.97
<b>6)</b>	<b>SHORT TERM BORROWINGS</b>		
	<b>Loans Repayable on Demand</b>		
	<b>a) Secured</b>		
	Working Capital Loans - Banks		
	Cash Credit	<b>9368.53</b>	6661.02
	Buyer's Credit - Foreign Currency	<b>733.72</b>	352.44
	Short Term Loan	<b>8850.00</b>	7500.00
	Pre-shipment credit - Foreign Currency	<b>2988.50</b>	2383.92
	Secured by a first charge on current assets of the company, namely raw materials, stock-in-process, semi-finished goods, finished goods, consumable stores & spares and receivables and a second charge by way of extension of equitable mortgage on immovable properties of the company in Kagithapuram, Karur District, Tamil nadu and second charge on the 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.		
	Sub-Total (a)	<b>21940.75</b>	16897.38
	<b>b) Unsecured</b>		
	Short Term Loans from Banks		
	Pre-Shipment Credit - Foreign Currency	<b>2390.80</b>	7151.76
	Buyer's Credit - Foreign Currency	<b>18208.83</b>	7386.50
	Rupee Loan	<b>2500.00</b>	18150.00
	Sub-Total (b)	<b>23099.63</b>	32688.26
	Total (a) +(b)	<b>45040.38</b>	49585.64

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
<b>7)</b>	<b>TRADE PAYABLES</b>		
	Acceptances	4345.40	7772.61
	Sundry Creditors		
	a) Micro and Small Enterprises	2085.77	471.66
	b) Others	40145.30	32384.58
		<u>46576.47</u>	<u>40628.85</u>
	<b>Note:</b>		
	Based on confirmation received from suppliers regarding status under Micro, Small and Medium enterprises Development Act, 2006		
	a) Amount due and outstanding to suppliers at the end of accounting year	2085.77	471.66
	b) Interest paid during the year	Nil	Nil
	c) Interest payable at the end of accounting year	Nil	Nil
	d) Interest accrued and unpaid at the end of accounting year	Nil	Nil
<b>8)</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Current maturities of Long Term Debt	38772.04	34707.02
	Interest accrued but not due	719.81	653.76
	Security Deposits from customers/contractors	3581.05	3391.85
	Investor Education and Protection Fund		
	a) Unclaimed Dividend	75.50	74.69
	b) Matured Deposits - Unclaimed	0.45	1.64
	(Due at the end of the year Rs.Nil (Previous year Rs. Nil))		
	Amount Payable to Banks	1441.14	321.39
	Tax Payables	772.40	670.39
	Tax Deducted at Source (TDS)	325.97	254.21
	Payroll Liabilities	2239.59	1418.22
	Other payables	5032.52	3986.53
		<u>52960.47</u>	<u>45479.70</u>
<b>9)</b>	<b>SHORT TERM PROVISIONS</b>		
	Current Tax	1613.98	918.32
	Proposed Dividend	4152.64	3460.53
	Tax on Dividend	705.74	588.12
	Employee Benefits	1101.61	721.55
		<u>7573.97</u>	<u>5688.52</u>

## NOTES TO ACCOUNTS

Note No. 10

(Rs in Lakh)

DESCRIPTION	GROSS BLOCK			DEPRECIATION /AMORTISATION			NET BLOCK	
	As at 01/04/2013	Additions/ (Deletions)	As at 31/03/14	Upto 31/03/13	For the period Additions / (Deletions)	Upto 31/03/14	As at 31/03/14	As at 31/03/13
<b>A. TANGIBLE ASSETS</b>								
LAND	780.74	105.32	<b>886.06</b>	0.00	0.00	<b>0.00</b>	<b>886.06</b>	780.74
BUILDINGS	26860.76	0.00	<b>34764.72</b>	6894.14	963.83	<b>7857.97</b>	<b>26906.75</b>	19966.62
RAILWAY SIDINGS	201.32	0.00	<b>201.32</b>	201.32	0.00	<b>201.32</b>	<b>0.00</b>	0.00
PLANT & MACHINERY	329339.11	45485.44	<b>374546.25</b>	142946.63	17911.07	<b>160580.34</b>	<b>213965.91</b>	186392.48
FURNITURE, FIXTURES & OTHER EQUIPMENTS	1458.92	(278.30)	<b>1529.94</b>	790.50	67.61	<b>847.81</b>	<b>682.13</b>	668.42
VEHICLES	297.98	(11.17)	<b>321.09</b>	173.01	(10.30)	<b>173.64</b>	<b>147.45</b>	124.97
Sub-Total (A)	358938.83	53623.32	<b>412249.38</b>	151005.60	18963.89	<b>169661.08</b>	<b>242588.30</b>	207933.23
<b>B. INTANGIBLE ASSETS</b>								
COMPUTER SOFTWARE	831.32	547.14	<b>1378.46</b>	377.96	267.84	<b>645.80</b>	<b>732.66</b>	453.36
TOTAL (A+B)	359770.15	54170.46	<b>413627.84</b>	151383.56	19231.73	<b>170306.88</b>	<b>243320.96</b>	208386.59
CAPITAL WORK-IN-PROGRESS - TANGIBLE ASSETS							<b>9498.52</b>	45686.46
CAPITAL WORK-IN-PROGRESS - INTANGIBLE ASSETS							<b>0.00</b>	28.29
							<b>252819.48</b>	254101.34

Note:

- 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 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.
- c) The company has entered into an agreement with 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. 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.
- d) Additions to assets include a sum of Rs.4376.91 lakhs (Previous Year Rs.2227.93 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.

**CAPITAL WORK-IN-PROGRESS INCLUDES:****(Rs.in Lakh)**

<b>Sl. No</b>	<b>Particulars</b>	<b>As at 31/03/2014</b>	<b>As at 31/03/2013</b>
	<b>Tangible Assets</b>		
A)	Regular Projects	<b>6049.78</b>	20772.82
B)	Mill Expansion Plan (MEP)		
	Opening Balance (a)	<b>0.00</b>	1788.09
	<b>Additions:</b>		
	Plant and Machinery	<b>0.00</b>	19.98
	Sub-Total (b)	<b>0.00</b>	19.98
	Less: Transferred to Fixed Assets on capitalisation		
	Plant and Machinery	<b>0.00</b>	1786.90
	Transfer to Regular Projects	<b>0.00</b>	21.17
	Sub-Total (c)	<b>0.00</b>	1808.07
	Closing Balance (a)+(b)-(c)	<b>0.00</b>	0.00
C)	Lime Sludge Fly Ash Management (LSFM)		
	Opening Balance (a)	<b>13592.31</b>	8842.50
	<b>Additions:</b>		
	Buildings	<b>0.00</b>	1767.74
	Plant and Machinery	<b>706.75</b>	1022.19
	Finance Costs	<b>0.00</b>	987.03
	Pre-Operative Expenses	<b>0.00</b>	972.85
	Sub-Total (b)	<b>706.75</b>	4749.81
	Less: Transferred to Fixed Assets on capitalisation		
	Buildings	<b>1205.14</b>	0.00
	Plant and Machinery	<b>11432.66</b>	0.00
	Finance Costs	<b>1376.26</b>	0.00
	Transfer to Regular Projects	<b>285.00</b>	0.00
	Sub-Total (c)	<b>14299.06</b>	0.00
	Closing Balance (a)+(b)-(c)	<b>0.00</b>	13592.31
D)	Revamping of Steam and Power System (RSPS)		
	Opening Balance (a)	<b>11321.33</b>	6944.91
	<b>Additions:</b>		
	Buildings	<b>0.00</b>	189.42
	Plant and Machinery	<b>5050.32</b>	2879.38
	Finance Costs	<b>691.98</b>	1149.23
	Pre-Operative Expenses	<b>138.91</b>	158.39
	Sub-Total (b)	<b>5881.21</b>	4376.42
	Less: Transferred to Fixed Assets on capitalisation		
	Buildings	<b>1374.48</b>	0.00
	Plant and Machinery	<b>13244.30</b>	0.00
	Finance Costs	<b>2100.58</b>	0.00
	Transfer to Regular Projects	<b>483.18</b>	0.00
	Sub-Total (c)	<b>17202.54</b>	0.00
	Closing Balance (a)+(b)-(c)	<b>0.00</b>	11321.33
E)	Unit - 2 - Multilayer Coated Board Plant		
	Opening Balance (a)	<b>0.00</b>	0.00
	<b>Additions:</b>		
	Buildings	<b>2412.15</b>	0.00
	Plant and Machinery	<b>138.78</b>	0.00
	Finance Costs	<b>305.08</b>	0.00
	Pre-Operative Expenses	<b>592.73</b>	0.00
	Sub-Total (b)	<b>3448.74</b>	0.00
	Closing Balance (a)+(b)	<b>3448.74</b>	0.00
	Grand Total (A + B + C + D + E)	<b>9498.52</b>	45686.46
	<b>Intangible Assets</b>		
	Opening Balance	<b>28.29</b>	420.85
	<b>Additions:</b>	<b>107.13</b>	162.85
	Less Transferred to Fixed Assets on capitalisation	<b>135.42</b>	555.41
	Closing Balance	<b>0.00</b>	28.29



## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No	Particulars	As at 31/03/2014	As at 31/03/2013
11)	<b>NON-CURRENT INVESTMENTS</b>		
	<b><u>Other Investments</u></b>		
	<b>Investment in Equity Instruments</b>		
	Quoted at cost :		
	IDBI Bank Limited		
	(142720 equity shares of Rs.10 each, fully paid)	114.05	114.05
	(Held by IL&FS Securities Services Ltd as collateral Security for taking hedging positions in Currency Futures)		
		<u>114.05</u>	<u>114.05</u>
	Note:		
	<u>Quoted Investment</u>		
	Aggregate Amount	114.05	114.05
	Market Value	93.41	114.53
12)	<b>CAPTIVE PLANTATIONS</b>		
	Standing crops	<u>2121.38</u>	<u>2120.55</u>
		<u>2121.38</u>	<u>2120.55</u>
	The break-up of Expenditure on Captive plantation is as under		
	Own Lands	24.80	87.16
	Leased Lands	1039.41	992.92
	Revenue sharing Lands	1057.17	1040.47
	Total	<u>2121.38</u>	<u>2120.55</u>
13)	<b>LONG-TERM LOANS AND ADVANCES</b>		
	a) <b>Capital Advances</b>		
	Unsecured, considered good	16789.81	740.32
	b) <b>Other Loans and Advances</b>		
	Advance to Sugar Mills		
	Secured, considered good	<u>8020.00</u>	<u>8285.00</u>
		<u>24809.81</u>	<u>9025.32</u>
14)	<b>INVENTORIES</b>		
	a) Raw materials		
	In Stock	13312.70	11449.14
	In Transit	66.40	49.08
	b) Work in process	3716.73	4457.88
	c) Stock of Finished Goods	62.45	1717.99
	d) Stock of Traded goods	23.73	122.14
	e) Stores, Consumables and spare parts		
	In Stock	9736.22	8596.63
	In Transit	<u>1618.25</u>	<u>49.61</u>
		<u>28536.48</u>	<u>26442.47</u>

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No	Particulars	As at 31/03/2014	As at 31/03/2013
15)	<b>TRADE RECEIVABLES</b>		
a)	Trade receivables (outstanding for more than six months from the due date for payment)		
	Unsecured, considered good	313.37	2366.40
	Sub-Total (a)	313.37	2366.40
b)	Trade receivables (others)		
	Unsecured, considered good	37360.60	25327.77
	Sub-Total (b)	37360.60	25327.77
	Total (a) + (b)	37673.97	27694.17
16)	<b>CASH AND CASH EQUIVALENTS</b>		
a)	Balance with Banks		
	Unpaid Dividend accounts	75.50	74.69
	Current accounts	1131.92	2358.19
	Savings accounts	2.48	1.92
	Deposit accounts	1.16	1.16
b)	Cheques, drafts on hand	6.31	11.57
c)	Cash on hand	4.08	3.01
		1221.45	2450.54
17)	<b>SHORT TERM LOANS AND ADVANCES</b>		
	<b>Unsecured - Considered good:</b>		
	Advances recoverable in cash or in kind or for value to be received	5951.22	6878.19
	Advances & Deposits with Government and public bodies	3157.35	2833.70
	Balance with:		
	- Port Trust/Airport Authority	0.00	0.37
	- Central Excise / TN VAT	2791.25	7140.03
	Prepaid Expenses	511.76	327.17
	Receivables - Forward Contracts (Net Gain)	0.00	561.35
	MAT Credit Entitlement	8952.95	6237.98
		21364.53	23978.79
	<b>Unsecured - considered doubtful</b>	21.46	21.46
	Less: Allowance for bad and doubtful advances	(21.46)	(21.46)
		21364.53	23978.79
18)	<b>OTHER CURRENT ASSETS</b>		
	<b>Other Loans and Advances</b>		
	Advances to Sugar Mills		
	Secured, considered good - current maturities of LTL	1284.25	1059.25
	Interest accrued on Advances/Deposits etc.,	1319.73	1115.46
		2603.98	2174.71

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No.	Particulars	For the Year ended 31/03/2014	For the Year ended 31/03/2013
<b>19)</b>	<b>SALES (Net of Sales Tax &amp; Sales Returns)</b>		
	Printing & Writing Paper:		
	- Domestic Sales	197078.10	161338.47
	- Export Sales	33963.03	31289.15
		231041.13	192627.62
	Less: Discounts	16294.72	17387.62
		214746.41	175240.00
	Cement	4922.34	0.00
	Pulp	877.51	686.88
	Energy	1593.24	1282.06
	<b><u>Sale of Traded Goods</u></b>		
	Note Books	11508.69	10766.30
	Paper	330.65	0.00
	<b><u>Other Operating Income</u></b>		
	Export Incentive	920.15	1029.56
	Incentive under CDM / REC	1002.81	1704.51
	Sale of scrap, wastes etc.	2430.37	2995.93
		238332.17	193705.24
<b>20)</b>	<b>OTHER INCOME</b>		
	Interest - Deposits/Advances/OD bills	807.52	444.92
	Dividend - Non-trade		
	a) Long Term Investments	6.03	2.14
	b) Current Investments	0.00	0.05
	Rental - Building	108.27	106.99
	Profit on Sale of Assets	56.69	0.00
	Other receipts	693.58	1438.22
		1672.09	1992.32
<b>21)</b>	<b>COST OF MATERIAL CONSUMED</b>		
	Raw materials consumed *	39496.05	26632.08
	Chemicals consumed	21813.59	19558.86
	Freight & Handling charges	5050.60	2974.81
	Packing Expenses	4426.65	3971.91
		70786.89	53137.66
<b>22)</b>	<b>PURCHASE OF STOCK IN TRADE</b>		
	Note Books	9412.47	9627.94
	Paper	317.47	0.00
		9729.94	9627.94

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

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No.	Particulars	For the Year ended 31/03/2014	For the Year ended 31/03/2013
<b>23)</b>	<b>CHANGES IN INVENTORIES OF</b>		
	Bagasse	(1977.04)	1355.67
	Work in Progress	741.15	659.50
	Finished Goods	1733.44	651.76
		<u>497.55</u>	<u>2666.93</u>
<b>24)</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries, Wages and Bonus	11047.07	9208.83
	Contribution to Provident and Other funds	1580.04	1846.53
	Gratuity, Leave Encashment	1593.06	1712.54
	Staff Welfare	1359.28	1135.68
		<u>15579.45</u>	<u>13903.58</u>
<b>25)</b>	<b>OTHER EXPENSES</b>		
	Stores consumed	1680.17	1682.45
	Power, Fuel & Water charges*	48834.92	41938.53
	Repairs and maintenance:		
	- Building	1455.49	1045.30
	- Plant and machinery	15006.91	9656.22
	- Others	410.14	147.68
	Rent	133.11	196.08
	Rates and Taxes	305.75	459.20
	Insurance	240.25	206.16
	Transportation Charges	3991.28	3525.42
	Commission & Discount on Sales	5005.56	3889.62
	Travelling & Conveyance	313.74	224.79
	Auditors' Remuneration	14.23	13.05
	Printing and Stationery	73.36	41.48
	Communication	112.76	119.72
	Loss on write off/Sale of Fixed Assets(Net)	0.00	0.03
	Advertisement	458.42	359.37
	Farm Forestry	398.75	329.73
	Bad Debts/Advances w/ off (Net)	0.00	57.51
	Loss on Exchange Fluctuations	667.35	1120.17
	Miscellaneous	2178.03	1563.08
		<u>81280.22</u>	<u>66575.59</u>
	*Includes Generation tax of Rs. 943.51 lakh relating to earlier years (Previous Year Rs.NIL)		
<b>26)</b>	<b>FINANCE COST</b>		
	Term Loans	6611.98	4716.68
	Working Capital	5626.66	6609.36
	Fixed Deposits	0.00	0.07
	Others	582.51	771.02
		<u>12821.15</u>	<u>12097.13</u>

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Note No.	Particulars	As at 31/03/2014	As at 31/03/2013
<b>27)</b>	<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		
	<b>(TO THE EXTENT NOT PROVIDED FOR)</b>		
	<b>A) CONTINGENT LIABILITIES</b>		
a)	Claims against the company not acknowledged as debts - Statutory Dues		
i)	Income-tax	<b>6885.27</b>	4865.88
ii)	Wealth Tax	<b>19.46</b>	19.46
iii)	Custom Duty	<b>271.21</b>	271.21
iv)	Excise Duty	<b>32769.15</b>	29716.39
b)	Claims against the company not acknowledged as debts - Others		
i)	Corporate Office - Land	<b>22.80</b>	22.80
ii)	Land Acquisition Claims	<b>136.12</b>	134.60
iii)	Cess on Land Lease at Perungudi - Wind farm	<b>92.74</b>	92.74
iv)	Interest on Water Royalty paid belatedly	<b>82.48</b>	82.48
v)	Lease - Wind Mill	<b>8.12</b>	8.12
vi)	Interest - ABFSL	<b>138.24</b>	138.24
vii)	Property Tax	<b>0.00</b>	288.39
viii)	Generation tax & interest on Generation Tax	<b>1429.63</b>	2373.14
ix)	Others	<b>257.26</b>	96.37
c)	Concession in custom duty availed for imports cleared under EPCG Scheme	<b>1550.16</b>	2816.79
d)	Solar Purchase Obligation	<b>0.00</b>	990.00
e)	Revenue sharing agreement under captive plantation	Non-Quantifiable	
f)	Guarantees issued by the banks on behalf of the Company	<b>2633.06</b>	4263.69
g)	Letter of Credit issued by banks on behalf of the Company		
	Unit - 1 - Paper	<b>10142.26</b>	6984.87
	Unit - 2 - Multilayer Coated Board Plant	<b>35012.04</b>	0.00
	Sub-Total (A)	<b>91450.00</b>	53165.17
	<b>B) COMMITMENTS</b>		
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Regular Capital Project	<b>1060.12</b>	3551.36
	Unit - 2 - Multilayer Coated Board Plant	<b>71253.43</b>	0.00
	Sub-Total (B)	<b>72313.55</b>	3551.36
	<b>Total (A) + (B)</b>	<b>163763.55</b>	56716.53



## NOTES TO ACCOUNTS

(Rs.in Lakh)

Sl. No.	Particulars	2013 - 2014	2012 - 2013
28)	<b>I) Additional Information:-</b>		
	<b>a) Value of Raw Materials, Chemicals, Stores &amp; Spare Parts consumed</b>		
	<b>i) Major Raw Materials consumed</b>		
	<b>a) Indigenous</b>		
	Wood	20538.51	17465.84
	Bagasse @	23977.17	22281.73
	Waste Paper	2436.17	0.00
	LSFM - Rawmaterials	850.44	0.00
	Total (a)	47802.29	39747.57
	<b>b) Imported</b>		
	Imported Pulp	6567.84	8736.26
	Waste Paper	5393.73	0.00
	Total (b)	11961.57	8736.26
	Total - (a) + ( b )	59763.86	48483.83
	Indigenous - Percentage on Total Consumption	79.99%	81.98%
	Imported - Percentage on Total Consumption	20.01%	18.02%
		100.00%	100.00%
	<p>@ Bagasse is procured both from open market and under barter arrangement with various sugar mills by exchange of 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</p>		
	<b>ii) Chemical consumed</b>		
	Indigenous	19071.01	17632.72
	Imported	2742.58	1926.14
	Total	21813.59	19558.86
	Indigenous - Percentage on Total Consumption	87.43%	90.15%
	Imported - Percentage on Total Consumption	12.57%	9.85%
		100.00%	100.00%
	<b>iii) Stores and Spares consumed</b>		
	Indigenous	6764.84	8676.26
	Imported	4848.27	2744.90
	Total	11613.11	11421.16
	Indigenous - Percentage on Total Consumption	58.25%	75.97%
	Imported - Percentage on Total Consumption	41.75%	24.03%
		100.00%	100.00%

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Sl. No.	Particulars	2013 - 2014	2012 - 2013
iv)	<b>Fuel</b>		
	<b>Factory</b>		
	Indigenous	7554.84	5982.44
	Imported	21421.96	16845.33
	Sub-Total (a)	28976.80	22827.77
	<b>Offsites</b>		
	Indigenous	339.64	99.32
	Imported	15011.13	10608.03
	Sub-Total (b)	15350.77	10707.35
	Total - (a) + ( b )	44327.57	33535.12
	Indigenous - Percentage on Total Consumption	17.81%	18.14%
	Imported - Percentage on Total Consumption	82.19%	81.86%
		100.00%	100.00%
b)	<b>Foreign Currency Transactions:</b>		
i)	<b>Earnings in Foreign Currency</b>		
	FOB Value of Exports	33436.35	29704.48
	CDM Receipts	0.00	17.82
ii)	<b>Value of imports calculated on CIF values</b>		
	Wood pulp	5911.30	3776.59
	Chemicals	2382.17	1630.21
	Waste Paper	5363.47	0.00
	Stores & Spares	5386.27	2596.09
	Coal	30182.63	22339.47
	Capital Goods	456.87	1145.76
iii)	<b>Other expenditure in Foreign Currency</b>		
	Engineering and Supervisory Charges	241.29	144.89
	Interest	1627.94	2688.57
	Others	202.99	144.25
iv)	<b>Dividend remitted in Foreign Currency</b>	2012-13	2011-12
	No. of Non-Resident Shareholders	6	6
	No. of Shares held by Non-Resident Shareholders	1900	1900
	Dividend	0.10	0.10
c)	<b>Details of Auditors Remuneration</b>	2013-14	2012-13
	a) Statutory audit	7.50	6.00
	b) Limited Review	1.88	1.50
	c) Tax audit	1.25	1.00
	d) Certification fees	1.85	4.55
	e) Relating to previous years		
	- Statutory Audit	1.50	0.00
	- Tax Audit	0.25	0.00
	Total	14.23	13.05

## NOTES TO ACCOUNTS

(Rs.in Lakh)

Sl. No.	Particulars	2013 - 2014	2012 - 2013
<b>d)</b>	<b>Earning Per Share (EPS)</b>		
	Weighted Average Number of Shares	<b>69210600</b>	69210600
	Number of Shares outstanding at year end	<b>69210600</b>	69210600
	<b>EPS (Rs.)</b>	<b>23.29</b>	13.22
<b>e)</b>	<b>Intangible Assets - Expenditure on Research &amp; Development</b>		
	Salaries & Wages	<b>103.13</b>	123.31
	Repairs and Maintenance	<b>20.79</b>	11.30
	Depreciation	<b>42.03</b>	40.27
	Chemicals	<b>129.30</b>	275.06
	Total	<b>295.25</b>	449.94
	Note: The above items have been included under the respective natural heads of expenditure in the statement of Profit and Loss.		
<b>f)</b>	<b>Amount due to Micro, Small and Medium Enterprises Development Act, 2006 registered suppliers</b> (Based on the status confirmation received from suppliers)		
	a) Amount due and outstanding to suppliers at the end of accounting year	<b>2085.77</b>	471.66
	b) Interest paid during the year	<b>Nil</b>	Nil
	c) Interest payable at the end of accounting year	<b>Nil</b>	Nil
	d) Interest accrued and unpaid at the end of accounting year	<b>Nil</b>	Nil
<b>g)</b>	<b>OTHER CURRENT LIABILITIES:</b>		
	<b>Other payables includes:</b>		
	a) Rs.2410.35 lakh being the guarantee commission in respect of IBRD Loan guaranteed by Govt. of India lying since 2002		
	b) Rs.2590.46 lakh being Electricity Generation Tax for the generation of energy from captive generation plant for own use.		
<b>h)</b>	Confirmation of balances from Debtors, Creditors and for Loans and Advances have been received and the same is being reconciled		
<b>i)</b>	Farm Forestry Expenditure is charged-off to the Statement of Profit and Loss, in the year in which it is incurred, since it could not be matched with wood procured from farmers.		
<b>j)</b>	Non Moving Stores & Spares		
	Stores and spares not drawn for use for more than three years as at the end of the year are charged to revenue. Such stores and spares are carried at nil value in the books and in the year of issue, charged to revenue at nil value.		

## NOTES TO ACCOUNTS

(Figures in Million)

Sl. No.	Nature of Exposure and Currency	31.03.2014	31.03.2013	Underlying Risk Coverage
	<b>k) a) Outstanding Forward Contracts &amp; Financial Instruments which are in substance Forward Contracts</b>			
	i) Firm and Future Commitments / Probable future Transactions			
	Exports - USD	16.568	40.852	USD / INR
	Imports - Revenue - USD	8.101	8.338	USD / INR
	Imports - Revenue - EURO	0.100	0.096	EURO/INR
	ii) Balance Sheet Items			
	Packing Credit - USD	9.000	17600	USD / INR
	Buyers' Credit - USD	31.692	14.284	USD / INR
	Suppliers' Credit - USD	3.072	14.346	USD / INR
	Term Loan - FCNR (B)	7.326	0.000	USD / INR
	Term Loan - ECB Loan - USD-Interest Rate Swap	3.750	7.500	USD / INR
	Term Loan - ECB Loan - JPY	52.570	391.590	JPY / USD
	<b>b) Unhedged Foreign Currency Exposure - Assets &amp; Liabilities</b>			
	Term Loan - ECB Loan - JPY	883.019	1764.980	JPY / INR
	Term Loan - ECB Loan - USD	12.750	26.500	USD/INR
	Term Loan - FCNR (B) Loan - USD	16.222	27.036	USD/INR
	Term Loan - FCNR (B) Loan - USD	7.326	8.619	USD/INR
	Outstanding Export Bills - USD	1.964	6.728	USD/INR

**I) THE MOVEMENT IN HEDGING RESERVE DURING THE YEAR ENDED 31ST MARCH, 2014 FOR DERIVATIVES DESIGNATED AS CASH FLOW HEDGE IS AS FOLLOWS:**

(Rs.in Lakh)

Sl. No.	Particulars	Hedge relating to Firm Commitment	Hedge relating to forecast Transactions	Total
1	Balance at the beginning of the year	(3.14)	631.18	628.04
2	Changes in the fair value of hedges at the exchange rate on the date of settlement of the underlying transactions	(5.82)	(1614.94)	(1620.76)
3	Gains/(Losses) transferred to the Statement of Profit & Loss / carrying cost of Non Monetary assets/liabilities	(8.96)	(983.76)	(992.72)
4	Changes in the fair value of the effective portion of the outstanding cash flow hedges.	(124.97)	543.39	418.42
5	Gains/(losses) Relating to discontinued cash flow hedge transferred to the Statement of Profit & Loss.	0.00	0.00	0.00
6	Balance at the year end - 31.03.2014	(124.97)	543.39	418.42

**II a) SIGNIFICANT ACCOUNTING POLICIES****AS - 1 Disclosure of Accounting Policies**

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

**Use of Estimates:**

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

**AS - 2 Valuation of Inventories**

- a) Inventories excluding wood from captive plantation are valued at cost or net realisable value, whichever is lower. 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, except note books where stocks are valued at lower of cost and net realisable value on FIFO Basis.
- b) Wood from captive plantation is valued at cost (incurred till date of felling) or market price whichever is less. Standing Crops are valued at the total amount of expenditure incurred (including land development expenditure), adjusted for failed plantation costs and incidental revenue realized.
- c) Bagasse consumption value and stock is valued at weighted average cost, net of taxes and duties eligible for credit.
- d) Work-in-Process  
Paper in process is valued at cost which includes cost of inputs, net of taxes and duties eligible for credit and overheads upto the stage of completion.
- e) Non Moving Stores & Spares  
Stores and spares not drawn for use for more than three years as at the end of the year are charged to revenue. Such stores and spares are carried at nil value in the books and in the year of issue, charged to revenue at nil value.

**AS - 3 Cash Flow Statements**

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

**AS - 4 Events occurring after the Balance Sheet Date**

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

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

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

**AS - 6 Depreciation Accounting**

- a) Depreciation on fixed assets is provided on straight-line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- b) Depreciation on additions / deductions in respect of fixed assets are charged pro-rata from / upto the date in which the asset is available for use / disposal
- c) Depreciation on addition to assets (which are to supplement the usage of the parent asset) is provided as detailed below: -
  - i) In respect of additions to existing Buildings, Depreciation has been provided prospectively over the residual life of the parent asset from the beginning of the year in which such additions are made.
  - ii) In respect of additions to existing Plant and Machinery, Depreciation has been provided prospectively over the residual useful life of the parent asset from the beginning of the year in which such addition is made.
  - iii) In respect of rebuild / upgrade of machinery leading to substantial capacity expansion, depreciation is provided on straight line basis at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956.

- d) In respect of modernisation programme leading to replacement of existing assets, depreciation is provided over the remaining useful life of the assets getting replaced.
- e) In respect of Individual Assets costing less than Rs.5000/-, full depreciation has been provided in the year of addition.
- f) In respect of specific spares  
Machinery spares specific to an item of fixed asset costing Rs.3 lakh and above per individual unit are treated as addition to fixed asset and depreciation provided over the remaining useful life of the parent asset. In the year of issue, written down value of such spares are charged as depreciation. Spares acquired during the year and issued for use during the year is treated as addition to fixed asset and 100% depreciation is provided.
- g) Pending renewal of agreements with some of the sugar mills, depreciation on fixed assets at such Offsite is provided on straight-line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 considering the continued arrangement for procurement of bagasse from sugar mills.

#### **AS - 9 Revenue Recognition**

- a) Sales are accounted net of excise duty, sales tax and sales returns.
- b) Other items of revenue are recognised in accordance with the Accounting Standard (AS-9). Accordingly, where there are uncertainties in the ascertainment /realisation of income such as interest from customers (upon factors such as financial condition of the person from whom the same is to be realised) / Liquidated damages recovered from suppliers / contractors, the same is not accounted for.
- c) Liquidated damages and penalties recovered from suppliers/contractors, in relation to fixed assets are credited to 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.
- d) CDM benefits are recognized in the Statement of profit and loss upon issue of CER by the Executive Board of CDM and Execution of Emission Reduction Purchase Agreement with the Buyer.
- e) Renewable Energy Certificate (REC) benefits are recognized in the statement of Profit and Loss on sale of REC's.

#### **AS - 10 Accounting for Fixed Assets**

##### **Fixed Assets**

- a) Fixed Assets are stated at cost of construction or acquisition less accumulated depreciation. Costs attributable to bring the fixed assets to a working condition are capitalised net of taxes and duties eligible for credit.
- b) Additional compensation for lands acquired from farmers under Land Acquisition Act, 1894 is capitalised with the cost of the land in the year of payment based on final award of compensation by appropriate authority.
- c) Operating software is capitalised with the related fixed assets.
- d) Machinery spares specific to an item of fixed asset are treated as addition to fixed asset.

##### **Capital Work-in-Progress**

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

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

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

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

- a) Foreign currency monetary items such as current assets and current liabilities are initially recognized at the exchange rate on the date of the transaction. These items are reported at the closing rate on the balance sheet date.
- b) Forward exchange contracts or other financial instruments, that are in substance, forward exchange contracts entered into for hedging the monetary items are initially recognized at the exchange rate on the date of inception of the Forward Contract. The company does not enter into any forward contracts for trading or speculative purposes.
- c) The Premium or Discount arising at the inception of such a Forward Contract is amortised as expense or income over the life of the contract.
- d) Forward contracts are reported at the closing rate on the date of the balance sheet.
- e) Exchange differences other than those covered under para(g) arising on reporting the above items at rates different from which they were initially recorded during the period or reported in the previous financial statements are recognized as income / expenditure in the Statement of Profit and Loss.



- f) Contingent liabilities denominated in foreign currency at the balance sheet date are disclosed using the closing rate.
- g) Pursuant to insertion of paragraph 46A in Accounting Standard – 11 (AS-11) by the Companies (Accounting Standard) (Second Amendment) Rules, 2011 vide Notification GSR 913(E) & Notification No.GSR 914(E) dated 29-12-2011, issued by the Ministry of Corporate Affairs, Government of India, 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 with effect from 01-04-2011.

#### **AS - 12 Accounting for Government Grants**

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

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

#### **AS - 13 Accounting for Investments**

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

#### **AS - 15 Employee Benefits**

- a) Short term employee benefits are charged at the undiscounted amount to Statement of Profit and Loss in the year in which the related service is rendered.
- b) Defined benefit plan / long term compensated absence
  - i) Provident Fund

The Company pays fixed contribution to provident fund at pre – determined rates to a separate irrevocable trust approved by the Commissioner of Income Tax, which invests the fund in permitted securities. The contribution to the fund for the period is recognised as expenses and is charged to 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.

- ii) Gratuity and long term compensated absence:

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.

- c) Defined Contribution

Defined contributions towards retirement benefits in the form of Pension and Superannuation Fund for the year are charged to Statement of Profit and Loss.

#### **AS - 16 Borrowing cost**

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

#### **AS - 17 Segment Reporting**

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

**AS - 18 Related Party Transactions**

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

**AS - 19 Leases**

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

**AS - 20 Earnings per Share**

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

**AS - 22 Accounting for Taxes on Income**

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

**AS - 26 Intangible Assets****General:**

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

**Research and Development:**

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

**AS - 28 Impairment of Assets**

The Company determines the Impairment of Assets based on Cash Generating Units. For this purpose, the Cash Generating Units have been based on segments of operations, viz., 'Paper & Pulp', 'Energy' and 'Cement'. The impairment loss will be provided if the carrying amount exceeds recoverable amount.

**AS - 29 Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

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

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

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

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

**b) Accounting Standard Disclosures:****i) AS - 15 – Employee Benefit**

- a) The fair value of the assets of the provident fund trust including the return on the assets thereof, as on the balance sheet date is greater than the obligations under the defined contribution plan, as determined by the actuary and requires no further charge to Statement of profit and loss.

**b) Other Defined Benefits****(Rs. in Lakh)**

TYPE OF PLAN	GRATUITY		LEAVE ENCASHMENT	
	2013-14	2012-13	2013-14	2012-13
PERIOD OF DISCLOSURE	UNFUNDED		UNFUNDED	
<b>RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>				
PVO as at the beginning of the period	6764.15	5986.18	2354.37	2056.35
Interest Cost	540.31	499.63	179.80	163.14
Current service cost	315.91	290.80	235.53	352.52
Benefits paid	(187.16)	(353.10)	(269.20)	(318.74)
Actuarial loss/(gain) on obligation (balancing figure)	(175.57)	340.64	497.07	101.10
PVO as at the end of the period	7257.64	6764.15	2997.57	2354.37
<b>EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS</b>				
Current service cost	315.91	290.80	235.53	352.52
Interest Cost	540.31	499.63	179.80	163.14
Expected return on plan assets	0.00	0.00	0.00	0.00
Net actuarial (gain)/loss recognized in the year	(175.57)	340.64	497.07	101.10
Expenses recognized in the Statement of Profit and Loss	680.65	1131.07	912.40	616.76
<b>Net Assets(Liability) recognised in the Balance Sheet</b>				
Present value of obligation	7257.64	6764.15	2997.57	2354.37
Fair value of plan assets	0.00	0.00	0.00	0.00
Difference	7257.64	6764.15	2997.57	2354.37
Liability recognized in the Balance Sheet	7257.64	6764.15	2997.57	2354.37
<b>ASSET/LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>				
Opening net liability	6764.15	5986.18	2354.37	2056.35
Expense as above	680.65	1131.07	912.40	616.76
Contribution paid	(187.16)	(353.10)	(269.20)	(318.74)
Closing net liability recognized in Balance Sheet	7257.64	6764.15	2997.57	2354.37
<b>PRINCIPAL ACTUARIAL ASSUMPTIONS</b>				
<b>[Expressed as weighted averages]</b>				
Discount Rate	9.10%	8.10%	9.10%	8.10%
Salary escalation rate	8.00%	6.75%	8.00%	6.75%
Attrition rate	3.00%	3.00%	3.00%	3.00%
Expected rate of return on plan assets				
<b>ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR</b>	200.00	350.00	300.00	300.00

## ii) Segment Reporting: (AS 17)

## a) Primary Segments

(Rs. In lakh)

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013
	Paper		Energy		Cement		Total	
<b>1 Segment Revenue</b>								
a) External Sales	218080.86	179113.69	1328.69	1282.06	4759.53	0.00	224169.08	180395.75
b) Inter Segment Sales	0.00	0.00	28296.72	24124.99	0.00	0.00	28296.72	24124.99
Sub-Total	218080.86	179113.69	29625.41	25407.05	4759.53	0.00	252465.80	204520.74
Less: Inter Segment Revenue			28296.72	24124.99			28296.72	24124.99
Net Sales / Income from Operations			1328.69	1282.06			224169.08	180395.75
<b>Total Segment Revenue</b>	218080.86	179113.69	1328.69	1282.06	4759.53	0.00	224169.08	180395.75
<b>2 Segment Results</b>	34409.64	25488.95	367.93	607.63	(735.05)	0.00	34042.52	26096.58
(Profit (+) / Loss (-) before tax and Interest)								
<b>Less:</b>								
i) Interest							12821.15	12097.13
ii) Other unallocable expenditure net of unallocable income							953.80	1388.82
iii) Exceptional Items							0.00	0.00
<b>Profit Before Tax</b>							20267.57	12610.63
Provision for Taxation							4149.81	3462.63
<b>Profit after Tax</b>							16117.76	9148.00
<b>3 Other Information</b>								
Segment Assets	276498.45	297511.36	37491.24	20619.16	15035.00	0.00	329024.69	318130.52
Unallocated Corporate Assets							17430.63	29971.42
<b>Total Assets</b>	276498.45	297511.36	37491.24	20619.16	15035.00	0.00	346455.32	348101.94
Segment Liabilities	54344.55	41755.20	1715.24	305.33	6507.16	0.00	62566.95	42060.53
Unallocated Corporate Liabilities							89584.34	99322.18
<b>Total Liabilities</b>	54344.55	41755.20	1715.24	305.33	6507.16	0.00	152151.29	141382.71
Capital Expenditure (excludes unallocated corporate capital expenditure of Rs. 134.33 lakh. (previous year Rs.27.41 lakh)	24128.42	7127.84	15854.31	939.10	14053.40	0.00	54036.13	8066.94
Depreciation (excludes other unallocated corporate depreciation of Rs.56.63 lakh. Previous year Rs. 59.48 lakh)	16428.09	15609.93	2037.83	1829.20	709.17	0.00	19175.09	17439.13

**b) Geographical Segment****(Rs. In lakh)**

Particulars	India		Rest of the world		Total	
	31.03.14	31.03.13	31.03.14	31.03.13	31.03.14	31.03.13
<b>Revenue from external customers</b>	<b>190206.05</b>	149106.60	<b>33963.03</b>	31289.15	<b>224169.08</b>	180395.75

**iii) RELATED PARTY DISCLOSURES (AS 18):**

The Company has paid the following remuneration during the year to its Chairman and Managing Director (CMD), Deputy Managing Director (DMD) and Director (Operations) / Whole Time Director (WTD) and is included in Employee Benefit Expenses (Note No.24):

**(Rs. In lakh)**

Particulars	2013-2014				2012-2013		
	CMD/MD	DMD/WTD	DO/WTD	Total	CMD/MD	DMD/WTD	Total
Pay and Allowances	2.82	24.65	16.26	43.73	5.25	23.81	29.06
Reimbursement of Medical Expenses	0.73	0.91	1.15	2.79	0.30	1.38	1.68
Other Perquisite	0.00	3.57	3.27	6.84	0.20	4.26	4.46
	3.55	29.13	20.68	53.36	5.75	29.45	35.20

**iv) IMPAIRMENT OF ASSETS (AS 28):**

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

**III) GENERAL**

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

**C. V. SANKAR, IAS**  
Chairman & Managing Director  
(DIN. 00703204)

**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, 2014

**V. SIVAKUMAR**  
Company Secretary

**G. VASUDEVAN**  
Partner  
Membership No.020739

**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.

To

(In Case of Electronic Holding)  
 The Depository Participant

Dear Sir,

**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 :

Signature of the First Shareholder

Date :



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