



Tamil Nadu
Newsprint and Papers
Limited



Annual Report 2010-2011

Scaling new peaks in
performance and growth



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COMPANY INFORMATION

Board of Directors

Dr.N Sundaradevan IAS	Chairman
Thiru T K Ramachandran IAS	Managing Director
Thiru Rajeev Ranjan IAS (Chairman till 20.5.2011)	Director
Thiru A Velliangiri	Deputy Managing Director
Thiru V Narayanan	Director
Thiru N Kumaravelu	Director
Thiru D Krishnan	Director

Registered Office:	67, Mount Road, Guindy, Chennai – 600 032.
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Factory:	Kagithapuram – 639 136, Karur District, Tamil Nadu.
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Auditors:	P.B. Vijayaraghavan & Co., Chartered Accountants, No.14 (Old No. 27), Cathedral Garden Road, Nungambakkam, Chennai 600 034.
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Bankers:	Canara Bank DBS Bank Ltd. HDFC Bank Ltd. Indian Bank Indian Overseas Bank Oriental Bank of Commerce State Bank of India State Bank of Patiala State Bank of Travancore Syndicate Bank The Hongkong and Shanghai Banking Corporation Ltd. The Karur Vysya Bank Ltd.
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Scaling new peaks in performance and growth - PM 3

Scaling new peaks in
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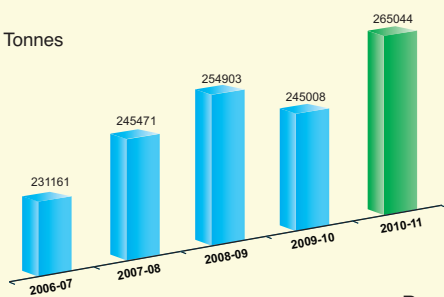
Achievements 2010-11

- Annual Sale crossed Rs.1000 Crore for the third consecutive year. Current year sales of Rs.1184.44 Crore is the highest ever achieved.
 - The Profit after tax increased by 18.20% from Rs.126.06 crore to Rs.149.00 crore despite increase in input costs.
 - The production capacity increased from 2,45,000 tonnes per annum to 4,00,000 tonnes per annum.
 - Export Sales leaped from 50,394 MTs. to 64,776 MTs.
 - Hardwood Pulp production increased to 97,492 MTs. from 95,514 MTs in the previous year.
 - Pulpwood plantation touched a new peak of 15,379 acres in a single year.
 - The Bio-methanation Plant generated 59.34 lakh cubic metres of methane gas enabling the company to save consumption of 3,545 KL of furnace oil.
 - Adjudged the best performer at the National level in Pulp & Paper category in the EVI Green Business Survey.
 - Received FSC Chain of Custody (C-o-C) and Controlled Wood Certificate from M/s Smart Wood Program of Rainforest Alliance, USA for complying with FSC-STD-40-004 and FSC-STD-40-005 standards.
 - Received National Award for “Excellence in Water Management 2010” from Confederation of Indian Industry (CII) for the best performance in Water Management in India among the Industrial Sectors.
-

Financial Highlights - 10 years at a glance

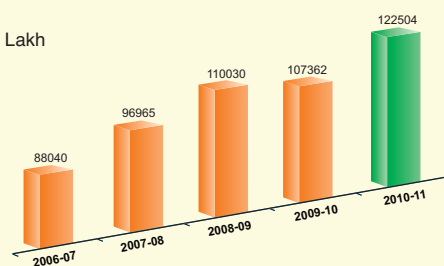
DESCRIPTION	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	REVENUE: (Rs. in lakhs)									
Sales & Other Income	55906	52885	58290	66823	80141	88040	96965	110030	107362	122504
PBIDT	15349	14919	14829	11727	18768	21455	26266	30792	31980	36274
Interest	3224	2863	1625	1622	1864	2052	2391	4927	4618	4424
Profit Before Tax	7026	6657	6858	3917	10147	12503	16306	15785	15806	19514
Tax	3495	1453	1578	122	2092	3897	5023	5047	3200	4615
Profit After Tax	3531	5204	5280	3795	8055	8606	11283	10738	12606	14899
	BALANCE SHEET: (Rs. in lakhs)									
Net Fixed Asset	68644	78875	76034	72836	81726	117782	128351	148396	209659	232442
Investments	114	114	815	114	114	114	1715	114	1140	114
Captive Plantation	23	23	33	147	198	289	304	504	962	1319
Net Current Asset	17360	10601	10988	15238	16464	10670	7699	20048	25993	31475
Total Capital Employed	86141	89613	87870	88335	98502	128855	138069	169062	237754	265350
Share Holders Fund	38040	41138	44868	46474	52212	57631	63990	66432	80450	91579
Borrowings	32511	31925	25399	25004	30814	55940	55244	80645	136291	148810
Deferred Tax Liability	15590	16550	17603	16857	15476	15284	18835	21985	21013	24961
Total	86141	89613	87870	88335	98502	128855	138069	169062	237754	265350
Return on Net Worth (%)	9.28	12.66	11.77	8.17	15.43	14.93	17.60	16.16	15.67	16.27
Book Value Per Share (Rs.)	54.63	59.07	64.43	66.74	75.44	83.27	92.46	95.99	116.24	132.32
EPS (Rs.)	5.15	7.57	7.66	5.47	11.66	12.43	16.30	15.52	18.21	21.53
Dividend (%)	25.00	27.50	27.50	27.50	30.00	40.00	45.00	45.00	45.00	50.00
Debt to equity	0.69	0.61	0.41	0.32	0.42	0.84	0.62	0.88	1.19	1.17

Metric Tonnes



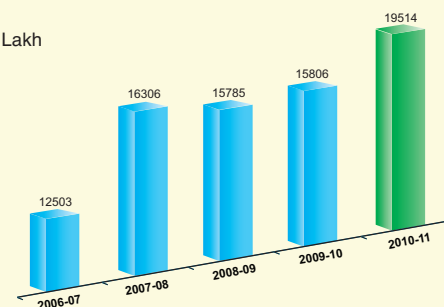
Production

Rs. In Lakh



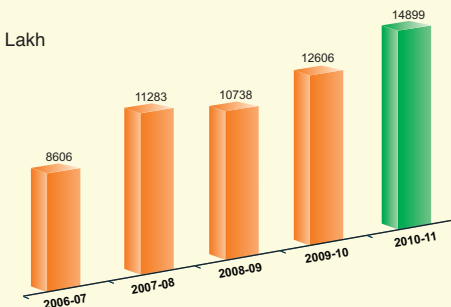
Sales & Other Income

Rs. In Lakh



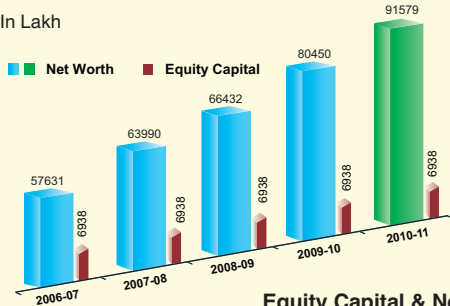
PBT

Rs. In Lakh



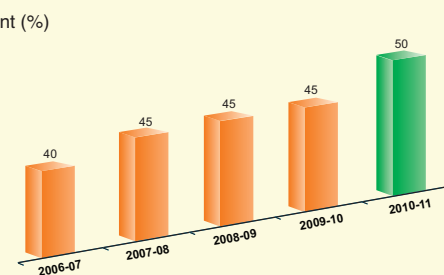
PAT

Rs. In Lakh

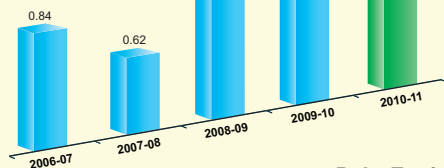


Equity Capital & Net Worth

Percent (%)

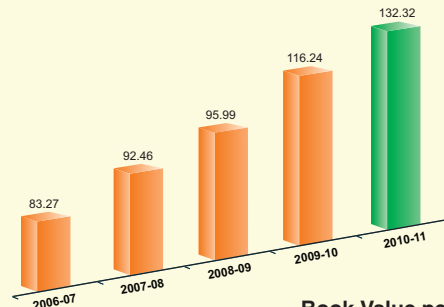


Dividend



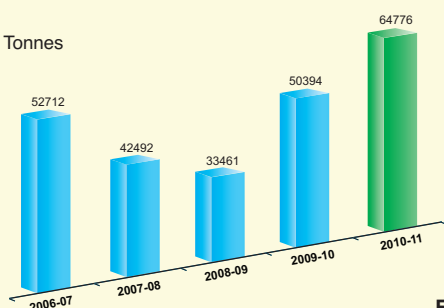
Debt-Equity Ratio

(Rs.)



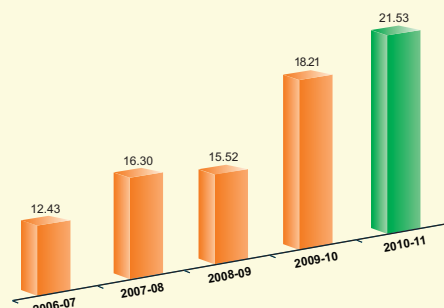
Book Value per share

Metric Tonnes



Exports

(Rs.)



EPS

Exploring possibilities in technology upgradation

TNPL has always been quick to embrace change and adapt itself to the emerging market demands. The company has always shown keen interest to enhance its production facility and deliverability using advanced technologies. TNPL's unstinted focus on Technology upgradation and capacity expansion helped the company achieve significant improvement in its processes, enhancement of productivity and quality, thus helping the organization maintain its leadership edge and competitive advantage in the Indian Paper Industry landscape.

Mill Expansion Plan (MEP)

TNPL has installed a state-of-the-art new Paper Machine supplied by Voith Paper, Germany, to increase the paper production capacity of the mill from 2,45,000 tpa to 4,00,000 tpa. The Machine has a 5.45 M deckle, operating at 1100 m/m speed capable of producing pigmented and surface sized varieties.

As a part of the Mill Expansion Plan, backward integration of Chemical Bagasse pulping line has also been implemented to have better pulp quality with reduction in environmental impact by using less water and less chemicals. The bagasse fibre line capable of producing 500 MT of bagasse pulp

per day is the world's largest single line for bagasse.

600 MT per day Cement Plant

TNPL is in the process of setting up a 600 tpd Cement Plant to process waste materials such as lime sludge and fly ash generated as a residue to produce high grade cement. The plant is likely to be commissioned by December 2011.

De-inking Pulp Plant

A 300 tpd modern de-inking pulp plant to augment in-house pulp capacity under implementation is likely to be commissioned by March 2012.



Revamping of Steam and Power System

To enhance the energy efficiency, it is proposed to replace three low pressure power boilers of a total capacity of 180 tph with a new 120 tph high pressure boiler and two TG sets with a single energy efficient TG set.

On-site Precipitated Calcium Carbonate (PCC) Plant:

Precipitated Calcium Carbonate (PCC) is used as a filler in papermaking to improve the quality of paper for high-end printing. TNPL has entered into an agreement with M/s. OMYA, Switzerland to set up a 60,000 tpa capacity plant within the mill premises to ensure continuous availability of PCC with substantial savings in cost. The plant is likely to be commissioned during next financial year.

R & D Department:

The company also has a result oriented R&D department, where research is done in the specific areas to help the company sustain and maintain its leadership status in the Indian paper market.

Focussed R&D helped the company achieve the following:

- Process Improvement
- Identify Fibrous Raw Materials
- Conserve water and environment
- New developments in Bio-technology
- Improvement in product quality
- New product development



Pasban Sheet Cutter



CBP III - Reclaim and Bagasse Washing



CBP III - 225 TPD Continuous Digester

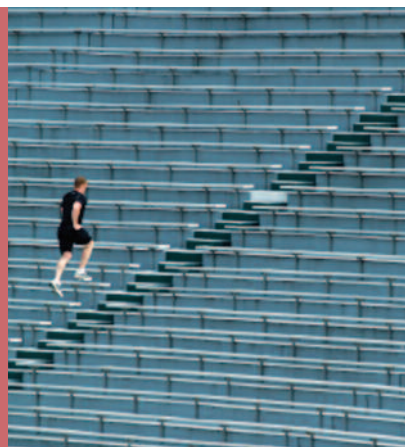


125 TPH Power Boiler No.6



Vapour Absorption Machine

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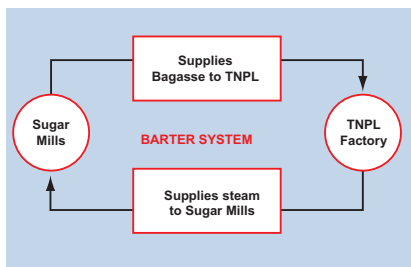
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Exploring possibilities in Sustainability and Environment Protection

TNPL is among the most environmentally compliant paper manufacturers in the world. The company makes paper using as little wood as possible to save forest and primarily uses sugarcane waste namely Bagasse, a renewable raw material which consumes less chemical for pulping and bleaching, resulting minimum impact on the environment.

TNPL has the distinction of being the largest Bagasse based paper mill in the World. Bagasse is used as a fuel in sugar mills and it is not freely available for purchase as a regular commodity. However, large quantities of Bagasse are required for paper making.

To source Bagasse uninterruptedly, TNPL developed an innovative unique barter model for getting Bagasse from sugar mills in exchange of steam. This is considered as a best example for inter-industry co-generation and public – private partnership for over 25 years.



Today, TNPL consumes 1 million tonnes of depithed Bagasse every year by establishing a long term tie-

up arrangement with eight sugar mills. Consumption of 1 lakh tonnes of Bagasse avoids cutting of trees in 30,000 acres of land every year.

TNPL, a minimum impact mill on the environment front:

The implementation of the Mill Development Plan, Mill Expansion Plan and water conservation measures have enabled TNPL to



reduce the water consumption from 108 KL per MT of paper in 2007-08 to about 55 KL as of date. The treated waste water discharge has been reduced from 83 KL per MT of paper in 2007-08 to about 40 KL as of date. Achieving a reduction of 49% in fresh water consumption and a reduction of 52% in the treated effluent discharge are quite significant and this has been achieved with huge investment keeping the environment concerns in the forefront.

The used mill water is treated thoroughly in a high efficiency waste treatment plant to meet the

standards prescribed by TNPCB. The treated waste water is used for irrigating 1665 acres of once barren lands adjacent to the mill. The irrigation is carried out through a scheme conceived as TNPL Effluent Water Lift Irrigation Scheme (TEWLIS) mooted in 1987 with over 460 beneficiary farmers. The lands which were once dry and parched are now lush green and a perennial source of revenue to the land owners. In addition, about 625 acres of land are irrigated with the treated waste water to grow Eucalyptus trees, out of which, 165 acres are covered under drip irrigation system.

Clean Development Mechanism (CDM) – Carbon Trading:

TNPL has set up a Bio-Methanation plant, generating bio-gas from a portion of the waste water generated in the mill. This is an innovative project for a paper industry drawing accolades from various environmental care forums. The bio-gas generated is used in Lime Kiln in replacement of furnace oil. In addition, this project was the first to be registered from paper industry world over under the Clean Development Mechanism (CDM) and 1,61,956 Certified Emission Reductions (CER) are issued so far and generated revenue of Rs.10.50 crore . Another 95,000 CERs generated from the above project is under verification.



TEWLIS irrigated land (Banana Trees)



Maize (Cholam) Plantation under TEWLIS



Tapioca Cultivation under TEWLIS



Harnessing 'green' power



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Exploring Possibilities in Plantation

With an aim to reach 100,000 acres by the year 2012-13, TNPL aggressively undertakes Farm Forestry Schemes in confluence with the farmers as it helps to improve their livelihoods.

The demand for wood is ever increasing. To meet the growing raw material demand and to sub-serve 1988 National Forest Policy Guidelines of the Government of India, TNPL involved itself for the first time in pulpwood plantation during the year 2004-05.

The plantation program was divided into two distinctive schemes, namely, Farm Forestry and Captive Plantation.

Farm Forestry:

This is basically about promoting tree plantation in private lands and produce is taken back by TNPL. Under this scheme, TNPL will supply seedlings to the farmers at subsidized rates and the produce is supplied to TNPL through a buy-back arrangement based on the guaranteed price or the then prevailing market rates whichever is higher. This benefits farmers to a great extent as it helps them to improve their livelihood and obviously it enjoys great patronage from farmers.

Captive Plantation:

The surplus lands belonging to individuals and institutions are utilized by TNPL on a lease arrangement and revenue from the produce is shared on a pre-fixed ratio. When the land owners prefer lease arrangement, lease rental is paid.

Till March 2011, TNPL has raised plantation in 66,599 acres and pursues its commitment of increasing plantation in 15,000 acres every year to attain the target of 1 lakh acres by the year 2012-13. As of 31.3.2011, 12,012 farmers' lands are covered under the scheme. By extending the scheme in 15,000 acres every year, TNPL will be adding about 4,000 farmers under the scheme additionally every year. When the scheme is



completed by the year 2012-13, about 25,000 farmers would have been covered under the scheme.

In addition to benefitting farmer community, the plantation programmes create positive impact on the eco-system where it is implemented as it stops soil erosion and further degradation of lands. Rational agro forestry systems under these programmes will provide a green

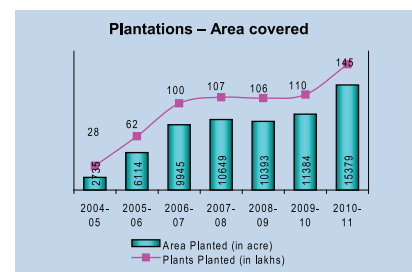
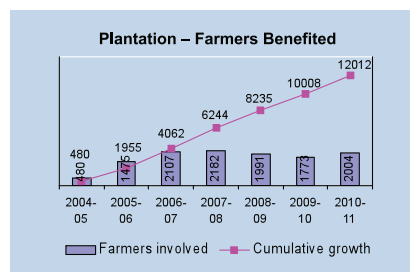
cover and thus restore the ecological balance of the operational area.

Implementing of the tree farming activity in 40,000 ha (1,00,000 acres) outside the forest area is a significant step towards converting the underutilized degraded wastelands into green cover. Further, by establishing pulpwood raw material outside the forest area, the same amount of natural forest remains protected without disturbance for pulpwood and firewood.

Clonal Propagation and Research Project:

To support the plantation programme, TNPL has set up one of the largest Clonal Propagation and Research Centres with a capacity of producing 1.50 crore saplings per year, adopting an integrated propagation approach of using both micro and macro propagation techniques for Eucalyptus, Casuarina and other pulp wood. The centre has 8,000 sq mtrs of fogging and misting chambers, 4,000 sq mtrs of hardening chamber and 10,000 sq mtrs of open nursery.

TNPL received Forest Stewardship Council (FSC) Chain-of-Custody and Controlled Wood Certificate from M/s. Smart Wood Program of Rainforest Alliance, USA to manufacture FSC certified products.





Agroforestry



Captive sites 2 year old at Kalugur



Casuarina Plantation



Clones at Mist Chamber



Farm Forestry 2 year old Plantation

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Corporate Social Responsibility

TNPL is committed to being a socially responsible organisation and has drawn up a well laid out CSR policy that aims to promote Economic, Social, Environmental and Cultural growth of the community at large in an equitable and sustainable manner.

The Company's goal is to protect and nourish the interests of all its stakeholders and contribute to sustainable development. Ethics, values and transparency form the basis of all its interactions within the community in which it operates. All its activities will be aligned to contribute to social aspirations of the community and will be carried out with integrity, honesty, dignity and decorum.

The company adopts two-pronged approach to community development. The primary focus is given to CORE areas consisting of 8 town panchayats surrounding the mill premises like Punjai Pugalur, Kagitha Aalai, Punjai Thottakurichi, Punnam, Vettamangalam, N Pugalur,

Thirukattuthurai and Kombupalayam followed by the PERIPHERAL areas for need-based activities in locations in other districts within Tamil Nadu.

The scope of CSR activities would be distributed to six identified sectors like education, health, infrastructure, economic development, environment and promotion of culture and heritage. Major thrust areas will be identified in consultation with the local panchayats. Projects would be prioritised yearwise and budget allocation made under various heads as below:

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

The company, in the meanwhile, has spent about Rs 2.52 crore on the CSR activities in the panchayats around the mill during 2009-10 and about Rs.3.24 crore in 2010-11. As a policy,

the company has decided to earmark approximately 3% of its profits after tax of the previous year for CSR activities in the corresponding year.

TNPL has received the Corporate Social Responsibility Award instituted by the Government of Tamil Nadu as one of the five corporates in the State for the year 2007-08.

Employee Welfare:

TNPL has established numerous employee welfare measures to make significant difference to their lives:

- A modern Township spread over 200 acres, housing 700 employees.
- Recreational facilities for indoor and outdoor games.
- A modern Sports Complex – one of the best facilities in the State of Tamil Nadu.
- A Higher Secondary School for over 2000 students with all the modern facilities.





Sponsorship to undergo Dip. in Paper Technology



Special Medical Camp on 19/12/10 at TNPL Community Hall



Talent Expo - 2010



Karur District Level Football Tournament Organised by TNPL in Jan. 2011



Cattle Care Camp at Olappalayam Village

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TNPL Product Profile

TNPL produces a wide portfolio of high quality surface sized and non-surface sized papers best suited for feeding in hi-tech printing machines. The papers come in various GSMs for various end-user applications.

Surface sized varieties:

Print Vista
Pigmented Paper
Elegant Printing
Superprint Maplitho

Non-Surface sized varieties:

Hitech Maplitho
Radiant Printing
Ace Marvel
Offset Printing
Creamwove

Salient Features of the key products

Print Vista

A premium product with highest degree of uniformity and almost zero two sidedness, Print Vista is a fast selling product for high-end printing segments like diaries, calendars, annual reports, brochures and catalogues and for other multi-colour, high resolution, high speed web and sheet fed offset printing. The product

comes with excellent surface features giving a fine texture and high opacity.

Pigmented Paper

Super Surface sized product with light weight coated properties. Coating on surface with specially customized chemicals makes Pigment Printing ideal for multi-color offset printing, high speed sheet fed and web offset machines.

Elegant Printing

The most preferred paper among printing units and Diary makers, Calendar makers, Text Book manufacturers etc., for its excellent surface finish and brightness.

Superprint Maplitho

Best suited for high speed printing. With its smooth surface and excellent finish ensures unmatched print evenness. This product consumes lowest ink while favouring high degree of runnability.

Hitech Maplitho

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

Radiant Printing

This non-surface sized paper offers good strength, shine and brightness. It is ideally suited for commercial grade printing such as Textbooks, Brochures and Student Exercise Notebooks.

Ace Marvel

A wonderful product that is ideal for different end-application requirements such as 'Thermal and Carbonless Coating', Notebooks, Dictionaries and Computer Stationery.

Offset Printing

With excellent internal bonding strength, this paper is ideal for high speed commercial offset printing, continuous stationery and low-end text books.

Creamwove

A traditional product that portrays the TNPL stamp of quality. This product is ideal for examination paper, general writing, text books and continuous stationery.

TNPL markets its products throughout the country and exports about 20% of its products to many countries across the globe.

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Branded Products

In the highly competitive paper market, TNPL has carved a niche as a Company that offers highest quality products and services that enhances the value for money.

TNPL Copier - Platinum

One of the widely acclaimed photocopy papers in the Country, with improved bulk and optimized fibre orientation, this premium copy paper ensures “jam-less duplex running”, “wrinkle free copying” with high dimensional stability. From high volume commercial copying to high quality speciality copying, “Copier Platinum” is the hottest selling and most environment friendly paper brand in India.

TNPL Copier remains to be ‘top-of-the-mind’ choice copier paper among the discerning customers in India. This international standard copier paper is available in 80 gsm and 75 gsm grades and in sizes A4, A3 and Legal. Excellent dimensional stability and curl resistance capabilities ensure ‘absolute copying comfort’.

Copy Crown

A super bright paper with high opacity is highly preferred among office segment, used for all day-to-day needs of an office. This cut-sized paper

comes in A4 size in 75 gsm and 80 gsm varieties. This paper performs to its best when used in Laser, Inkjet, Plain paper fax machines and digital copiers.

TNPL Perfect Copier

This 85 gsm paper is best suited for high quality printing, documentation etc. It can be used with inkjet and laser printers.

TNPL Eezee Write

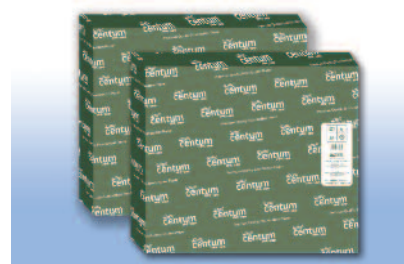
This is TNPL’s ready-to-use packaged writing paper. Marketed in Academy and Double Foolscap sizes, this bright and smooth surfaced paper makes writing on it a pleasure.

TNPL Printer’s Choice

A new cut-size, high quality, surface sized branded paper for publishing and printing, comes in commercial offset printing sizes.

Eco-friendly Exercise Notebooks

To cater to the needs of student community directly, TNPL produces premium soft-bound notebooks. Notebooks come in attractive and trendy wrapper designing, durable binding and high quality paper for smooth and hassle-free writing. These notebooks come in popular sizes and in attractive price range.



Exploring Possibilities on Energy Efficiency and Management

In its pursuit of excellence in environmental management, TNPL consciously works to reduce the carbon footprints by ensuring energy efficient technology in all its projects.

The company consumes bio-fuel and bio-gas to a larger extent in place of fossil fuel. Consumption of bio-fuel and bio-gas accounts for 43% of the total fuel consumed during the year 2010-11

	2010-11	2009-10
	MT.	MT.
Agro fuel	1664	134
Pith	62478	63034
Wood bark/dust	4663	4189
BL solids	404719	402067
Bio-Methanation gas (000 M ³)	5908	5765

The first Bio-Methanation plant was commissioned during June '03 and the second plant by December '08 for the generation of methane gas from bagasse wash water. These plants have generated 395.71 lakh M³ of methane gas till 31/03/2011. This gas has replaced the use of furnace oil in lime-kilns.

The first project, i.e. Plant I has been registered with UNFCCC as the country's first CDM project in the waste management sector. The second project, i.e. Plant II is under validation and is expected to be registered in the current financial year.

As a part of continuous improvement, the Bio-Methanation Plant I Reactor B was revamped at a cost of Rs.110 lakh during December '10. This has paved the way for the enhancement of bio-gas generation from 16,500 M³/day to 18,000 M³/day in Plant I.

The plant has reduced the green house gas emission to the tune of 66,000 Tons CO₂e due to methane avoidance and 8500 Tons CO₂e due to furnace oil saving for the year 2010-11.

TNPL is self-sufficient in power. The company has exported 295.37 lakh kWh captive power and 525.27 lakh kWh wind power during the year 2010-11 (previous year Captive Power 158.10 lakh kWh and wind power 526.74 lakh kWh)

To enhance the energy efficiency, it is proposed to replace three number of low pressure power boilers of a total capacity of 180 tph with a new 120

tph high pressure boiler and two TG sets with a single energy efficient TG set .

Non-Conventional Energy:

TNPL ventured into green energy generation by way of setting up wind farms. During 1993-94, the Company set up a 15 MW wind farm at Devarkulam and Perungudi wind belts of Tirunelveli district. Subsequently, the wind farm capacity has been increased to 35.50 MW in four phases of expansion as below:

1993-94	–	15.00 MW
2000-01	–	3.00 MW
2002-03	–	3.75 MW
2005-06	–	6.25 MW
2006-07	–	7.50 MW
Total	–	35.50 MW.

The wind farm has generated 598.70 kWh of power during the year (previous year 644.30 lakh kWh).



NOTICE

NOTICE is hereby given that the Thirtyfirst Annual General Meeting of the Members of Tamil Nadu Newsprint and Papers Limited will be held on Thursday the 15th September 2011 at 10.30 AM at the Music Academy Main Hall, 168 T T K Road, Alwarpet, Chennai 600 014 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2011, the Balance Sheet as at that date and the Reports of the Board of Directors and the Statutory Auditors and the comments of the Comptroller and Auditor General of India, thereon.
2. To declare dividend
3. To appoint a Director in the place of Thiru N Kumaravelu, who retires by rotation and being eligible offers himself for reappointment
4. To appoint a Director in the place of Thiru D Krishnan, who retires by rotation and being eligible offers himself for reappointment
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY resolution:

RESOLVED THAT consent of the Company be and is hereby accorded for the payment of remuneration of Rs.6,00,000/- to M/s.P B Vijayaraghavan & Co., Statutory Auditors, besides reimbursement of travelling and out of pocket expenses at actuals subject to other terms and conditions laid down by the Office of the Comptroller and Auditor General of India in their letter No.CA V/COY/Tamil Nadu,TNEWSP(1)/ 107 dt.13.7.2010

SPECIAL BUSINESS

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

RESOLVED THAT Dr.N Sundaradevan IAS be and is hereby appointed as Director of the Company.

BY ORDER OF THE BOARD

Place : Chennai

A VELLIANGIRI

Date :01.08.2011

Dy. Managing Director & Secretary

NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2) Proxies in order to be effective, must be lodged with the Company not later than 48 hours before the meeting.
- 3) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out under Item 6 is annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will be closed from 8.9.11 to 15.9.11 (both days inclusive).
- 5) The dividend for the year ended 31st March 2011 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 15th September 2011. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services(India) Limited for this purpose.
- 6) In accordance with the provisions of Sec.205A(5) of the Companies Act, 1956, the unclaimed dividend pertaining to the years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 would remain with the company for a period of 7 years, upon expiry of which they will be transferred to 'The Investor Education and Protection Fund'.
- 7) Members who have not encashed their dividend warrant(s) so far for the financial year ended 31st March 2004 or any subsequent financial year(s) are requested to make their claim to the company or to the company's Registrar and Share Transfer Agents.
- 8) Members 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
- 9) In case of any change of particulars including address, bank mandate & nomination of shares held in demat form 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.
- 10) 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. The company will

not be able to act on any such request from shareholders directly for deletion/change in the bank account details.

- 11) Members/Proxies are requested to bring the attendance slip sent with Annual Report duly filled in for attending the meeting.
- 12) 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 .
- 13) 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.
- 14) 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.
- 15) 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
- 16) 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
- 17) 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.
- 18) **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 dematerialised form with their respective Depository Participants and in respect of shares held in physical form with M/s.Cameo Corporate Services Ltd.**

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 N Kumaravelu

Age : 56 yrs

Qualification & Experience :

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

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

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

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

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

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

ITEM NO.4

Name : Thiru D Krishnan

Age : 64 years

Qualification : M.A.(Economics)

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

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

ITEM NO.6

Name : Dr.N Sundaradevan IAS

Age : 58 years

Qualification : M.Sc.(Chemistry)
Doctorate (Applied Demography)

Experience : Dr.N Sundaradevan IAS belongs to 1979 batch of Indian Administrative Service. Currently, Dr.N Sundaradevan IAS holds the position of Principal Secretary, Industries Department, Govt. of Tamil Nadu

Dr.N Sundaradevan 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 Petro Products Ltd.	Chairman	
Tamil Nadu Industrial Explosives Ltd.	Chairman	
Tamil Nadu Industrial Guidance & Exports Promotion Bureau	Chairman	
Titan Industries Limited	Director	
Tamil Nadu Industrial Development Corporation Limited	Director	
State Industries Promotion Corporation of Tamil Nadu Ltd.	Director	
TIDEL Park Limited	Director	
Neyveli Lignite Corpn.Ltd.	Director	
Tamil Nadu Trade Promotion Organisation	Director	
Nilakkottai Food Park Limited	Director	
Tamil Nadu Generation and Distribution Corporation Board	Director	
Tamil Nadu Transmission Corporation Limited	Director	

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**ITEM NO.6**

The Board of Directors of your Company have appointed Dr.N Sundaradevan IAS as an additional Director with effect from 27.5.2011. As an additional Director, Dr.N Sundaradevan IAS will hold the office of Director upto the date of AGM.

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

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

None of the Directors of the Company other than Dr.N Sundaradevan IAS is interested or concerned in the resolution.

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

BY ORDER OF THE BOARD

Registered Office:
67 Mount Road
Guindy
Chennai 600 032.

A VELLIANGIRI
Dy. Managing Director & Secretary

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the Thirtyfirst Annual Report and the Audited Accounts of your Company for the financial year ended 31.3.2011.

1. FINANCIAL RESULTS

The Financial performance of your company for the year under review is summarized in the table below:

	(Rs. in crore)	
Particulars	2010-11	2009-10
Sales	1184.44	1025.68
Other income	40.59	47.94
Operating Profit (PBIDT)	362.75	319.80
Interest and Finance charges	44.24	46.18
Gross Profit (PBDT)	318.51	273.62
Depreciation	123.37	115.56
Profit before tax	195.14	158.06
Provision for tax	46.14	32.00
Profit after tax	149.00	126.06
Balance brought forward	20.83	21.77
Profit Available for appropriation	169.83	147.83
APPROPRIATIONS		
Transfer to General Reserve	103.00	85.00
Debenture Redemption Reserve	5.70	5.68
Proposed Dividend	34.61	31.14
Tax on Dividend	5.61	5.17
Balance carried forward	20.91	20.84
	169.83	147.83

The company has achieved a higher PBDT and PAT compared to the previous year despite adverse conditions in the domestic and export markets and increase in input costs. This financial performance is indeed a commendable achievement by the Management.

2. DIVIDEND

Your Directors are pleased to recommend a dividend of 50% for the financial year ended 31.3.2011. The dividend, if approved by the shareholders, will be paid to all the equity shareholders whose names appear in the Register of Members as on 15.9.11. The dividend of 50 % for the year 2010-11 will cost the company Rs.40.22 crore, inclusive of taxes.

3. PERFORMANCE HIGHLIGHTS OF THE YEAR

1. Sales crossed Rs.1000 Cr. for the third consecutive year. Current year sales of Rs.1184.44 Cr. is the highest ever achieved so far.

2. The Profit after tax has increased by 18.20% from Rs.126.06 crore to Rs.149.00 crore despite increase in input costs.
3. The dividend has been increased to 50% from 45% in the previous year.
4. The production capacity is increased from 245,000 tonnes per annum to 400,000 tonnes per annum and the inhouse Pulp capacity from 720 tpd to 880tpd.
5. Exports Sales leaped dramatically from 50,394 MTs. to 64,776 MTs.
6. Hardwood Pulp production increased to 97,492 MTs. from 95,514 MTs in the previous year.
7. The wind farm generated 598.70 lakh units of Wind Power and earned a profit of Rs.4.56 cr.
8. Pulp wood plantation touched a new peak of 15,379 acres in a single year.
9. The Bio-methanation Plant generated 59.34 lakh cubic metres of methane gas enabling the company to save consumption of 3,545 KL of furnace oil.
10. Achieved capacity utilization of 99.91 % in PM 1 & PM 2 and 60.92% in PM 3 in the first 72 days of operation with no introductory discount for new products.
11. Adjudged as the best performer at the National level in Pulp & Paper category in the EVI Green Business Survey.
12. a) Received FSC Chain of Custody (C-o-C) and Controlled Wood Certificate from M/s Smart Wood Program of Rainforest Alliance, USA for complying with FSC-STD-40-004 and FSC-STD-40-005 standards.
b) Received National Award for "Excellence in Water Management 2010" from Confederation of Indian Industry (CII) for the best performance in Water Management in India among the Industrial Sectors.
13. The Mill Expansion Plan was completed during the year and the commercial production was commenced on 19.1.2011. Three other projects viz. setting up of a 300 tpd De-inking Plant, Revamping of power and steam system and setting up of a 600 tpd cement plant under lime sludge and fly ash management system are taken up for implementation during the year. The Cement Plant is likely to be completed by December 2011, De-inking plant by March 2012 and Revamping of power and steam system by April 2012.

4. CONTRIBUTION TO ENVIRONMENT/ POLLUTION CONTROL.

1. Your company has switched over completely from conventional bleaching to environmentally friendly ECF bleaching involving a capital outlay of Rs. 316 crore.

- Reduction in water consumption has made your Company the lowest in water consumption in manufacture of fine paper.
- Your Company has introduced 'Ozone Treatment System' in the effluent treatment as a tertiary treatment for improving the quality of effluent discharge.
- A Research project has been assigned to Tamilnadu Water Investment Company, Chennai for further improving the quality of effluent discharge. The pilot plant involving capital expenditure of about Rs.2.00 crore is under erection.
- Project work relating to converting waste lime sludge and fly ash generated in the paper mill into high grade cement has been taken up for execution. This will make TNPL one of the most eco-friendly companies in India.
- Continuous ambient air quality monitoring system has been commissioned to monitor the quality of air in the mill area.
- Your Company's windfarm with a total installed capacity of 35.5 MW at Devarkuarm and Perungudi in Tirunelveli District has generated 598.70 lakh kWh Units of "Green Power".

5. CONTRIBUTION TO SOCIETY

- Your company is committed to being a socially responsible corporate body and has spent Rs.3.24 crore under its Corporate Social Responsibility Programme (CSR) during the year.
- The CSR Policy of your company has as its aim, an expenditure of 3% of the profit of the previous year for CSR activities in the subsequent year.
- The CSR projects focus on promoting Economic, Social, Environmental and Cultural growth of the community at large in an equitable and sustainable manner in the areas surrounding the factory and in peripheral areas around the factory.

6. CONTRIBUTION TO INNOVATION AND NEW KNOWLEDGE DEVELOPMENT

- Your company gives great importance to all creative ideas in its Research and Development activities.
- The expenditure on R&D activities has increased to Rs.4.12 Cr. from Rs.3.53 Cr. in the previous year. The long term plan is to increase R & D investment to atleast 1% of the turnover, from the current level of 0.34%.
- The R & D activities focus on product development, process improvement, raw material substitution, development of new products and environment protection.
- R & D projects are carried out in-house. Projects are outsourced when necessary and warranted.

7. OVERALL PERFORMANCE- OTHER HIGHLIGHTS

The production and capacity utilization are given hereunder:

(Figures in MTs)

Particulars	2010-11				2009-10		
	PM I	PM II	PM III	Total	PM I	PM II	Total
Newsprint	-	-	-	-	-	-	-
PWP	116921	127861	20262	265044	114610	130398	245008
Total	116921	127861	20262	265044	114610	130398	245008
Capacity Utilisation (%)	99.91%		60.92%		100.00%		

Your company has achieved an overall capacity utilization of 99.91% in Paper Machines 1 & 2 and 60.92% in Paper Machine 3 in its first 72 days of operation. During the year, your company has not produced Newsprint. The entire resources were utilised to produce Printing & Writing Paper in order to improve profitability.

Power Exports during the year was 295.37 lakh units against 158.10 lakh units in the previous year. Total power generation during the year was 4561.23 lakh units against 4103.81 lakh units in the previous year. During the year, your company has drawn only 16.01 lakh units of power from the State grid, equivalent to 1% of the total consumption. Your company is therefore generating almost its entire requirements of power.

Bagasse stock at the end of the year was 3,39,837 MTs. With the implementation of several water conservation measures, water consumption stands reduced to 55 kl. per metric tonne. of finished production, the lowest in manufacture of fine paper using virgin fibre.

The Company has tied up term loans with Banks for financing the ongoing projects viz. De-inking Plant, Revamping of Power and Steam System and 600 tpd Cement Plant. Of the funds availed, pending crystallization of expenditure, the company has temporarily applied the loan proceeds of Rs.37.58 crore for general business operation. The unspent loan funds would be applied for the purpose when the expenditure crystallizes.

8. MARKET TRENDS

a) Printing and Writing Paper

The printing and writing paper demand and prices were affected adversely by the global economic slowdown since October 2008. Demand started improving from February 2010. The prices declined to about USD 700-750 per MT. during October-December 2008 and remained at that level until January 2010. Export prices started firming up slowly from February 2010. Your company has exported 64,776 MTs. of Printing & Writing Paper during the year against 50,394 MTs. in the previous year.

Since 2008, many major players in the Indian Paper Industry have expanded their capacities. With the

significant growth in consumption, the additional capacities have been fully absorbed.

Import duty on printing and writing paper has been retained at 10%. The excise duty was reduced from 8% to 4% effective 7th December 2008. This has subsequently been increased to 5% from 1st March 2011. Simultaneously, excise exemption allowed on the first 3500 MTs of PWP produced out of non-conventional raw material has also been withdrawn.

TNPL Copier Brand has become a household name in the copier segment.

b) Newsprint

Newsprint which registered a sharp price increase between July 2008 and January 2009 started declining since February 2009 and stabilized at about USD 600 per MT till May 2010. For most part of the current year, the imported newsprint was being traded at about USD 650 pmt. and since April 2011 being traded at about USD 690 pmt. The newsprint prices are volatile and uneconomical. In view of the low profitability, your company resorted to manufacture of printing and writing paper only.

9. OUTLOOK

a) Printing and Writing Paper

The per capita paper consumption is estimated at 9.2 kg. The demand has picked up from January 2011 in both the domestic market and exports.

Increase in spending by the Government on Education is likely to boost demand for writing paper from the academic segment. With the consistent economic growth, demand for packaging paper will also show improvement.

There has been a sharp increase in fuel and pulp prices during the year. Coal price increased by about 25%, Hardwood pulp by 15% and Softwood pulp by 25% during the year. The spiralling cost has prompted the Industry to increase prices to sustain margins.

b) Newsprint

The Newsprint production in the country during the year grew by about 3.2%. The growth in newsprint production is very low as majority of the demand is being met by imports. The imported newsprint is considered good in quality and lower in price.

10. FIXED DEPOSITS

Your company has stopped accepting fresh deposits from 1.6.2002 and renewals from 1.8.2005. The outstanding deposits as on 31.3.2011 was Rs.2.63 Lakhs against Rs.4.43 Lakhs in the previous year. Number of depositors as on 31.3.2011 was 15 against 25 depositors in the previous year. Since the depositors

are not available in the given addresses, the outstanding remains undistributed.

11. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year, the company has transferred a sum of Rs.5,81,760/- to the Investor Education and Protection Fund, the dividend amount which was due and payable and remained unclaimed and unpaid for a period of seven years, as required under Section 205A(5) of the Companies Act, 1956.

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

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

13. STATEMENT OF EMPLOYEES' PARTICULARS

None of the employees drew remuneration of Rs.60,00,000/- or more per annum / Rs.5,00,000/- or more per month 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.

14. DIRECTORS

Pursuant to the orders of Government of Tamil Nadu, Dr.N Sundaradevan IAS has been co-opted as an Additional Director w.e.f.27.5.2011 in place of Thiru Rajeev Ranjan IAS who has taken charge as Commissioner of Sugar. Dr.N Sundaradevan IAS will hold office upto the date of forthcoming Annual General Meeting and is eligible for appointment as Director in the Annual General Meeting. Further, vide Government Order dt.26.5.2011, Dr.N Sundaradevan IAS has been nominated as Chairman of the Company.

Vide Government Order dt.25.5.2011, Thiru Rajeev Ranjan IAS has been nominated as a Director on the Board of TNPL in place of Thiru Vikram Kapur IAS.

Tvl . N Kumaravelu and D.Krishnan, Directors retire by rotation and being eligible are seeking for re-appointment as Directors at the next Annual General Meeting.

15. COST AUDITORS

Pursuant to orders of the Department of Corporate Affairs, M/s S Mahadevan & Co, Cost Accountants, Chennai have been appointed as Cost Auditors of your Company for the year 2010-2011.

16. STATUTORY AUDITORS

The Comptroller and Auditor General of India has

appointed M/s. P.B Vijayaraghavan & Co., Chartered Accountants, Chennai as the Auditors of your Company for the year 2010-2011.

17. SECRETARIAL AUDITOR

Secretarial Audit of the company for the financial year ended March 31, 2011 has been carried out through M/s R. Sridharan & Associates, Practising Company Secretaries. The Secretarial Audit Report confirms that the company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreement with the Stock Exchanges and all the regulations of SEBI as applicable to the company.

18. INDUSTRIAL RELATIONS

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

19. DIRECTORS' RESPONSIBILITY STATEMENT

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

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 2011 on a going concern basis.

20. CORPORATE GOVERNANCE

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

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

21. 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, 2011 duly signed by the Managing Director and Deputy Managing Director was submitted to the Board of Directors at the meeting held on May 27, 2011.

22. ACKNOWLEDGEMENT

The Board has pleasure in recording its appreciation of the assistance, co-operation and support extended to your company by the shareholders, the Govt. of Tamil Nadu, the Commercial banks, Financial Institutions, the Depositors, Sugar Mills and the indentors. The Board also places on record its sincere appreciation towards the Company's valued customers for the support and confidence reposed by them in the organization and looks forward to the continuance of this mutually supportive relationship in future.

For and on behalf of the Board

DR.N SUNDARADEVAN
CHAIRMAN

Date: 27th May 2011
Place: Chennai 600032.

ANNEXURE - I

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

REPORT ON ENERGY CONSERVATION DURING THE YEAR 2010-11

I (A) Energy Conservation Measures taken:

- (a) 1) VFD has been installed for ten equipments with an energy saving of Rs.56.04 lakh per annum.
- 2) 32 Nos. of old rewound motors totalling 573 KW capacity have been replaced by energy efficient EFF1 motors resulting in savings of Rs.8.25 lakh per annum.
- 3) 4 Nos. of old aerators have been replaced with new improved design energy efficient aerators at ETP resulting in savings of Rs.15.72 lakh/annum.
- 4) Utilization of waste effluent sludge in Power Boiler equivalent to 3214 MTs of imported coal has resulted in savings of Rs.128.00 lakh/annum.
- 5) Firing of wood bark in Power Boiler equivalent to 644 MTs of imported coal has resulted in savings of Rs.25.60 lakh/annum.
- (b) Additional investments incurred in implementing the above proposals is Rs.80.00 lakh.
- (c) 1) Impact of the measures at (a) above for reduction of energy consumption Rs.233.61 lakh Per annum.
- 2) Impact on the cost of production per ton of paper Rs.88.14 /-.

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

PROCESS IMPROVEMENT

In continuation of the R & D findings in the laboratory, plant scale pulping and bleaching trials were undertaken using 100% debarked Casuarina wood. Considering the significant improvement in the pulp yield and reduction in chemical consumption and effluent load, the company has initiated action to instal debarking machines to debark the entire pulpwood and use only the debarked wood for pulping.

Enzyme conversion of native starch to replace oxidized starch has been implemented in the chemical additive plant in paper machine after successful lab and plant trials.

FIBROUS RAW MATERIALS

Screening and identification of Eucalyptus and Casuarina clones for higher pulp yield and pulp properties to improve productivity and end product quality is being undertaken. Erianthus arundinaceous (wild cane) as alternate captive fibre source for sugarcane bagasse is being investigated. About 25 acres of plantation trial to assess commercial viability is underway.

WATER CONSERVATION AND ENVIRONMENT

Sustained R & D process and technology improvement resulted in reduction in specific water consumption and pollution load. The results were presented in 7th National Award for Excellence in Water Management 2010, at CII-Godrej Green Business Centre, Hyderabad and TNPL was awarded as Excellence in Water Efficient Unit and Innovative case study.

In continuation of bench scale R & D study, Ozonation as a tertiary treatment in effluent treatment process has been implemented to reduce the colour in final effluent. Plant trials were conducted with milk of lime to replace Ferrous chloride to reduce Total Dissolved Solids (TDS) of anaerobic effluent. Implementation on plant scale will be decided after completion of back water clarification system in the Chemical bagasse pulp.

To reduce TDS in effluent, wastewater from EOP stage is recycled back to system and not allowed to let out from hardwood line. A pilot plant is under installation to study the technological feasibility of treating DHT effluent separately and recycle the water.

BIOTECHNOLOGY

Six Eucalyptus clones were identified based on pulp yield and properties and micro-propagation protocol for two clones were completed and two are under progress. Tissue culture protocol for Thornless bamboo is under progress. Melia dubia is one of the fast growing species used for bio-energy. Vegetative propagation technique for Melia dubia based on micro-propagation followed by mini cutting was completed to produce clonal seedlings for large scale production.

PRODUCT QUALITY IMPROVEMENT

Changeover to 100 % carbonate fillers in place of Soap Stone Powder as filler in paper and related evaluation studies were completed to fix suitable particle size distribution for PCC and GCC. This has improved paper properties in P M # 1 & P M # 2.

Pigment formulation for pigmented paper in PM # 3 and test printing studies were carried out.

NEW PRODUCT DEVELOPMENT

Print Vista: A new surface sized paper meant for high end four colour printing application was developed in the new state-of-the-art Paper Machine.

Platinum Copier: A new copier was developed in PM#3 with improved stiffness, even sided smoothness. This has resulted in a quantum jump in copier functional properties, like, stiffness and better image quality.

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

1. Significant improvement in the pulp yield reduction in chemical consumption and effluent load in pulp mill due to implementation of debarking
2. Specific reduction of starch cost due to implementation of enzyme conversion of native starch to replace oxidized starch.
3. Implementation of ozonation as a tertiary treatment reduced final mill effluent colour and increased dissolved oxygen content .
4. Recycling of wastewater from hardwood EOP stage in the system resulted in reduction of colour, Sodium and TDS in the final mill effluent
5. Improvement in Paper properties, such as, bulk (above 1.3 cc/g), Scattering coefficient (above 45 m2/kg), visual appeal, reduced show through and improvement in runnability in four colour offset printing.
6. Improved ash content in paper reduced specific consumption of pulp and improved operational economy.
7. Use of Antilinting Agent has significantly reduced fluff problems in the print room and associated customer complaint.
8. Introduction of two new paper grades, such as, Print Vista and Platinum Copier.

III FUTURE PLAN OF ACTION

- Implementation of Extraction Filtrate (EOP) recycling in Bagasse ECF Bleaching to reduce TDS and Sodium in effluent.
- Segregation of condensate to utilize high COD condensate for biogas generation and use it as RO feed after treatment.
- Implementation of ZLD pilot plant and completion of ZLD trial to assess techno-commercial viability of the process for bleach plant effluent.
- Use of Peracetic acid in bleaching to reduce ClO₂ and improve the bacterial count in paper machine backwater.
- Increasing paper ash: Trials proposed with 18% ash in PM#3 using PVA in SS soup.
- High Cobb copier: Impact of 30 Cobb of Copier in PM#3 on AKD consumption will be evaluated.
- Re-evaluation of Norms for Cationic starch, Carbonate fillers and packaging materials for improving input quality.
- Assessment of wet pick of paper to improve print-room performance.

- Pigmenting of paper: To fine tune the BASF recipe to improve brightness and print gloss.
- Development and optimization of micro-propagation protocol for improved pulp wood clones and Thornless bamboo.
- Assessment of improved High yield Eucalyptus clones in comparisons with regular Eucalyptus Hybrid at plant scale.

IV EXPENDITURE ON R&D (Rs. in lakh)

a) Capital	:	118.73
b) Recurring	:	293.49
c) Total	:	412.22
d) Total R&D expenditure as a per centage on turnover	:	0.35%

I (C) FOREIGN EXCHANGE EARNINGS

a. Activities relating to Exports

During the year , the company exported 64776 MTs. of Printing and Writing Paper valued at Rs.259.36 crores to Algeria, Armenia, Austria, Benin, Bulgaria, Cameroon, Egypt, Indonesia, Iran, Jordon, Kenya, Kuwait, Lebanon, Malaysia, Myanmar, Nigeria, Philipines, Saudi Arabia, Senegal, Singapore, South Africa, Srilanka, Sudan, Syria, Thailand, Tunisia, Turkey, Yemen, UAE etc.. Continuous efforts are being taken to increase exports by exploring new markets.

b. Foreign Exchange Earnings (Rs. in lakh)

Export of PWP (C&F value)	25935.66
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I (D) FOREIGN EXCHANGE OUTGO

a. Imports (on CIF basis) (Rs. in lakh)

Raw materials	3133.65
Components, Spare parts & chemicals	1803.67
Imported coal	30060.72
Capital goods	1418.03
Total	36416.07

b. Other than imports (Rs. in lakh)

Engineering & Supervision charges	1897.32
Interest	2067.72
Repayment of foreign currency loan	3362.00
Others	223.11
Total	7550.15

ANNEXURE - II

Form A
(See Rule 2)

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

S.No	Particulars	UOM	2010-2011 Current year	2009-2010 Previous year
(a)	Purchased			
	Unit	Lakh KWH	16.01	21.72
	Energy Charges	Rs.in lakhs	64.65	79.83
	MD & Other Charges	"	354.68	339.48
	Total Charges	"	419.33	419.31
	Rate/Unit (Excluding MD&Other Charges)	Rupees	4.04	3.68
(b)	Own Generation			
	(i) Through Steam Turbine/ Generator			
	Units generated	Lakh KWH	4561.23	4103.81
	Cost / Unit (Variable Cost)	Rupees	2.37	2.06
	Units Consumed	Lakh KWH	4265.86	3945.71
	Cost / Unit (Variable Cost)	Rupees	2.28	2.02
	Units sold	Lakh KWH	295.37	158.10
	Cost / Unit (Variable Cost)	Rupees	3.60	3.00
	(ii) Through Wind Turbine Generator *	Lakh KWH	598.70	644.30
	Cost / Unit (Total Cost)	Rupees	2.02	1.92

* Generation net of imports

2. FUEL CONSUMED #

SL. No.	Particulars	2010-2011			2009-2010		
		Qty (MT)	Total cost (Rs.lakhs)	Avg. rate Rs.	Qty (MT)	Total cost (Rs.lakhs)	Avg. rate Rs.
	Fuel Purchased						
(a)	Indigenous Coal	45236	1177.64	2603	59423	1504.52	2532
(b)	Imported Coal	272706	10896.01	3996	212514	8213.58	3865
(c)	Raw Lignite	0	0	0	0	0	0
(d)	Furnace Oil (Kilo Litre)	12781	3391.94	26539	12688	2974.19	23441
(e)	Agro Fuel	1664	49.90	2998	134	6.09	4545
	Fuel - Internal Generation						
(f)	Pith	42391			35031		
(g)	MLSS Pith	20087			28003		
(h)	Wood Bark / Dust	4663			4189		
(i)	Black Liquor Solids	404719			402067		
(j)	Bio Methane Gas - 000 M ³	5908			5765		

Includes Fuel consumed for the Inhouse Power sold.

B. CONSUMPTION PER UNIT OF PRODUCTION OF PAPER

S.No.	PARTICULARS	UOM	Current year (1)		Previous year (2)	
			NP	P&WP	NP	P&WP
(a)	Electricity	KWH		1573		1597
(b)	Ind.Coal	Kg		169		233
(c)	Imp.Coal	Kg		909		787
(d)	Raw Lignite	Kg		0		0
(e)	Furnace Oil	Ltr		47		49
(f)	Agro Fuel	Kg		24		1
(g)	Pith	Kg		159		137
(h)	MLSS Pith	Kg		75		110
(i)	Black Liquor Solids	Kg		1509		1571
(j)	Bio-Methane Gas	000 M ³		22		22

ADDENDUM TO DIRECTORS' REPORT

Thiru R R Bhandari, Director, resigned with effect from 16.6.2011. Thiru R R Bhandari has been associated with the company since 2002. Your Directors wish to place on record the valued contribution made by Thiru R R Bhandari to the company during his long association.

Thiru R Thiagarajan IAS relinquished his directorship consequent to his retirement from service w.e.f. 31.7.2011. Thiru R Thiagarajan IAS has been associated with the company since 2009. Your Directors wish to place on record the valued contribution made by Thiru R Thiagarajan IAS to the company during his long association .

FOR AND ON BEHALF OF THE BOARD

DR.N SUNDARADEVAN

CHAIRMAN

Place: Chennai

Date: 01-08-2011

ANNEXURE - III

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTRODUCTION

In the year 1979, Government of Tamil Nadu established Tamil Nadu Newsprint and Papers Limited as a public limited company under the Companies Act, 1956. Commencing production in 1984 at a modest 90,000 tons per annum, the Company has made rapid strides and has emerged today as the largest paper mill in India in a single location with a capacity of 4,00,000 tonnes per annum.

II. INDUSTRY SCENARIO

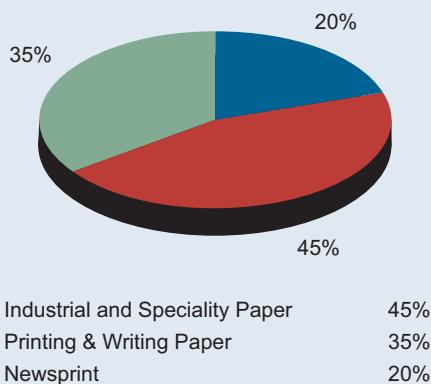
India ranks 15th among the paper producing countries in the world. Paper Industry in India is highly fragmented with about 700 mills spread across the country with capacity ranging from 5 tpd to over 1000 tpd. Total installed capacity is estimated at 10 Million tonnes with production of about 9.00 Million tonnes. The products can be broadly classified as 1) Newsprint, 2) Printing & Writing Paper, 3) Industrial Paper and other papers. TNPL is present in the Newsprint and Printing & Writing Paper segments.

Based on the usage of raw material, Paper Mills can be divided into three categories namely, wood-based, agro-based and waste paper based (Recycled fibre). Large mills are generally wood based. TNPL uses agro based renewable raw material viz. bagasse as a primary raw material.

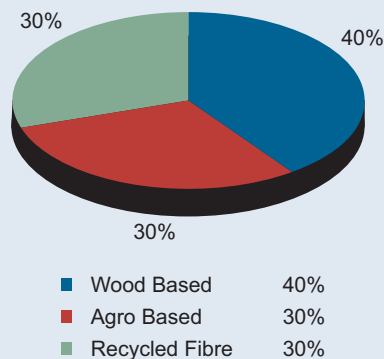
Nationwide Printing and Writing paper accounts for about 35%, Newsprint 20% and Industrial and Speciality Papers 45%. The per capita consumption of paper is about 9.2 Kg. against the world average of 55 Kg. and Asian average of 45 Kg.

Of the total capacity, about 40% is wood based, 30% Agro based and the balance 30% waste paper (recycled fibre) based. About 35% of the capacity is located in North, 30% in West, 30% in South and 5% in East.

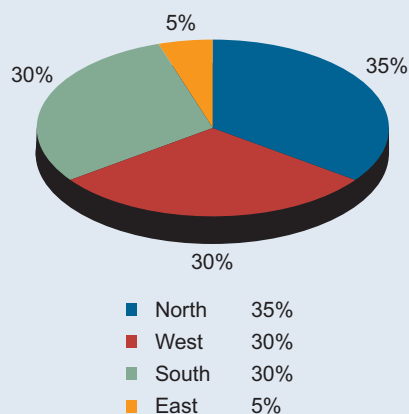
CAPACITY-VARIETY WISE



CAPACITY-RAW MATERIAL WISE



CAPACITY-REGION WISE



With the continuous growth in the GDP and improvements in literacy rate and standard of living, the demand for paper and paper products is growing at an overall annual rate of 8 - 9%. The demand growth in the next three years is likely to be 4 - 5% in newsprint, 5 - 6% in non-surface sized paper, 9 -10% in surface sized paper, 12-13% in cut size copier paper and 5% in speciality paper. India is considered as one of the fastest growing paper markets in the world. Raw materials shortage, higher capital outlay, strict environment regulations are the major entry barriers for the industry. Since 2008, many large capacity mills have expanded capacity. Capacity additions of 4.00 lakh MTs. have taken place in three large mills during last year.

The Government of India have brought Newsprint and Light Weight Coated (LWC) Paper under Zero Duty with effect from 11.2.2009. The import duty is levied at 10% on Printing and Writing paper effective from 1.3.2007. The excise duty has been increased from 4% to 5%

effective from 1.3.2011. Simultaneously, the excise exemption allowed on the first 3500 MTs of Printing and Writing Paper produced primarily out of non-conventional raw material has been removed. IPMA Member Mills have exported about 3,56,519 MTs of Printing & Writing Paper during 2010-11 which includes 64,776 MTs. from TNPL .

III. STRATEGY

In a market driven economy, quality and competitive pricing are the two major factors essential for survival. Realising this, TNPL has been adopting the following strategies:

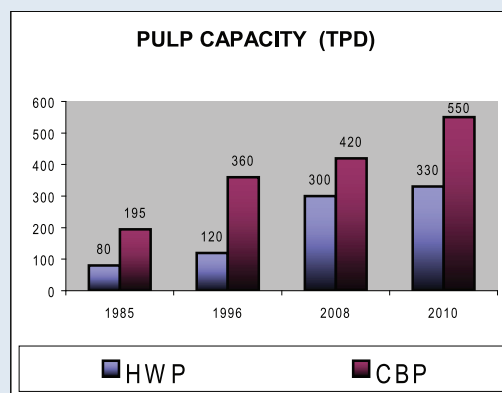
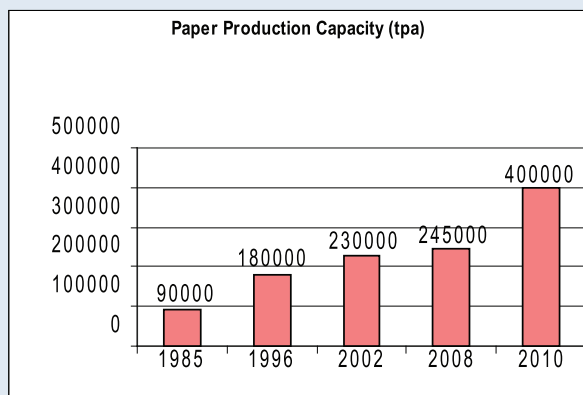
1. Continuous and sustainable growth
2. Efficient cost management
3. Financial re-engineering
4. Customer centric approach
5. Innovation
6. Best utilization of Human resources

Continuous and sustainable Growth:

TNPL has grown from an initial capacity of 90,000 MTs per annum in 1985, to 4,00,000 MTs per annum as of date in stages. Pulp production capacity has been increased to 820 tpd. The bleaching sequence has been changed from conventional bleaching to Elemental Chlorine Free bleaching. Life Cycle Extension has been carried out in Paper Machine# 1.

Under the Mill Expansion Plan completed during January 2011, a new state-of-the-art Paper Machine with a capacity of 1,55,000 MTs per annum has been added for increasing the production capacity to 4,00,000 MTs per annum. In addition , backward integration of chemical bagasse pulp has also been completed.

Every phase of growth is supported by latest technology and installation of the state-of-the-art machineries.



Efficient Cost Management

TNPL has implemented several cost reduction measures to keep the cost of production low. Hard wood pulp production was increased from 95,514 MTs. in 2009-10 to 97,492 MTs. in 2010-11. This is the 11th year in a row in which the company increased the hardwood pulp production on year-on-year basis. Process improvements carried out in the Paper Machines have enabled the company to improve the machine runnability with savings in chemical consumption and reduction in finishing line.

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

Cost cutting measures are implemented as an ongoing process resulting in one time as well as recurring savings .

Financial Re-engineering

Swapping the multi-currency world bank loan of USD 45 million into US Dollar denominated FCNR(B) loan and reducing the loan repayment period from 10 years to 5 years resulted in a saving of Rs.39.95 crore to the Company. The Company has repaid the world bank loan 5 years ahead of the schedule.

Opting for fixed rate of interest for rupee loan when the interest rates were low and availing FC loan with interest rate linked to LIBOR have enabled the company to keep the interest and financial charges low. As part of Forex Policy, all Foreign Currency loans are hedged for currency risk on the date of availing of loan. A good mix of foreign currency loan with currency swap and rupee loan has enabled the company to keep the

overall interest rate low despite the continuous increase in rupee interest rates in the last one year.

The company is also availing short term loans at highly competitive rates. The average cost of the long term loan availed as on 31.3.2011 works out to 7.98%.(31.3.2010: 7.52%) which is one of the lowest in the industry.

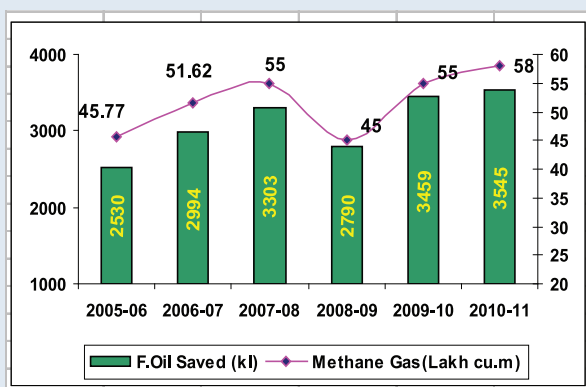
Customer Centric Approach

TNPL keeps the product mix in line with the market demand. Copier sales during 2010-11 was 52339 MTs. Surface sized paper produced in paper machines named Print Vista and Copier papers produced in the Paper machine 3 has received good response from the market. Pigment Printing papers meant for high quality multicolour printing was produced on trial basis during the year. Regular production will be undertaken during 2011-12.

New products have become customers' choice with considerable flow of orders. An optimum mix of domestic market sales and exports has enabled the company to obtain the best value for its products. TNPL exported 64776 MTs. of uncoated Printing & Writing Paper during the year 2010-11.

Innovation

The first bio-methanation plant commissioned during June 2003 and the second plant during December 2008 for generation of methane gas from bagasse wash water, have generated 395.71 lakh m³ of methane gas till 31.3.2011. The methane gas used in lime kiln in replacement of furnace oil facilitated a saving of Rs.47.35 Crore upto 31.3.2011. The savings during the year works out to Rs.9.23 Crore. The first project has been registered with UNFCCC as the country's first CDM Project in the waste management sector. The second project will be registered during the current year.



Setting up a 600 tpd Cement plant for converting mill wastes namely lime sludge and fly ash into high grade

cement will enable the company to improve the environment concerns and convert waste into wealth.

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

Best utilization of Human Resources

Human Resources Policy and Practices are oriented towards improving the performance of the employees. Training is imparted to improve the knowledge and skill level of the employees at all levels. Senior Executives are being sent to prestigious Institutes like IIMs for specific training programme for development of leadership skills. A number of projects have been carried out under TQM. TNPL has also evolved a periodical performance appraisal system. Key Performance Indicators (KPI) have been set for the organisation, all the departments and all the senior executives for monitoring the achievement. Knowledge Management portal has been installed as an in-house facility for sharing the experience on problems faced for the benefit of all officers.

IV. THE SUCCESS DRIVERS

Environment Management

Environment improvement, development of new products and improvement of existing products are the priority areas under R&D activities. Continuous studies are undertaken to improve the quality of effluent. Compliance to pollution control norms and CREP regulations are strictly adhered to.

Bagasse Management

TNPL requires around 1 million tonnes of depithed bagasse for producing 4,00,000 MTs of Printing & Writing Paper. To ensure that adequate quantity of bagasse is procured, TNPL has entered into firm tie-up arrangements with eight sugar mills for procuring bagasse on substitution basis. The depithed bagasse stock as on 31st March 2011 was 339837 MTs. equivalent to 485481 MTs. of wetwhole bagasse. No bagasse shortage is anticipated during 2011-12.

Pulpwood Management

To meet the increasing wood demand, in line with the guidelines in the National Forest Policy 1988, TNPL started its own plantation programme in the year 2004-05 through two schemes viz., Farm Forestry and Captive Plantation.

Under Farm Forestry scheme, individual farmers and institutions are encouraged to enter into agreement for cultivation of fast-growing short-rotation pulpwood plantations. TNPL provides high quality clones/seedlings to the farmers at subsidized rates and undertakes to

procure pulpwood at the current guaranteed price or prevailing market price at the time of harvest, whichever is higher.

Under Captive Plantation Scheme, TNPL enters into a MoU with land owners for establishment of plantation in their land either on lease rental or on gross revenue sharing basis.

TNPL has so far developed pulpwood plantation in 66,599 acres involving 12,012 farmers as detailed below:

Year of Raising	Farm forestry	No. of farmers	Captive Plantation	Total area in acre
2004-05	1891	480	844	2735
2005-06	6054	1475	60	6114
2006-07	9696	2107	249	9945
2007-08	10553	2182	96	10649
2008-09	9362	1991	1031	10393
2009-10	9196	1773	2188	11384
2010-11	13024	2004	2355	15379
Total	59776	12012	6823	66599

TNPL has raised plantation in 15,379 acres against the target of 15,000 acres during 2010-11. This remarkable achievement demonstrates the strong relationship and the mutual confidence between Farmers and TNPL.

TNPL plantation programme has helped in developing the socio-economic status of local community. TNPL tie-up farmers started reaping the benefits of plantation. TNPL has procured 1.11 Lac MTs of pulp wood from plantation sources during the year.

TNPL has established a world-class clonal Propagation and Research Centre in the factory to produce quality clones/seedlings from known pedigree sources.

About 36 Eucalyptus tree species seed lots from Australia were imported and seedlings raised in different agro-climatic zones in Tamil Nadu. Also, TNPL is having collaborative research projects with other forest premier institutes like Forest College and Research Institute, Mettupalayam and Institute of Forest Genetics and Tree Breeding, Coimbatore to develop new clones from existing natural resources.

TNPL has planned to increase the plantation to the extent of 17,500 acres per annum to reach the target of 100,000 acres by the year 2012-13. Also, 1.90 Lac MTs of pulpwood is expected to be procured from Farm Forestry and Captive Plantation sources during the year 2011-12.

Forest Stewardship Council (FSC) Certificate

Forest is an important natural resource which provides us food, medicine, wood, clean water and fresh air. If managed responsibly, forests and plantations benefit

both people dependent on forests and the global community at large.

Forest Stewardship Council (FSC) is an independent, non-governmental, not for profit organization established to promote the responsible management of world's forests. FSC certification system provides internationally recognized standard-setting, trademark assurance and accreditation services to companies, organizations and communities interested in responsible forestry management. The FSC label provides link between responsible production and consumption of forest products and enables the consumers to make purchasing decisions that benefit people and the environment.

TNPL received FSC Chain of Custody (C-o-C) and Controlled Wood Certificate from M/s Smart Wood Program of Rainforest Alliance, USA for complying with FSC-STD-40-004 and FSC-STD-40-005 standards. FSC certification system provides international recognition and trademark assurance to TNPL for its commitment to responsible forest management, conservation and resource utilization. The certificate is valid for five years from July 21, 2010 to July 20, 2015.

Fuel Management

TNPL uses black liquor solids in recovery boiler and solid fuel in power boiler for generation of steam and power. In addition, TNPL uses agro fuel such as saw dust, paddy husk, coir pith and coconut shells, both in the main factory and the off-site depending on the economics and availability.

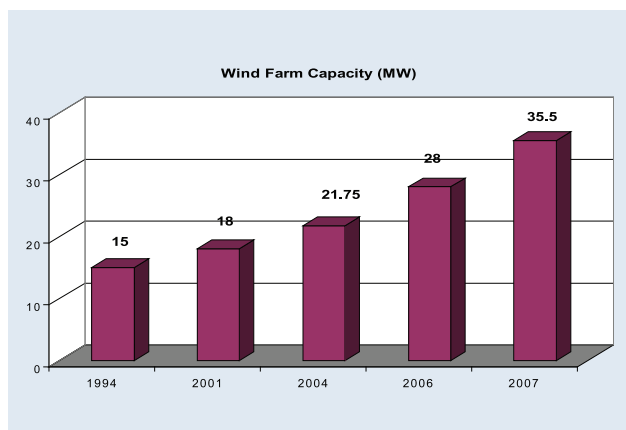
Water Management

TNPL sources water from river Cauvery. TNPL has optimized the water consumption. TNPL has also installed series of rain water harvesting structures in the factory and colony premises. The Mill Development Plan implemented in May 2008 has reduced the fresh water consumption to a considerable extent. The fresh water consumption has been reduced to 55 Kl per ton of paper production. Continuous action is taken to further reduce the water consumption. The reduction in water consumption has brought down the treated effluent discharge considerably.

Energy Management

TNPL has five turbo generators with a power generation capacity of 81.12 MW. Power required for process requirement is met from the captive power generation. Surplus power is exported to the State grid depending on the economics.

TNPL has installed its first Wind Farm of 15 MW capacity during 1993-94 at Devarkulam and Perungudi in Tirunelveli District. Since then, TNPL has increased the Wind Farm capacity to 35.5 MW in stages. The wind power is exported to State grid.



Marketing Management

The market has become highly competitive. Considering the market factors and the economics of producing newsprint vis-à-vis printing & writing paper, TNPL produced only Printing and Writing Paper during the year 2010-11. Printing and writing products are marketed in all the four regions and in all segments such as offset printing, note book, computer stationery, digital printing and copier papers.

The domestic market is served through a wide network of dealers as well as direct customers. About 1/5th of the total production is exported. TNPL has exported 64776 MTs. of PWP during the year.

The company has kept the quality as the watch word. Product improvement is done on a continuous basis in terms of process upgradations, technology developments, finishing and delivery.

One impressive milestone achieved during the year is the installation of a state-of-the-art paper machine which produces high quality printing and writing paper configured for bagasse furnish. This machine will enable the company to produce a whole range of new products such as pigmented papers and paper for high-end digital printers.

During the year 2010-11, TNPL has newly introduced Print Vista, Copier Platinum (70gsm, 75gsm and 80 gsm), pigmented Papers. All the three products have been received well in the market.

Research and Development

Optimum utilization and conservation of natural resources are important for the sustainable development. Indian population has already crossed 1.2 billion mark and our per capita paper consumption is 9.2 kg in India, which is much lower compared to other neighbouring developing economies, such as, China (42 kg) & Indonesia (23 kg). Currently, Indian economy is growing at about 7.5% per annum. Along with economical growth, the paper demand is also expected to grow and cross 20 million tonnes per annum by 2020 from current 11 million tonnes. This will exert

tremendous pressure on our resources and scarcity. TNPL R & D, recognized by Department of Scientific and Industrial Research (DSIR) New Delhi, is focused on aforesaid goal and work towards environmentally sustainable economic model. The innovative work carried out in R & D gained edge in terms of operational, environmental and economic excellence starting from fibrous raw material development to improve the productivity, quality, environmental and economic performance.

R & D initiated identification of superior pulpwood clones having high pulp yield, measured as tonnes of pulp per acre per year with optimum fibre properties to meet the end product quality. Micro-propagation protocols for two improved pulp wood clones were completed and two are under progress. Nearly 1,35,000 Tissue culture seedlings were produced and distributed. Tissue culture protocol for Thornless bamboo is under progress.

Optimization of pulping process by introducing cooking additives to reduce shives and implementation of debarking for Casuarina, increases yield and reduces operating costs and pollution load. In-house enzyme conversion of native starch reduced the production cost. Product development and improvement efforts are focused on optimization of pulp, fillers and additives in the furnish to satisfy customer requirements, market expectations and to reduce the operational cost.

Initial pigment formulation developed for PM # 3 looks promising. Print Vista: A new surface sized paper grade meant for high end four colour printing application was developed in Paper Machine 3. Also a new copier (Platinum Copier) was developed in PM#3 with improved stiffness, even-sided smoothness.

Environment performance improvement is an area of focus. Studies were undertaken to map the water consumption and conservation, monitoring of greenhouse gas emissions to carbon foot print, implementation of ozone decolorization as tertiary treatment to reduce final effluent colour. The environmental performance of the company was duly recognized by corporate associations like CII and company received four awards viz. 1. Excellence in Water Efficient Unit, 2. Innovative case study, 3. Environmental best practice, 4. Most useful presentation.

The viability of treating the color and TDS removal in the bleach plant wastewater and separating the rejects into usable products is being evaluated in association with M/s Tamil Nadu Water Investment Company.

Quality Management

The customer satisfaction is measured by the Customer satisfaction Index survey to constantly enhance the same, year after year. Cross functional teams from production, Quality control, R&D and marketing conducted survey all over India meeting customers, to check the level of satisfaction with TNPL products and areas of improvement needed. Being an ISO 9001 and

ISO 14001 certified organization, the systems have paved way for uniformity in quality with continual improvement. Improved customer satisfaction bears testimony to the above.

Customer complaint redressal through timely corrective action and preventive action has been the strengths of the Quality management system. Online integrated information system provides easy access to the customers. The officers are trained at the Print Media Academy of Heidelberg located in Chennai. Besides, TNPL gets its products assessed for printing performance in the Print Media Academy.

Excellence in Corporate Governance

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

V. RESOURCES & LIQUIDITY

The expansion project for doubling the capacity from 90,000 tpa to 1,80,000 tpa implemented during 1993-96 was funded through internal generation, issue of shares and term loans. The capacity expansion from 1,80,000 tpa to 2,30,000 tpa implemented during 2001-03 was funded through internal generation. The Mill Development Plan implemented during 2006-2008 was funded through internal generation and term loans. The Life Cycle Extension of Paper Machine I was carried out through internal generation.

The Mill Expansion Plan for increasing the paper production capacity from 2,45,000 tpa to 4,00,000 tpa has been implemented through internal generation and borrowings. New projects, namely, a 300 tpd Deinking Plant, revamping of steam and power system and setting up a 600 tpd cement plant under lime sludge and fly ash management system are financed through internal generation and borrowings. The weighted average cost of loan outstanding as on 31.3.2011 is 8.16%.

VI. OUTLOOK, OPPORTUNITIES AND CHALLENGES

Newsprint

Newsprint import is freely allowed. Govt. of India has brought the Newsprint and Light Weight Coated (LWC) paper under zero duty effective from 11.2.2009. The domestic Newsprint price moves in tandem with the imported price as the major Newsprint consumers in the country source large quantity of their Newsprint requirement from abroad. Currently, in the domestic market, Newsprint is sold at about Rs.33,000 PMT. About 10 lakh tonnes of Newsprint constituting 50% of total

consumption of Newsprint is imported. With the Newsprint price ruling low and production of Newsprint was uneconomical, TNPL did not produce newsprint during the year.

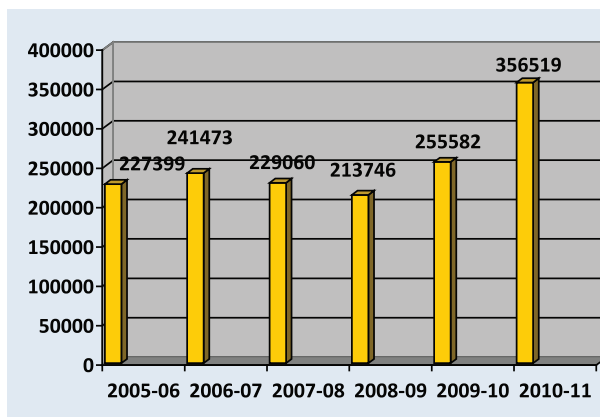
Printing & Writing Paper

The Indian paper industry has close linkages with economic growth. Higher industrial output leads to increased demand for industrial paper for packaging. Increasing literacy level increases the demand for writing and printing paper and Newsprint. The cumulative annual growth rate in paper consumption over the last five years has prompted Indian paper manufacturers to undertake significant capacity expansions.

The cost of input material, primarily pulp and coal, has increased during last one year after remaining subdued during 2009-10. The imported hard wood pulp price had further hardened from about USD 800 per MT in March 2010 to about USD 750 per MT. in March 2011, Softwood pulp price from about USD 450 per MT to USD 950 per MT. The pulp prices have increased mainly due to shortage caused by less availability of pulpwood and earthquake in Chile during March 2010 which produces large quantity of wood pulp. Similarly, the waste paper prices have also gone up substantially due to high demand. The increase in pulp and waste paper prices have escalated the cost of production of paper for many mills across the globe. This trend of high input prices may persist in 2011-12 also owing to growing demand in emerging economies. A strong upswing in the pulp and paper market is forecasted based on the general improvement in the economic situation and increasing literacy level in the developing countries.

Indian Paper Manufacturers' Association (IPMA) member mills have exported 356519 MTs of PWP during 2010-11. TNPL has exported 64776 MTs during the year against 50394 MTs in the previous year. With the commissioning of Paper Machine #3 TNPL has planned to increase export to about 80,000 MTs during the year 2011-12.

**Export Details of IPMA Member Mills
For The Last Six Years**



Opportunities and Challenges

The world paper and board industry experienced a good demand for paper during 2010 to post the biggest growth year in 26 years. The demand upswing has pulled prices of all major products upward, particularly raw materials, i.e., wood pulp and recovered paper.

In the medium term, the outlook of the industry is quite strong. The improving domestic demand and the rise in global prices of paper together should help paper industry to perform better in the coming times. Demand side of the industry will be further strengthened on account of increasing government expenditure on education, rising literacy rate, increasing circulation of newspapers, higher urbanization, growth in FMCG and retail industry and increasing production and rapidly growing export of pharmaceutical industry. Overall, the paper industry in India, despite being in a difficult corner, seems to grow rapidly in medium term.

New capacity addition in the last 2 years by about 1 million tonnes is expected to increase the competition among domestic paper manufacturers in short term. As India's demand for paper is expected to reach 20 million tonnes by 2020, raw material shortage may remain a major hurdle for the industry. Another challenge Indian paper producers may have to face is cheap imports. Indian Paper Industry has to focus on innovative measures to reduce cost and on increasing quality to remain competitive against imports and to meet the customer expectations.

India is considered as one of the largest growing markets for paper. The per capita consumption of paper in the country at about 9.2 kg. is very low compared to the Asian and world average. With the increasing literacy rate and improvement in the standard of living, the paper consumption is likely to grow @ 8-9% per annum. An increase of 1 kg. in the per capita consumption would absorb an additional production of about 1.2 million tonnes. It is hoped that paper price in the global market may remain firm in the ensuing months in view of the rise in cost of production and increasing demand for paper and packaging products.

VII. A. MILL EXPANSION PLAN

During the year, implementation of Mill Expansion Plan (MEP) was completed. MEP comprises the following: Installation of Paper Machine #3 of Capacity 155 000 tpa; Backward integration of CBP ECF Bleach plant, Installation of one power boiler to meet the steam demand and relocation of pith yard and stores building.

Paper from PM#3 reeled at 02.05 PM on Dec 25th, 2010 heralding a new chapter in the history of the Company.

B. OTHER KEY PROJECTS UNDER IMPLEMENTATION:

Revamping of Steam and Power system:

The Company has proposed to replace the 3 old low pressure Boilers of 60 tph each installed during 1984

with a new energy efficient and environmental friendly Circulation Fluidised Bed Combustion (CFBC) Boiler of 125 tph steam generation capacity of 105 ata pressure rating. In addition, the Company has proposed to replace the two old Turbo Generator sets with a new TG set of 41 MW capacity to augment the in-house power generation for meeting the additional power requirement. The total capital outlay is Rs 135 crore. The order for main plant and machinery has been placed and civil works are in progress. The project is targeted to be completed by April 2012.

Deinking plant

To meet the additional pulp requirement in the post-MEP, the Company has initiated steps to install a state-of-the-art Deinking plant of capacity 300 tpd, at an estimated capital outlay of Rs.174 Crore. The order for main plant and machinery has been placed and civil works are in progress. The project is targeted to be completed by March 2012.

On-site Precipitated Calcium Carbonate (PCC) plant

Following the switching over to alkaline sizing in the Stock preparation, both the paper machines started using Precipitated Calcium Carbonate (PCC) as the wet end filler. In view of the huge requirement of PCC, the Company has proposed to install an on-site PCC plant of 60,000 tpa capacity on Built, Own and Operate (BOO) basis in the Mill premises. The plant will be established by OMYA International AG, Switzerland at a capital outlay of Rs.30 crore. The project is expected to be commissioned by September 2012.

Lime Sludge & Fly Ash Management (600 tpd Cement Plant)

The lime sludge generation from the Recovery Cycle and the Fly Ash generated from the power boilers are issues of concern in solid waste management. An innovative solution of combining these two and converting them into high grade cement has been drawn through installation of a 600 tpd cement manufacturing plant abutting the Mill premises.

The Environmental Clearance and the Consent to Establish were received from Department of MOEF / GoT and the Tamil Nadu Pollution Control Board. The project is undertaken at a capital outlay of Rs.68 crores. The civil works commenced during September 2010. This project is expected to be commissioned by Dec 2011.

VIII. RISK MANAGEMENT FRAMEWORK

TNPL has established a Risk Management Framework under which all the risks covering the entire spectrum of operation are listed and categorized into high, medium and low risks. The risk details and mitigation plans for all the risks are placed before the Audit Committee and the Board bi-annually. The Audit Committee monitors the implementation of the risk mitigation plans. All the

risks are discussed in the Senior Management Committee meetings periodically to ensure that the risk mitigation plans are well thought out and implemented and adverse impact of risks is avoided or kept within manageable proportions.

IX. INTERNAL CONTROLS

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

X. ENVIRONMENT

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

- 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.
- Minimise waste and maximise 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 February '11, M/s TuV India Limited, a subsidiary of TuV NORD, Germany carried out Re-certification Audit of TNPL's Environmental Management System in accordance with ISO 14001:2004 standards and validity of the certificate is extended upto Feb '2014.

The bio-gas generated in Bio-methanation plant is used in lime kilns in replacement of Furnace oil.

During August '10, TNPL has installed tertiary treatment of Effluent by "Ozonation" at a capital outlay of Rs.400 lakhs to reduce colour in the treated effluent. This

tertiary treatment is the "first of its kind" in the Indian Pulp and Paper Industry. The system has reduced the colour of treated effluent.

TNPL has installed an additional centrifugal decanter for dewatering of secondary sludge at a cost of Rs.60 lakhs. Further, TNPL is in the process of installing pilot plant at a capital outlay of Rs.200 lakhs to explore techno-commercial feasibility of treating bleach plant effluents.

XI. HUMAN RESOURCES DEVELOPMENT

TRAINING

Upgrading and updating of skill levels of employees are highly important for achieving continuous improvement and to stay ahead in the market. Young executives who have joined the company as a part of the company's Mill Expansion Plan have undergone a well-designed induction programme. During the year 2010 - 2011, 51 in-house training programmes involving 1912 mandays were conducted on various topics. Besides this, over 300 mandays were covered through external training programmes.

With the company's decision to implement Oracle Enterprises Resource Plan (ERP), executives from various departments have been imparted training on the various ERP modules by experts from premier IT companies in the country.

KNOWLEDGE MANAGEMENT:

Knowledge Management efforts are focused towards sharing valuable organizational insights. The critical trouble shooting incidences encountered in various departments and the corrective actions taken are documented for future guidance.

The importance of retaining and sharing organization insights has made the company to adopt Knowledge Management as an integral activity of the organisation. A Knowledge Management portal has been launched to enable employees share and gain valuable knowledge on various topics of organizational importance by means of Frequently Asked Questions (FAQs), Circulars, Discussion Forums, policies, News, Events, Training Materials, etc. New recruits are motivated to contribute for the development and upkeep of the portal. Periodic meetings are also conducted for senior executives where recent developments in various departments of the organization are discussed and appreciated.

INDUSTRIAL RELATIONS

The company continues to maintain cordial and healthy industrial relations and it takes pride in its record of congenial work atmosphere. The wage revision for Workmen, Chargemen, Staff and Officers are due from 16th May 2010 and action has been initiated for arriving at an amicable settlement.

HEALTH

Health needs of the employees and their family members are taken care by the Occupational Health Centre functioning in the Housing Colony. Free medicines are given to employees and their dependants. Further, Specialist Doctors are visiting the Occupational Health Centre on every Sunday. The Company bears entire medical expenses apart from sanction of special leave for 7 serious ailments viz. Heart ailment, Cancer, Kidney Transplantation, Paralysis, Leprosy, Tuberculosis and Brain surgery. Under Special Medical Assistance Scheme, company extends medical treatment to the employees and their dependants incurring 50% of total expenses. The company accords highest importance for health care of its employees and the Company also reaches out to the community around in a large way. Comprehensive Master Health check-up is done for employees twice in their service period i.e. above 40 years and above 50 years in order to identify any health hazards. Audiometry Test, Eye Test, etc. are conducted whenever required once in a year.

CORPORATE SOCIAL RESPONSIBILITY:

TNPL is committed to being a socially responsible corporate citizen.

TNPL's CSR policy aims to promote Economic, Social, Environmental and Cultural growth of the community at large in an equitable and sustainable manner. The Company's goal is to protect and nourish the interests of all its stakeholders and contribute to sustainable development. Ethics, values and transparency will underpin all its interactions within the community in which it operates. All its activities will sub-serve social aspirations and the Nation's needs and will be carried out with integrity, honesty, dignity and decorum.

TNPL's CSR activities will mainly cover 8 Town Panchayats Viz., Punjai Pugalur, Kagitha Aalai & Punjai Thottakkurichi and 5 Panchayats viz. Punnam, Vettamangalam, N.Pugalur, Thirukkaduthurai & Kombupalayam, surrounding the plant operations, which will form the core of CSR Operations. In addition to the above, need based activities will also be carried out in peripheral areas which can be locations in other districts within Tamil Nadu.

Rs. 3.24 crores which has been set apart for CSR activities during the year 2010-2011 has been spent. As per the TNPL's CSR policy, CSR budget for the year 2011-2012 has been prepared covering the respective major heads viz., Education Sector (20%), Health Sector (10%), Infrastructure (25%), Economic Sector (20%), Environment Sector (20%), Culture and Heritage (5%). It is proposed to spend approximately 3% of the net profit after tax for CSR activities for the year 2011-12.

SAFETY

TNPL has adopted a clearly defined Occupational Health and Safety Policy. Suitable Personal Protective

Equipments (PPE) are provided to 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 workers. 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 have been constituted. Safety Committee meetings are conducted periodically and suggestions 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 safety experts and the recommendations are implemented. Testing of Pressure Vessels, Lifting tackles, Safety belts, Conveyor Systems, Building Stability, Chemical stored FRP tanks etc., are carried out as per statutory requirements. An updated On site Emergency Plan (OEP) is available to mitigate emergencies and periodic mock drills on hazardous chemical leakages and fire incident are conducted to ensure the effectiveness of emergency preparedness. The entire Mill is covered with fire hydrant points with pressurised water mains for fire fighting. Also different types of fire extinguishers are provided in strategic points. In addition, two mobile fire tenders and one portable fire pump are available to tackle fire emergency. Overall, TNPL has maintained an excellent safety record.

XII. AWARDS AND ACCOLADES RECEIVED DURING THE YEAR

Adjudged as the best performer at the National level in Pulp & Paper category in the EVI Green Business Survey.

Received FSC Chain of Custody (C-o-C) and Controlled Wood Certificate from M/s Smart Wood Program of Rainforest Alliance, USA for complying with FSC-STD-40-004 and FSC-STD-40-005 standards.

Received National Award for "Excellence in Water Management 2010" from Confederation of Indian Insutry (CII) for the best performance in Water Management in India among the Industrial Sectors.

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, the government policies etc. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company in future. Therefore, it is cautioned that the actual results may materially differ from those expressed or implied in the report.

ANNEXURE - IV

REPORT ON CORPORATE GOVERNANCE

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

A. MANDATORY REQUIREMENTS

1. Company's Philosophy

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

2. Board of Directors

a. Composition and Category of Directors

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

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

Board's definition of Independent director

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

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

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

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

Board's functioning and Procedure

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

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

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

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

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

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

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

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

e. Information placed before the Board of Directors

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

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

f. Board material distributed in advance

Agenda papers are circulated to the directors, in advance, in the defined agenda format. All material information is incorporated in the agenda papers for facilitating meaningful, informed and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is placed on the table at the meeting with specific reference to this effect in the agenda.

With the permission of Chairman, in special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance for the meeting.

g. Recording minutes of proceedings at Board Meeting

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

h. Post Meeting Follow-up Mechanism

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

i. Compliance

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

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

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

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

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

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

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

The Audit Committee mandatorily reviews the following information :

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

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

b. Composition, name of members and Chairperson

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

Thiru V Narayanan, Chairman of the Committee

Thiru R R Bhandari, Member

Thiru N Kumaravelu, Member

Thiru D Krishnan, Member

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

c. Meetings and attendance during the year

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

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

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

4. Remuneration Committee

a. Remuneration Policy

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

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

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

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

b. Details of remuneration for the year ended 31.3.2011

Executive Directors

(Rs. in lakh)

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

Non-Executive Directors

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

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

* remitted to Govt. of Tamil Nadu

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

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

Shareholdings of Directors

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

5. Shareholders' Committee

a. Shareholders'/Investors' Grievances Committee

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

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

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

Terms of reference:

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

- a. To monitor work related to:
 - transfer and/or transmission of equity shares of the company
 - dematerialisation / rematerialisation of the shares of the company
 - sub-division, consolidation and /or replacement of any share certificate(s) of the company
- b. Approval of issue of duplicate share certificates against the original share certificates
- c. To look into the redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, review of dematerialisation, rematerialisation, shareholding pattern, distribution schedules etc.
- d. To do all other acts or deeds as may be necessary or incidental thereto
- e. The Committee also reviews the performance of the company's RTA and their system of dealing with and responding to correspondence from all categories of shareholders. The manner and timeliness of dealing with complaint letters received from Stock Exchanges/SEBI/Ministry of Corporate Affairs etc. and the responses thereto are reviewed by this Committee.

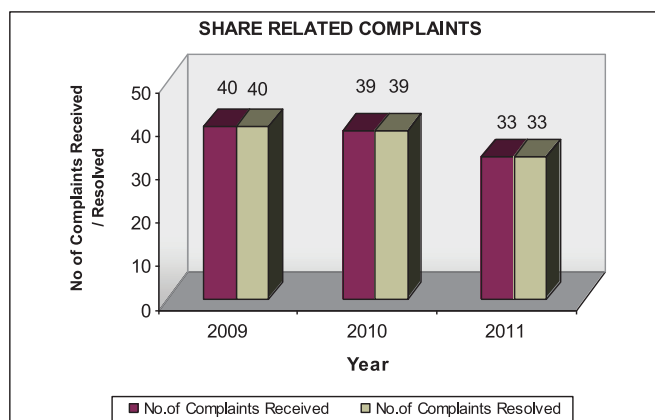
The main object of the Committee is to strengthen investor relations.

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

Complaints Status:1.4.2010 to 31.3.2011

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

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



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

b. Share Transfer Committee

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

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

6. General Body Meetings

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

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

Postal Ballot

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

Circular Resolution

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

Secretarial Compliance Report

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

b. Secretarial Audit Reports

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

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

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

Secretarial Standards

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

Role of Company Secretary in overall governance process

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

Quarterly Compliance Report

The Company has submitted for each of the 4 quarters during 2010-11 the Compliance Report on Corporate Governance to Stock Exchanges in the prescribed format within 15 days from the close of the quarter.

7. Disclosures

- 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.
- As per Clause 49(V) of the Listing Agreement, the Chief Executive Officer i.e. Managing Director and the Chief Financial Officer i.e. Deputy Managing Director certified to the Board on their review of financial statements and cash flow statements for the financial year ended 31st March 2011 in the form prescribed by Clause 49 of the Listing Agreement which is annexed.
- There were no instances of non-compliance on any matter relating to the capital market during the last three years.
- 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.
- Details of information on appointment of new/re-appointment of directors:
A brief resume, nature of expertise in specific functional areas, names of companies in which the person already holds directorship and membership of committees of the Board forms part of the Notice convening the 31st Annual General Meeting.
- Presently, the company does not have whistle blower policy

Code of Conduct

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

8. Means of Communication

- a. Half-yearly report sent to each household of shareholders : No *
- b. Quarterly results :
- Newspapers published in : Economic Times
Business Standard
Business Line
Dhinathanthi
- Website where displayed : www.tnpl.co.in
- c. Whether the website also displays official news releases and presentations to the media, analysts, institutional investors etc. ? : Yes
- d. Audited financial results (Newspapers published in) : Economic Times
Business Standard
Business Line
Dhinathanthi
- e. Whether MD&A (Management Discussion & Analysis) is a part of Annual Report? : Yes
- * As the results are published in newspapers having wide circulation and also displayed on the company's website, half yearly results are not sent separately to each shareholder
- The company also informs by way of intimation to the Stock Exchanges all price sensitive matters and such other matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

9. Risk Management

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

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

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

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

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

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

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

- 4(b) Dividend Policy :

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

on the recommendation of the Board of Directors. Generally, the factors that may be considered by the Board of Directors before making any recommendations for dividend include, without limitation, the Company's future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also from time to time pay interim dividend(s) to Shareholders.

5. Listing of Equity Shares on

(a) Stock Exchanges at :

(1) National Stock Exchange of

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

(2) Mumbai Stock Exchange

Listing Department
Phiroze Jeejeebhoy Towers
25th Floor
Dalal Street
Mumbai 400 001

(b) Depositories at :

(1) National Securities Depository Ltd.

Trade World, 4th Floor, A' Wing
Kamala Mills Compound
Senapati Bapat Marg
Lower Parel, Mumbai – 400 013.

(2) Central Depository Services (India) Limited

16-17th Floor, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001.

(c) Debenture Trustees :

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

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

6. Stock Code / Symbol

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

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

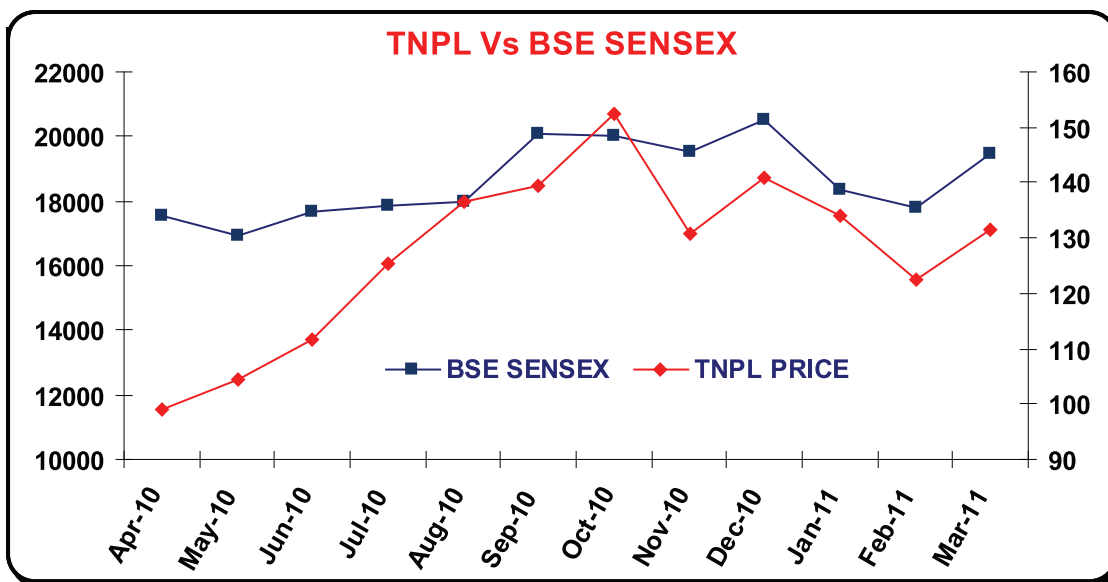
	Bombay Stock Exchange(BSE)			National Stock Exchange (NSE)		
	High Price	Low Price	Volume	High Price	Low Price	Volume
April 2010	104.00	89.50	4776312	103.80	89.30	8741288
May 2010	105.85	92.55	2242029	105.90	93.50	4639151
June 2010	122.20	100.00	1688879	116.90	102.35	2950290
July 2010	126.00	111.05	3100241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

7(b).Market Capitalisation (Rs.)

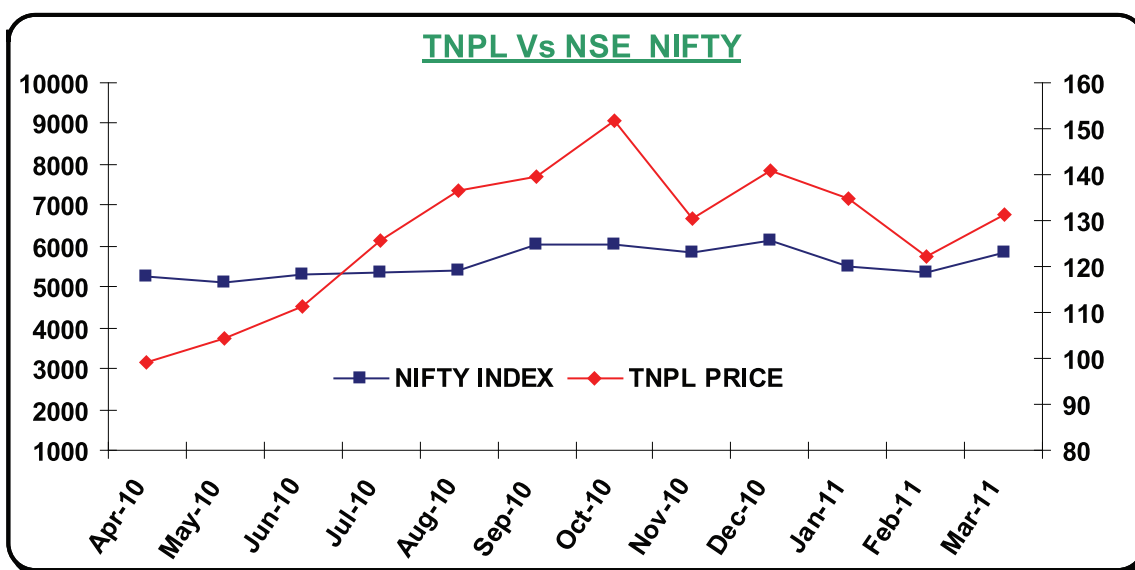
Market Capitalisation	BSE	NSE
As on March 31, 2010	620,47,30,290	619,78,09,230
As on March 31, 2011	911,15,75,490	909,08,12,310

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

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



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



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

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

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

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

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

10. Share Transfer System :

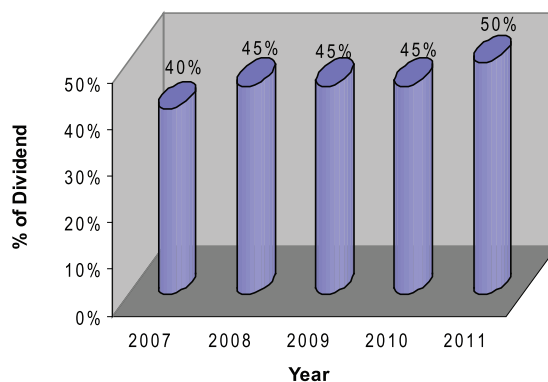
- i) Share Transfers : The shares of the Company, being in the compulsory demat list, are transferable through the depository system. Shares in physical form are processed and the share certificates are generally returned within a period of 15 days from the date of receipt.

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

11. Dividend History (Last 5 Years)

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

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



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

DISTRIBUTION SCHEDULE AS ON 31ST MARCH 2011

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

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2011

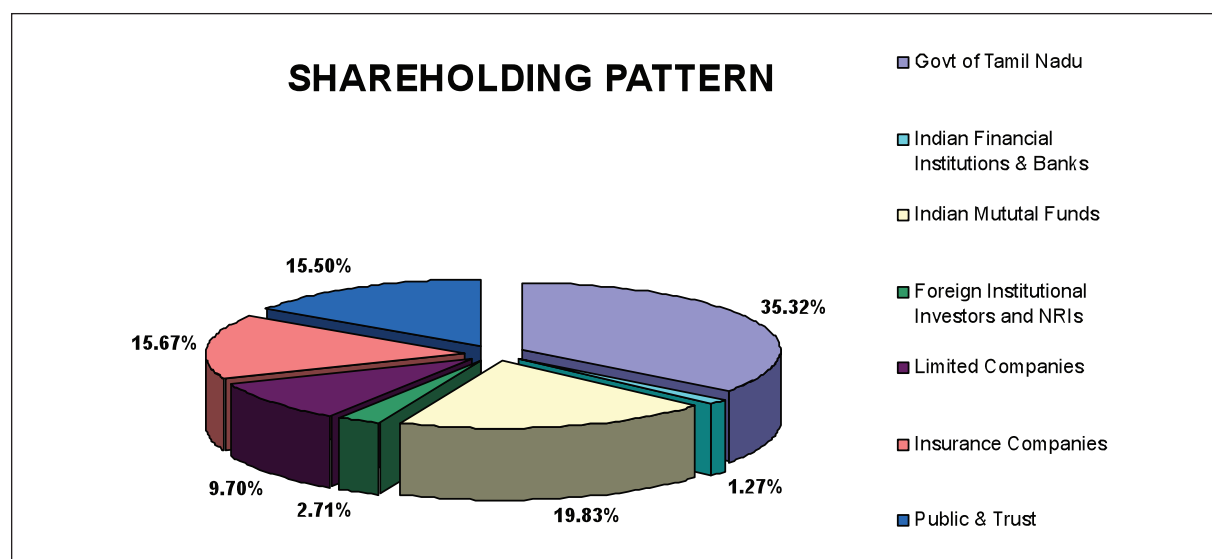
	CATEGORY	NO OF SHARES	Percentage
A	PROMOTER'S HOLDING		
1	Promoters		
	- Indian Promoters	24444900	35.32
	- Foreign Promoters	Nil	Nil
2	Persons acting in Concert	---	---
	SUB-TOTAL	24444900	35.32
B.	NON-PROMOTERS HOLDING		
3	Indian Financial Institutions	788294	1.14
a.	Mutual Funds and UTI	13725507	19.83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

LIST OF TOP TEN SHAREHOLDERS AS ON 31.03.2011

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

Share Holding Pattern

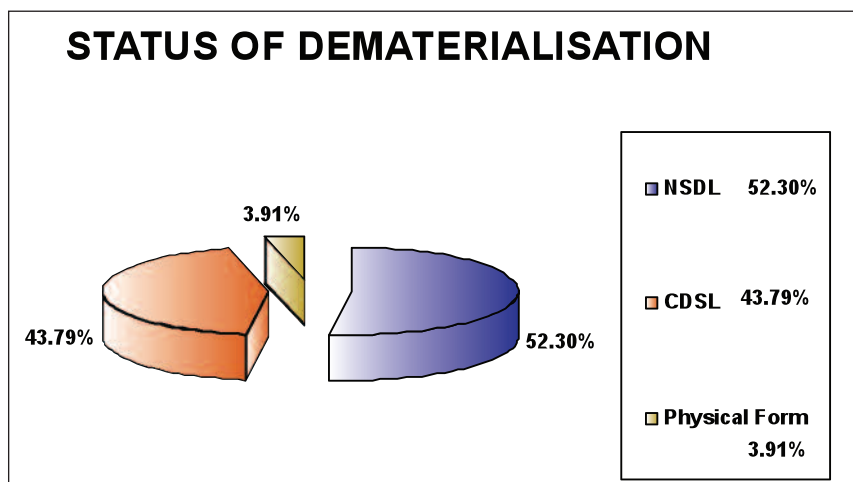
	As on 31-03-2011		As on 31-03-2010	
	No. of Shares	% to shares	No. of Shares	% to shares
Governor of Tamil Nadu	2,44,44,900	35.32	2,44,44,900	35.32
Foreign Institutional Investors	13,74,067	1.99	71,66,116	10.35
Indian Mutual Funds	1,37,25,507	19.83	66,76,465	9.65
Banks	87,645	0.13	1,00,300	0.15
Indian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



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

Details of Demat shares as at 31st March 2011:

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



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

14. Outstanding GDRs/ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity : Nil
15. Plant locations : Kagithapuram
Karur District
Tamil Nadu
Pin : 639 136
Tel.No.04324-277001 to 277017
Fax : 04324-277025/277026/277027
16. Address for correspondence :
- (a) Investor correspondence for transfer/dematerialisation of shares, payment of dividend on shares, and any other query relating to the shares of the Company. : M/s Cameo Corporate Services Ltd.
V Floor, "Subramanian Building"
No.1 Club House Road, Chennai-600 002.
Tel.No.044-28460390 - 28460395
Fax No.044-28460129
E-mail ID : cameo@cameoindia.com
Contact Person : Thiru D Narasimhan, Executive
- (b) Any query on Annual Report : Shares Department
Tamil Nadu Newsprint and Papers Ltd.
67, Mount Road, Guindy,
Chennai – 600 032.
Tel.No.22354417 Fax No. 22350834 & 22354614
e-mail address : response@tnpl.co.in,
sivakumar.vs@tnpl.co.in
shares@tnpl.co.in
secretarial@tnpl.co.in
Contact Person : Thiru V Sivakumar, Sr.Manager (Secretarial and Internal Audit)
- (c) E-mail ID of Investor Grievances Section : invest_grievances@tnpl.co.in
- (d) Name of the Compliance Officer : A. Velliangiri, Deputy Managing Director and Company Secretary

11. REQUEST TO INVESTORS

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

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

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

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

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

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

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

2. Remuneration Committee

The Company has not formed Remuneration Committee.

3. Shareholders' Rights

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

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

4. Training of Board Members

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

5. Mechanism for evaluating non-executive Board Members

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

6. Whistle Blower Policy

Presently the company does not have a Whistle Blower Policy

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

For and on behalf of the Board

Date:27.5.2011
Place:Chennai

T K RAMACHANDRAN IAS
MANAGING DIRECTOR

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

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

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

For **TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Place: Chennai
Date : 27.05.2011

T K RAMACHANDRAN IAS
MANAGING DIRECTOR

A VELLIANGIRI
DY.MANAGING DIRECTOR

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

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

For **TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

Place: Chennai
Date : 27.05.2011

T K RAMACHANDRAN IAS
MANAGING DIRECTOR

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

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

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

P.B. Srinivasan
Partner
Membership No. 203774

Place – Chennai
Date – 27th May 2011

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

We have audited the attached Balance Sheet of TAMIL NADU NEWSPRINT AND PAPERS LIMITED, as at 31st March 2011, the Profit and Loss account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 of the said Order.

Further to our comments in the Annexure referred to above, we report that

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the company in so far as it appears from examination of those books
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956
- (v) In respect of nominee directors appointed by State Government and public financial institutions, the provisions of Section 274(1)(g) does not apply. In respect of directors other than those specified above, we report that, on the basis of written representations received from those directors and taken on record by the Board of Directors, none of them is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) As the Central Government is yet to notify Cess payable under Section 441A, the reporting requirement under Section 227(3)(g) of the Companies Act, 1956 does not arise.
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) In the case of Balance Sheet, of the State of Affairs of the company as at 31st March 2011;
 - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

P.B. Srinivasan

Partner

Membership No. 203774

Place – Chennai

Date – 27th May 2011

**ANNEXURE TO THE AUDITORS' REPORT
REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE,**

- i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Fixed Assets;
- (b) Fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets have been disposed off during the year.
- ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not taken any loans, secured or unsecured from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) As per the information and explanation given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needs to be entered into the register maintained under the section.
- vi) The company has not accepted any deposits from public during the year. Hence the provisions of section 58A, 58AA or other relevant provisions of the Companies Act, 1956 are not applicable.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) The Central Government has prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie, the 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.
- ix) (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, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were in arrears, for a period more than six months from the date they become payable. The Employees' State Insurance Act does not apply to the company.

- (b) 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
Central Excise Act, 1944	Excise duty exemption	1997-1998, 1998-1999	4.25	Tribunal, Chennai.
Cenvat Credit Rules, 2004	Input credit reversal	1997-98,1998-99 1999-2000,2000-01 2001-02	50.17	High Court, Chennai.
Cenvat Credit Rules, 2004	Capital goods credit	2003-04,2004-05, 2006-07,2007-08	1093.07	Tribunal, Chennai.
Cenvat Credit Rules, 2004	Input service credit	2005-06,2006-07	17.50	Tribunal, Chennai.
Cenvat Credit Rules, 2004	Input service credit	2006-07,2007-08	30.43	Commissioner (Appeals)
Cenvat Credit Rules, 2004	Capital goods credit	2006-07,2007-08	8257.53	Tribunal, Chennai.
Cenvat Credit Rules, 2004	Input service credit	2007-08,2008-09	768.44	Tribunal, Chennai.
Cenvat Credit Rules, 2004	Capital goods credit	2008-09,2009-10	20.43	Tribunal, Chennai.
Cenvat Credit Rules, 2004	Capital goods credit	2008-09	77.89	Commissioner (Appeals)
Cenvat Credit Rules, 2004	Capital goods credit	2009-10	268.72	Tribunal, Chennai.
Cenvat Credit Rules, 2004	Input service credit	2009-10,2010-11	6.87	Commissioner (Appeals)
Cenvat Credit Rules, 2004	Capital goods credit	2010-11	2.57	Tribunal, Chennai.
Cenvat Credit Rules, 2004	Capital goods credit	2010-11	3.08	Commissioner (Appeals)
Customs Act, 1962	Custom Duty	1991-92	44.34	Commissioner
Customs Act, 1962	Custom Duty	1997-98	54.81	Commissioner
Customs Act, 1962	Custom Duty	1999-00	126.74	Commissioner
Income-tax Act, 1961	Income-tax	AY 2002-03	60.69	Assessing Officer
Income-tax Act, 1961	Income-tax	AY – 1996-97 to 2000-01 & 2003-04	244.47	Assessing Officer
Income-tax Act, 1961	Income-tax	AY – 1996-97 to 2000-01 & 2003-04	283.58	Commissioner (Appeals)
Income-tax Act, 1961	Income-tax	AY 2003-04	72.29	High Court, Chennai
Income-tax Act, 1961	Income-tax	AY 2004-05	56.46	Tribunal, Chennai
Income-tax Act, 1961	Income-tax	AY 2005-06	137.96	Commissioner (Appeals)
Income-tax Act, 1961	Income-tax	AY 2006-07	5.97	Tribunal, Chennai
Income-tax Act, 1961	Income-tax	AY 2008-09	9.09	Commissioner (Appeals)
Wealth Tax Act, 1957	Wealth Tax	AY 1997-98, 1998-99, 1999-00, 2001-02, 2002-03, 2003-04	19.46	Assessing Officer

- x) The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.

- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the question of maintenance of documents and records does not arise.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Hence this clause is not applicable to the company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Hence this clause is not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions based on the records produced to us.
- xvi) ***According to the information and explanations given to us, the company has not utilized the term loan to the extent of Rs.37.58 crores for the purpose for which it has been obtained.***
- xvii) According to the information and explanations given to us and on 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.
- xviii) According to the information and explanations given to us, during the year the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) As per 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.
- xx) The company has not raised any money through public issue. Hence the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

P.B. Srinivasan
Partner
Membership No. 203774

Place – Chennai
Date – 27th May 2011

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER
SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF
TAMIL NADU NEWSPRINT AND PAPERS LIMITED
FOR THE YEAR ENDED 31 MARCH 2011**

The preparation of financial statements of Tamil Nadu News Print and Papers Limited for the year ended 31 March 2011 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 27.05.2011.

I, on 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 the Tamil Nadu News Print and Papers Limited for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

**For and on the behalf of the
Comptroller & Auditor General of India
(REVATHI BEDI)
PRINCIPAL ACCOUNTANT GENERAL**

Place : Chennai-18

Date: 28.07.2011

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BALANCE SHEET AS AT 31ST MARCH 2011

(Rs.in Lakh)

	Schedule	As at 31/03/2011		As at 31/03/2010	
I. SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1	6937.78		6937.78	
Reserves and Surplus	2	84641.26		73512.43	
			91579.04		80450.21
LOAN FUNDS					
Secured Loans	3	116923.80		105489.81	
Unsecured Loans	4	31886.20		30800.85	
			148810.00		136290.66
DEFERRED TAX (NET)			24961.00		21013.00
(Refer Para No.IV-E Of Sch., 23)					
			265350.04		237753.87
II. APPLICATION OF FUNDS					
FIXED ASSETS					
Gross block		336446.35		229877.63	
Less: Depreciation		117056.48		105469.01	
Net Block	5	219389.87		124408.62	
Capital work- in- progress		13052.19		85250.01	
			232442.06		209658.63
INVESTMENTS	6		114.05		1139.99
CAPTIVE PLANTATION	7		1318.92		962.41
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	8	20500.15		16911.30	
Sundry Debtors	9	20585.34		19956.91	
Cash and Bank balances	10	1222.00		1936.31	
Loans and Advances	11	31352.09		20593.94	
	A	73659.58		59398.46	
Less:					
CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	12	29493.65		22496.73	
Provisions	13	12690.92		10908.89	
	B	42184.57		33405.62	
NET CURRENT ASSETS	A-B		31475.01		25992.84
			265350.04		237753.87

Schedules 1 to 13 and Notes in 22 & 23 form an integral part of this Balance Sheet.

Dr. N SUNDARADEVAN, IAS
Chairman

T K RAMACHANDRAN, IAS
Managing Director

vide our report of even date
For P.B. VIJAYARAGHAVAN & CO
Chartered Accountants
Firm Reg. No.004721S

Place : Chennai
Date : 27th May 2011

A.VELLIANGIRI
Dy. Managing Director & Secretary

P.B SRINIVASAN
Partner
Membership.No.203774

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

(Rs.in Lakh)

	Schedule	For the Year ended 31/03/2011	For the Year ended 31/03/2010
I INCOME			
Sales	14	121675.86	105610.07
Less: Excise Duty & Cess		3231.34	3042.33
		118444.52	102567.74
Other Income	15	4059.18	4793.76
	A	122503.70	107361.50
II EXPENDITURE			
Material cost and Manufacturing expenses	16	70484.52	59829.76
Personnel expenses	17	11268.03	8750.93
Administration, selling & other expenses	18	7491.50	7618.05
Interest and finance charges	19	4423.63	4618.46
Depreciation/amortisation	5	12336.64	11555.74
	B	106004.32	92372.94
III PROFIT BEFORE PRIOR PERIOD/EXCEPTIONAL ITEMS	A-B	16499.38	14988.56
Prior Period / Exceptional Items	20	0.00	203.87
Extra-ordinary Items	21	3014.77	614.20
IV PROFIT BEFORE TAX		19514.15	15806.63
PROVISION FOR TAXATION			
- Current Income-tax		3883.00	4340.00
Less: MAT Credit Entitlement		(3350.00)	0.00
Income-tax net of MAT Credit		533.00	4340.00
- Deferred Tax		3948.00	(972.00)
- Income-tax & FBT - Previous Year		133.50	48.07
- MAT Credit - Previous Year		0.00	(215.88)
		4614.50	3200.19
V PROFIT AFTER TAX & EXTRA ORDINARY ITEMS		14899.65	12606.44
Balance brought forward		2083.65	2176.97
VI PROFIT AVAILABLE FOR APPROPRIATIONS		16983.30	14783.41
VII APPROPRIATIONS			
Transfer to General Reserve		10300.00	8500.00
Debenture Redemption Reserve		570.00	568.00
Proposed Dividend		3460.53	3114.48
Tax on Dividend		561.38	517.28
VIII BALANCE CARRIED FORWARD		2091.39	2083.65
		16983.30	14783.41
IX BASIC & DILUTED EARNINGS PER SHARE			
(Face Value Rs.10/- per Share)			
- Before Prior Period / Exceptional Items	Rs	17.17	17.03
- After Prior Period / Exceptional Items	Rs	21.53	18.21

Schedules 14 - 21 and notes in 22 & 23 form an integral part of this profit and loss account.

vide our report of even date

Dr. N SUNDARADEVAN, IAS
ChairmanT K RAMACHANDRAN, IAS
Managing DirectorFor P.B. VIJAYARAGHAVAN & CO
Chartered Accountants
Firm Reg. No.004721SPlace : Chennai
Date : 27th May 2011A.VELLIANGIRI
Dy. Managing Director & SecretaryP.B SRINIVASAN
Partner
Membership.No.203774

SCHEDULES TO BALANCE SHEET

(Rs.in Lakh)

	As at 31/03/2011	As at 31/03/2010
1 SHARE CAPITAL		
Authorized:		
13,50,00,000 Equity Shares of Rs.10/- each	<u>13500.00</u>	<u>13500.00</u>
Issued:		
7,00,00,000 Equity Shares of Rs.10/- each	<u>7000.00</u>	<u>7000.00</u>
Subscribed and Paid up:		
6,92,10,600 Equity Shares of Rs.10/- each fully paid up	6921.06	6921.06
Add: Shares Forfeited	<u>16.72</u>	<u>16.72</u>
	<u>6937.78</u>	<u>6937.78</u>
2 RESERVES AND SURPLUS		
(a) Capital Reserve :		
Project Investment subsidy	<u>125.00</u>	<u>125.00</u>
(b) Share Premium:	<u>17973.11</u>	<u>17973.11</u>
	<u>17973.11</u>	<u>17973.11</u>
(c) Debenture Redemption Reserve		
Opening Balance	928.00	360.00
Transfer from Profit & Loss account	<u>570.00</u>	<u>568.00</u>
	<u>1498.00</u>	<u>928.00</u>
(d) General Reserve:		
Opening Balance	52023.05	43523.05
Add : Transfer from Profit & Loss Account	<u>10300.00</u>	<u>8500.00</u>
	<u>62323.05</u>	<u>52023.05</u>
(e) Surplus:		
Balance in Profit and Loss Account	2091.39	2083.65
(f) Hedging Reserve Account	<u>630.71</u>	<u>379.62</u>
TOTAL (a)+(b)+(c)+(d)+(e)+(f)	<u>84641.26</u>	<u>73512.43</u>

SCHEDULES TO BALANCE SHEET

(Rs.in Lakh)

	As at 31/03/2011	As at 31/03/2010
3 SECURED LOANS		
1) Debentures		
a) 11% Non-Convertible Debenture	9444.44	10000.00
<i>Redeemable in 18 quarterly instalments commencing from March 2011</i>		
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) 8.75% Non-Convertible Debentures	5000.00	5000.00
<i>Redeemable in 8 Semi-annual instalments commencing from July 2011</i>		
Secured by subservient charge on the fixed assets of the Company (excluding the machinery which has been specifically charged to the respective lender) situated at Kagithapuram, Karur Dist		
	14444.44	15000.00
2) From Banks		
a) Term loans		
Mill Development Plan		
- FCNR(B)	2251.94	4963.52
- Rupee Term Loans	5125.00	10625.00
Mill Expansion Plan		
- External Commercial Borrowings (ECB)	29397.36	28494.51
- Other Foreign Currency Loan	20471.43	20623.10
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.		
Mill Expansion Plan		
- Rupee Term Loans	7480.73	7480.73
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.		
Mill Expansion Plan		
- Rupee Term Loans	10000.00	5000.00
Secured by subservient charge on the fixed assets of the Company (excluding the machinery which has been specifically charged to the respective lender) situated at Kagithapuram, Karur Dist		

SCHEDULES TO BALANCE SHEET

(Rs.in Lakh)

	As at 31/03/2011	As at 31/03/2010
Mill Expansion Plan		
- External Commercial Borrowings (ECB)	7126.40	0.00
Secured by residual charge over all present and future immovable properties and movable fixed assets except those exclusively charged to the existing lenders, first pari passu charge on specific land & buildings of the company and second pari passu charge on specific wind mill assets of the company		
Wind Mill - ECB LOAN	1587.24	2573.30
Secured by a first charge on the company's movable fixed assets pertaining to 26.25MW Wind Farm facilities		
Rupee Term Loans:		
- Wind Mill	0.00	600.00
- Automatic Storage & Retrieval System(ASRS)	140.63	150.00
- Lime Sludge & Fly Ash Management System(LSFM)	4533.09	0.00
- Power Project Revamping(PPR)	3029.82	0.00
- De-Inked Pulp Plant(DIP)	1716.85	0.00
Secured by a first charge on fixed assets created out of respective loans		
Sub-Total of 2 (a)	92860.49	80510.16
b) Working Capital Loans		
Cash Credit	2549.20	432.95
Buyer's Credit - Foreign Currency	3069.67	2746.70
Short Term Loan	4000.00	6800.00
Secured by a first charge on current assets of the company, namely raw materials, stock-in-process, semi-finished goods, finished goods, consumable stores & spares and receivables and a second charge by way of extension of equitable mortgage on immovable properties of the company in Kagithapuram, Karur District, Tamil Nadu and second charge on the entire fixed assets of the Company		
Sub-Total of 2 (b)	9618.87	9979.65
Total of (2)	102479.36	90489.81
Total of (1) + (2)	116923.80	105489.81
4 UNSECURED LOANS		
Short Term Loans from Banks		
Pre-Shipment Credit - Foreign Currency	4607.62	0.00
Buyer's Credit - Foreign Currency	9278.58	2300.85
Rupee Loan	18000.00	22500.00
Rupee Loan - Bridge Loan - Mill Expansion Plan	0.00	6000.00
	31886.20	30800.85

SCHEDULES TO BALANCE SHEET

5		FIXED ASSETS		(Rs in Lakh)					
DESCRIPTION		GROSS BLOCK		DEPRECIATION /AMORTISATION		NET BLOCK			
		As at 01/04/2010	Additions/ (Deletions)	As at 31/03/2011	Upto 31/03/2010	For the period (Deletions)	Upto 31/03/2011	As at 31/03/2011	As at 31/03/2010
A.	TANGIBLE ASSETS								
	LAND	780.82	0.00	780.82	0.00	0.00	0.00	780.82	780.82
	BUILDINGS								
	ON FREE HOLD LAND	14946.61	9049.05 (4.57)	23991.09	4307.27	561.02 (1.33)	4866.96	19124.13	10639.34
	ON LEASE HOLD LAND	1072.30	64.35 (2.42)	1134.23	390.12	31.90 (1.46)	420.56	713.67	682.18
	RAILWAY SIDINGS	201.32	0.00	201.32	201.32	0.00	201.32	0.00	0.00
	PLANT & MACHINERY								
	ON FREE HOLD LAND	201980.16	97794.77 (722.08)	299052.85	94966.64	11213.06 (721.39)	105458.31	193594.54	107013.52
	ON LEASE HOLD LAND	9105.18	308.72 (21.19)	9392.71	4637.21	448.12 (13.55)	5071.78	4320.93	4467.97
	FURNITURE, FIXTURES & OTHER EQUIPMENTS	1310.57	91.39 (11.19)	1390.77	596.16	63.82 (6.87)	653.11	737.66	714.41
	VEHICLES	242.63	25.67 (6.18)	262.12	139.45	16.57 (4.57)	151.45	110.67	103.18
B.	INTANGIBLE ASSETS								
	COMPUTER SOFTWARE	238.04	2.40	240.44	230.84	2.15	232.99	7.45	7.20
	TOTAL	229877.63	107336.35 (767.63)	336446.35	105469.01	12336.64 (749.17)	117056.48	219389.87	124408.62
	PREVIOUS YEAR	217719.62	13935.17 (1777.16)	229877.63	95593.83	11555.74 (1680.56)	105469.01		
CAPITAL WORK-IN-PROGRESS (Refer Note No.I-A(c) Of Sch. 23)									
				13052.19				85250.01	
								232442.06	209658.63

SCHEDULES TO BALANCE SHEET

(Rs.in Lakh)

			As at 31/03/2011	As at 31/03/2010
6 INVESTMENTS				
LONG TERM				
Non-Trade - Quoted at cost :				
IDBI Bank Limited				
142720 equity shares of Rs.10 each, fully paid			114.05	114.05
Market value as on 31.03.2011 - Rs.203.30 lakh				
(Previous Year - Rs.164.13 lakhs)			114.05	114.05
CURRENT INVESTMENTS				
Non-Trade - Unquoted				
UTI - MUTUAL FUND	Units	Rs.in lakhs		
Opening Balance as on 01.04.2010	50061	500.71		
Purchases during the year	1554665	14530.00		
Total	1604726	15030.71		
Redemption during the year	1604726	15030.71		
Closing Balance as on 31.03.2011	0.00	0.00	0.00	500.71
SBI MUTUAL FUND				
Opening Balance as on 01.04.2010	5249160	525.23		
Purchases during the year	31436511	3950.00		
Total	36685671	4475.23		
Redemption during the year	36685671	4475.23		
Closing Balance as on 31.03.2011	0.00	0.00	0.00	525.23
LIC MUTUAL FUND				
Opening Balance as on 01.04.2010	0.00	0.00		
Purchases during the year	55109982	5800.00		
Total	55109982	5800.00		
Redemption during the year	55109982	5800.00		
Closing Balance as on 31.03.2011	0.00	0.00	0.00	0.00
H D F C MUTUAL FUND				
Opening Balance as on 01.04.2010	0.00	0.00		
Purchases during the year	80573846	8345.00		
Total	80573846	8345.00		
Redemption during the year	80573846	8345.00		
Closing Balance as on 31.03.2011	0.00	0.00	0.00	0.00
ICICI MUTUAL FUND				
Opening Balance as on 01.04.2010	0.00	0.00		
Purchases during the year	2733338	2730.00		
Total	2733338	2730.00		
Redemption during the year	2733338	2730.00		
Closing Balance as on 31.03.2011	0.00	0.00		
Aggregate value of unquoted investments			0.00	1025.94
			114.05	1139.99

SCHEDULES TO BALANCE SHEET

(Rs.in Lakh)

	As at 31/03/2011	As at 31/03/2010
7 CAPTIVE PLANTATIONS		
Standing crops	1318.92	962.41
	<u>1318.92</u>	<u>962.41</u>
8 INVENTORIES		
Stores and Spare parts	1894.66	1633.07
Loose Tools	10.70	4.23
Consumables	2568.80	3141.26
Raw materials	10732.17	7377.12
Materials in Transit	2941.90	2008.95
Work in process	1789.98	1974.33
Stock-in-Trade - Paper & Note Books	531.62	754.50
Stock of Seedlings	30.32	17.84
	<u>20500.15</u>	<u>16911.30</u>
9 SUNDRY DEBTORS		
- UNSECURED CONSIDERED GOOD		
Exceeding six months	604.46	77.37
Other debts	19980.88	19879.54
	<u>20585.34</u>	<u>19956.91</u>
10 CASH AND BANK BALANCES		
Cash balance on hand	2.88	4.27
Cheques on hand	8.01	0.31
Bank balances with Scheduled Banks:		
a) in Current accounts	1143.41	1842.55
b) in Savings account	1.25	29.54
c) in Unpaid Dividend accounts	65.37	58.64
d) in Deposit accounts	1.08	1.00
	<u>1222.00</u>	<u>1936.31</u>

SCHEDULES TO BALANCE SHEET

(Rs.in Lakh)

	As at 31/03/2011	As at 31/03/2010
11 LOANS AND ADVANCES		
Secured - Considered good :		
Advances recoverable in cash or in kind or for value to be received	900.00	900.00
Inter-Corporate Loan	169.25	300.00
Unsecured - Considered good:		
Advances recoverable in cash or in kind or for value to be received	14066.74	8335.35
Inter-Corporate Loan	0.00	50.00
Advances & Deposits with Government and public bodies	3033.85	2761.05
Balance with:		
- Port Trust/Airport Authority	0.39	0.40
- Central Excise / TN VAT	7385.28	6622.88
Prepaid Expenses	252.25	212.52
Receivables - Forward Contracts (Net Gain)	2194.33	1411.74
MAT Credit Entitlement	3350.00	0.00
	31352.09	20593.94
Unsecured - considered doubtful	21.46	21.46
Less: Provision for doubtful advances	(21.46)	(21.46)
	31352.09	20593.94
12 CURRENT LIABILITIES		
Sundry Creditors		
a) Micro and Small Enterprises	131.69	419.37
b) Others	19716.77	13564.32
	19848.46	13983.69
Security Deposits from customers/contractors	2892.01	2556.35
Investor Education and Protection Fund		
a) Unclaimed Dividend	65.37	58.64
b) Matured Deposits - Unclaimed	4.81	9.28
[Due at the end of the year Rs.Nil (Previous year Rs. Nil)]		
Other Liabilities	6267.37	5685.98
Interest accrued but not due	415.63	202.79
	29493.65	22496.73
13 PROVISIONS		
Current Tax	1538.81	1391.53
Fringe Benefit Tax	77.91	77.91
Proposed Dividend	3460.53	3114.48
Tax on Dividend	561.38	517.28
Employee Benefits	7052.29	5807.69
	12690.92	10908.89

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rs.in Lakh)

	For the Year ended 31/03/2011	For the Year ended 31/03/2010
14 SALES (Net of Sales Tax & Sales Returns)		
Printing & Writing Paper:		
- Domestic Sales	91882.90	85043.04
- Export Sales	25935.66	18346.01
	<u>117818.56</u>	<u>103389.05</u>
Less: Discounts	3699.14	3671.02
	<u>114119.42</u>	<u>99718.03</u>
Note Books	1179.00	837.25
Centum Examination Paper	83.51	0.00
Pulp	3222.51	2936.44
Energy	3071.42	2118.35
	<u>121675.86</u>	<u>105610.07</u>
15 OTHER INCOME		
Export Incentive	1328.66	962.74
Incentive under CDM	0.00	384.69
Sale of scrap, wastes etc.	1076.46	1012.03
Interest - Deposits/Advances/OD bills	501.61	290.88
[TDS Rs.36.17 Lakh (Previous Year Rs.24.07 Lakh)]		
Dividend - Non-trade		
a) Long Term Investments	4.28	3.57
b) Current Investments	31.22	15.09
Rental - Building	93.55	81.66
[TDS Rs.9.37 Lakh (Previous Year Rs.10.77 lakh)]		
Profit on Sale of Assets	124.37	395.47
Other receipts #	899.03	1647.63
	<u>4059.18</u>	<u>4793.76</u>
16 MATERIAL COST AND MANUFACTURING EXPENSES		
Raw materials consumed *	16049.53	13509.50
Purchase of Note Books	1298.04	599.51
Purchase of Centum Examination Papers	91.27	0.00
Chemicals consumed	10288.90	8633.51
Stores consumed	984.77	1027.44
(Increase)/Decrease in Stock of Bagasse	(1765.30)	1439.56
(Increase)/Decrease in Stock-WIP	184.35	(1219.47)
(Increase)/Decrease in Stock-Finished Goods	222.88	(486.71)
Freight & Handling charges	2618.39	1987.40
Packing Expenses	3180.32	2876.47
Power, Fuel & Water charges	30553.46	24487.73
Repairs and maintenance:		
- Building	485.84	624.27
- Plant and machinery	6214.50	6259.55
- Non-moving stores - Written off	77.57	91.00
	<u>70484.52</u>	<u>59829.76</u>

Concessional power tariff allowed by TNEB for expansion project in 1995 - Current Year - Nil
(Previous Year - Rs.1198 Lakhs)

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

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rs.in Lakh)

	For the Year ended 31/03/2011	For the Year ended 31/03/2010
17 PERSONNEL EXPENSES		
Salaries, Wages and Bonus	7017.66	5471.66
Contribution to Provident and Other funds	847.19	760.54
Gratuity, Leave Encashment and Employee Benefit scheme	1699.83	1220.87
Staff Welfare	1703.35	1297.86
	<u>11268.03</u>	<u>8750.93</u>
18 ADMINISTRATION, SELLING & OTHER EXPENSES		
Rent	83.39	151.15
Rates and Taxes	292.02	399.31
Insurance	146.62	140.31
Transportation Charges	1822.45	1424.15
Commission & Discount on Sales	2575.84	2854.24
Repairs and Maintenance - Others	116.99	101.97
Travelling & Conveyance	239.89	234.77
Auditors' Remuneration #	12.00	4.90
Printing and Stationery	83.70	100.92
Communication	105.85	116.26
Advertisement	187.18	145.43
Farm Forestry	148.45	183.05
Bad Debts/Advances w/ off (Net)	0.00	11.39
Loss on Exchange Fluctuations	1.73	234.92
Miscellaneous	1675.39	1515.28
	<u>7491.50</u>	<u>7618.05</u>
# Details of Auditors Remuneration		
Statutory Audit	6.00	3.50
- Relating to Previous year	2.50	0.00
Tax Audit	1.00	0.50
Limited Review	1.50	0.90
- Relating to Previous year	0.40	0.00
Certification	0.60	0.00
19 INTEREST AND FINANCE CHARGES		
Interest on Term Loans	2305.95	2484.65
Interest on Working Capital	871.21	1061.88
Interest on Fixed Deposits	0.10	0.38
Other Interest & Finance Charges	1246.37	1071.55
	<u>4423.63</u>	<u>4618.46</u>
20 PRIOR PERIOD/EXCEPTIONAL ITEMS		
Others- Generation tax and Lease rent	0.00	(203.87)
	<u>0.00</u>	<u>(203.87)</u>
21 EXTRA ORDINARY ITEMS		
Purchase and Sale of Coal /Pulp	(3014.77)	(614.20)
	<u>(3014.77)</u>	<u>(614.20)</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**22. 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.

Captive Plantations

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

AS-2 Valuation of Inventories

- a) Inventories excluding wood from captive plantation are valued at cost or net realisable value, whichever is lower. 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.
- c) 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

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

AS-6 Depreciation Accounting

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

- ii) In respect of additions to existing Plant and Machinery, Depreciation has been provided prospectively over the residual useful life of the parent asset from the beginning of the year in which such addition is made.
- iii) In respect of rebuild / upgrade of machinery leading to substantial capacity expansion, depreciation is provided on straight line basis at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956.
- d) In respect of modernisation programme leading to replacement of existing assets, depreciation is provided over the remaining useful life of the assets getting replaced.
- e) In respect of Individual Assets costing less than Rs.5000/-, full depreciation has been provided in the year of addition.
- f) In respect of specific spares
Machinery spares specific to an item of fixed asset 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 profit and loss account unless the delay has resulted in extra cost of assets, in which case the same are adjusted towards the carrying cost of the respective asset.
- d) CDM benefits are recognized in the profit and loss account upon issue of CER by the Executive Board of CDM and Execution of Emission Reduction Purchase Agreement with the Buyer.

AS-10 Accounting for Fixed Assets

Fixed Assets

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

Capital Work-in-Progress

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

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

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

AS-11 Accounting for Effects in Foreign Exchange Rates

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

AS-12 Accounting for Government Grants

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

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

AS-13 Accounting for Investments

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

AS-15 Employee Benefits

- a) Short term employee benefits are charged at the undiscounted amount to Profit and Loss Account in the year in which the related service is rendered.
- b) 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 Profit and Loss Account. While the obligation to the Company is limited to such fixed contribution, as per the rules of Employees' Provident Fund (EPF) any deficiency in the rate of interest on the contribution based on its return on investment as compared to the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Act is to be met by the Company. Also as per the rules, any deficiency in the fair value of plan assets backing the Provident Fund accumulations compared to the amount of such accumulations is to be met by the company.
 - ii) Gratuity, Employee benefit Scheme and long term compensated absence:

Liabilities in respect of defined benefit plan in the form of gratuity, Long term compensated balances and employee benefit scheme are determined based on actuarial valuation made by an independent actuary using projected unit credit method as at the balance sheet date and are unfunded.
- c) Defined Contribution

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

AS-16 Borrowing cost

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

AS-17 Segment Reporting

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

AS-18 Related Party Transactions

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

AS-19 Leases

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

AS-20 Earnings per Share

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

AS-22 Accounting for Taxes on Income

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

AS-26 Intangible Assets**General:**

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

Research and Development:

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

AS-28 Impairment of Assets

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

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

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

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

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

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

- a) The Government of Tamil Nadu allotted land to TNPL for construction of Corporate Office building for Rs.44.37 lakh. The transfer of title of the said Land in favour of the company is yet to be done pending completion of necessary formalities.
- b) The Company 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 pending completion of certain formalities.
- c) Capital work in progress includes:-

			2010-2011 (Rs.in lakh)	2009-2010 (Rs.in lakh)
A)	Regular Projects (includes advances Rs. 1262.97 lakh (Previous Year Rs.353.32 lakh))	(A)	4103.29	1377.73
B)	Mill Development Plan (MDP)			
	Opening Balance	(a)	536.03	914.52
	Additions:			
	Plant and Machinery	(b)	2.01	97.40
	Total (a+b)		538.04	1011.92
	Less : Transferred to Fixed Assets on capitalisation			
	Plant & Machinery		133.00	475.89
	Total	(c)	133.00	475.89
	Balance (a+ b-c) (includes advances Rs. 17.77 lakh (Previous Year Rs. Nil lakh))	(B)	405.04	536.03
C)	Mill Expansion Plan (MEP)			
	Opening Balance	(i)	83285.98	15815.05
	Additions:			
	Buildings		2249.96	6247.17
	Plant & Machinery		19712.22	56050.91
	Interest and Finance charges		4075.84	5966.09
	Total	(ii)	26038.02	68264.17
	Less: Transferred to Fixed assets on capitalization			
	Buildings		8781.85	783.06
	Plant & Machinery		95473.31	0.00
	Revenue		1364.99	10.18
	Total	(iii)	105620.15	793.24
	Balance (i + ii – iii) (includes advances Rs.95.54 lakh (Previous Year Rs. 1405.34 lakh))	(C)	3703.85	83285.98

		2010-2011 (Rs.in lakh)	2009-2010 (Rs.in lakh)
D)	Mini Cement Plant		
	Opening Balance (i)	50.27	0.00
	Additions		
	Buildings	329.19	0.00
	Plant & Machinery	2173.17	0.00
	Interest	64.92	25.00
	Pre-operative expense	34.22	25.27
	(ii)	2601.50	50.27
	Balance (i + ii) (includes advances Rs.869.90 lakh (Previous Year Rs. Nil.))		
	(D)	2651.77	50.27
E)	Power Plant Revamping		
	Building	271.66	0.00
	Plant & Machinery	1744.55	0.00
	Interest	87.93	0.00
	Others	84.10	0.00
	Total (includes advances Rs 853.43 lakh (Previous Year Nil lakh))	2188.24	0.00
	(E)		
	Total (A) + (B)+(C)+(D)+(E)	13052.19	85250.01

- d) Estimated amount of contracts remaining to be executed on Capital Account and not provided for is Rs. 17759.52 Lakh (Previous year Rs.11187.51 lakh).
- e) The company has entered into an agreement with M/s. Sakthi Sugars Limited (SSL), Appakudal for procurement of bagasse on a fuel substitution. As per the terms of the agreement, TNPL would bear initially entire capital cost. The sugar mill has to reimburse the 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.

B. CAPTIVE PLANTATIONS/FARM FORESTRY

- a) The Company has taken over 244.28 hectares of waste land for captive plantation from the Government of Tamilnadu valid for a period ranging from 22 years to 30 years and 582.440 hectares from Private Land Owners for a period of six years through lease agreement and 1685.41 hectares under revenue sharing basis
- b) Area under Captive Plantation: -

(Fig. in Hectares)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Own Lands	115.900	115.080
Leasehold Lands	826.720	763.468
Revenue Sharing Lands	1685.410	1075.940
Total	2628.030	1954.488

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

(Rs. in Lakh)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Own Lands	65.60	64.06
Leasehold Lands	536.97	426.95
Revenue Sharing Basis	716.35	471.40
Total	1318.92	962.41

d) Farm Forestry Expenditure

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

C. DEBTORS, CREDITORS AND LOANS & ADVANCES:

a) Confirmation of balances from Debtors, Creditors and for Loans and Advances, have been received and the same is being reconciled.

b) Based on confirmation received from the suppliers regarding status under the Micro, Small and Medium Enterprises Development Act, 2006 (the act)

a) Amount due and outstanding to suppliers as at the end of accounting year Rs.131.69 lakh

b) Interest paid during the year Nil

c) Interest payable at the end of the accounting year, and Nil

d) Interest accrued and unpaid at the end of the accounting year Nil

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

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

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

	Particulars	2010-2011	2009-2010
a)	Installed Capacity :		
	Newsprint/Printing & Writing Paper (tpa)*	400000	245000
	Energy (MW)	116.62	116.62
b)	Actual Production for the Year:		
	Printing & Writing paper (MTs)#	265044	245008
	Energy (MW)	64.01	60.31

*Capacity enhanced from 245000 tpa to 400000 tpa from 19/1/2011.

Include trial production of 1635 MTs in PM # 3

B. FINISHED GOODS – TURNOVER, INVENTORY & PURCHASES:

	Particulars	2010-2011		2009-2010	
		Quantity	Value (Rs. In lakh)	Quantity	Value (Rs. In lakh)
a) Turnover:					
	Printing & Writing Paper* MTs	264908	110888.08	242875	96675.70
	Note Books ** NOS	7690285	1179.00	5481824	837.25
	Centum Examination Paper Reams	52036	83.51	0	0
	Chemical Bagasse Pulp BDMT	9383	3222.51	11083	2936.44
	Energy*** KWH	82064277	3071.42	68483706	2118.35
	Total turnover		118444.52		102567.74
	* Excluding 51 MTs. (Previous Year 43 MTs) of Printing & Writing paper taken for Self-consumption & 1635 MTs of PM # 3 for trial production sales etc.				
	** Excluding 129337 Nos. (Previous Year 102745 Nos.) of Note Books taken for self-consumption, donation etc.,				
	*** Excluding 66.63 lakh units (Previous year 117.56 lakh units) utilized for self consumption				
b) Inventory:					
	Opening Stock:				
	Newsprint	Nil	Nil	Nil	Nil
	Printing & Writing paper(MTs)	2090	656.48	Nil	Nil
	Note Books (Nos)	927992	96.93	1733200	267.79
	Centum Examination Paper(Reams)	Nil	Nil	Nil	Nil
	Closing Stock:				
	Newsprint	Nil	Nil	Nil	Nil
	Printing & Writing paper (MTs)	540	191.43	2090	656.48
	Note Books (Nos)	2169002	339.38	927992	96.93
	Centum Examination Paper(Reams)	172	0.28	Nil	Nil
c) Purchases:					
	Note Books (Nos)	9060632	1298.04	4779361	599.51
	Centum Examination Paper(Reams)	52208	91.27	Nil	Nil

Turnover value includes Exchange fluctuations Rs.628.74 lakh (gains). (Previous year Rs.34.13 lakh (Gains))

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.

C. RAW MATERIALS CONSUMED:

a) Quantity & Value:

Particulars	2010-2011		2009-2010	
	Quantity	Value (Rs. In lakh)	Quantity	Value (Rs. In lakh)
Wood (MT)	422806	13562.56	394874	11778.82
Wood Pulp (ADMT)	4641	1687.48	5299	1467.28
Bagasse@ (ADMT)	707238	16122.00	717456	14494.99

ADMT = Air Dry Metric Tonne

@ Bagasse is procured both from open market and under barter arrangement with various sugar mills by exchange of fuel/coal. The value of bagasse represents the cost of procurement of bagasse from open market and cost of production of steam/fuel supplied to Sugar Mills in exchange for bagasse, freight, handling charges etc., which are included in the respective heads of account and is accounted for on depithed basis.

Bagasse consumption value and stock is valued at weighted average cost, net of taxes and duties eligible for credit

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

Particulars	2010-2011		2009-2010	
	(Rs. In Lakh)	%	(Rs. In Lakh)	%
i. Raw Materials				
Imported	1687.48	5.38	1467.28	5.29
Indigenous	29684.56	94.62	26273.81	94.71
ii. Components, Spare Parts & Chemicals				
Imported	1263.10	8.97	1774.99	14.83
Indigenous	12823.91	91.03	10194.92	85.17

D. FOREIGN CURRENCY TRANSACTIONS:

Particulars	2010-2011 (Rs. In lakh)	2009-2010 (Rs. In lakh)
a) Value of Imports Calculated on CIF basis:		
Raw Materials (Pulp)	3133.65	872.97
Components, Spare parts & Chemicals	1803.67	2483.73
Coal	30060.72	15121.14
Capital goods	1418.03	42415.42
b) Expenditure in Foreign Currency		
Engineering & Supervision Charges	1897.32	39.45
Interest	2067.72	1199.74
Others	223.11	104.32
c) Dividend remitted in Foreign Currency:		
Dividend	2009-10	2008 - 2009
No. of Non-Resident Shareholders	6	6
No of Shares held by Non-Resident Shareholders	1900	1900
Dividend	0.09	0.09

Particulars	2010-2011 (Rs. In lakh)	2009-2010 (Rs. In lakh)
d) Earnings in Foreign Exchange:		
FOB value of Exports	24506.53	17686.08
CDM Receipts	0.00	384.69
e) Effect of Exchange Fluctuations, including Forward Contracts:		
Profit and Loss Account	1.73	234.92

**FORWARD EXCHANGE CONTRACTS & FINANCIAL INSTRUMENTS WHICH ARE IN
SUBSTANCE FORWARD CONTRACTS OUTSTANDING AS ON 31.03.2011 & 31.3.2010**

(Figures in Million)

Particulars	Currency	31/03/2011	31/03/2010	Nature of Exposure	Underlying Risk Coverage
Firm Future	USD	35.695	18.786	Exports	USD/INR
Commitments/	USD	2.999	0.000	Imports-Capex	USD/INR
Probable Future	SEK	0.345	0.000	Imports-Capex	SEK/INR
Transactions	Euro	0.123	0.000	Imports – Capex	Euro / INR
	Euro	0.126	1.295	Imports - Revenue	Euro / INR
	USD	7.524	6.160	Imports – Revenue	USD/INR
Balance Sheet Items	USD	25.792	11.249	Buyers Credit	USD/INR
	Euro	1.380	0.000	Buyers Credit - Capital	Euro/INR
	USD	10.350	0.000	Packing Credit	USD / INR
	JPY	129.546	263.890	ECB	JPY / INR - Complete Swap
	JPY	2808.300	2912.71	ECB	JPY / INR
	USD	5.050	11.062	FCNR (B)	USD / INR
	USD	19.000	20.000	ECB	USD / INR
	USD	45.962	45.962	FCL -Others	USD / INR
	USD	16.000	0.00	ECB	USD / INR - Complete Swap
	USD	15.000	15.000	ECB	USD / INR – Interest Rate Swap

**UNHEDGED FOREIGN CURRENCY EXPOSURE - ASSETS &
LIABILITIES AS ON 31.03.2011 & 31.03.2010**

Particulars	Currency	31/03/2011	31/03/2010	Nature of Exposure	Underlying Risk Coverage
Balance Sheet Items	USD	6.010	6.544	Outstanding Export Bills	USD/INR
	JPY	3.843	2.887	ECB LOAN	JPY/INR

IV. ACCOUNTING STANDARD DISCLOSURES (COVERING SCHEDULE VI REQUIREMENTS ALSO):**A. AS 15 – Employee Benefit**

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

(Rs in Lakh)

TYPE OF PLAN	GRATUITY		LEAVE ENCASHMENT		EMPLOYEE BENEFIT SCHEME	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
PERIOD OF DISCLOSURE						
	UNFUNDED		UNFUNDED		FUNDED	
RECONCILIATION OF OPENING AND CLOSING BALANCES:						
PVO as at the beginning of the period	4571.95	3845.90	1203.76	1152.81	58.12	57.05
Interest Cost	355.16	269.65	88.85	76.76	4.56	4.10
Current service cost	234.52	191.29	211.44	140.53	2.56	3.24
Benefits paid	(264.91)	(253.24)	(186.30)	(188.15)	(5.04)	(3.39)
Actuarial loss/(gain) on obligation (balancing figure)	708.62	518.35	94.42	21.82	3.11	(2.89)
PVO as at the end of the period	5605.34	4571.95	1412.17	1203.76	63.31	58.12
EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS ACCOUNT						
Current service cost	234.52	191.29	211.44	140.53	2.56	3.24
Interest Cost	355.16	269.65	88.85	76.76	4.56	4.10
Expected return on plan assets	0.00	0.00	0	0.00	(2.35)	(2.08)
Net actuarial (gain)/loss recognised in the year	708.62	518.35	94.42	21.82	3.06	(2.52)
Expenses recognized in the statement of profit and loss account	1298.30	979.29	394.71	239.10	7.83	2.75
Net Assets(Liability) recognised in the Balance Sheet						
Present value of obligation	5605.34	4571.95	1412.17	1203.76	63.31	58.12
Fair value of plan assets	0.00	0.00	0.00	0.00	28.54	26.13
Difference	5605.34	4571.95	1412.17	1203.76	34.77	31.98
Liability recognised in the balance sheet	5605.34	4571.95	1412.17	1203.76	34.77	31.98
ASSET/LIABILITY RECOGNIZED IN THE BALANCE SHEET						
Opening net liability	4571.95	3845.90	1203.76	1152.81	31.98	32.62
Expense as above	1298.30	979.29	394.71	239.10	7.83	2.75
Contribution paid	(264.91)	(253.24)	(186.30)	(188.15)	(5.04)	(3.39)
Closing net liability recognized in Balance Sheet	5605.34	4571.95	1412.17	1203.76	34.77	31.98
PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]						
Discount Rate	8.00%	8.00%	8.00%	8.00%	8.30%	8.20%
Salary escalation rate	7.00%	6.00%	7.00%	6.00%	4.00%	4.00%
Attrition rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expected rate of return on plan assets					9.00%	7.00%
ENTERPRISE'S BEST ESTIMATE OF CONTRIBUTION DURING NEXT YEAR	270	218.39	190	150.00	6.53	4.00

B. SEGMENT REPORTING: (AS 17)**a) Primary Segments**

(Rs. In lakh)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
	Paper		Energy		Total	
1 Segment Revenue						
a) External Sales	115373.10	100449.40	3071.42	2118.34	118444.52	102567.74
b) Inter Segment Sales			15436.70	12974.48	15436.70	12974.48
Sub-Total	115373.10	100449.40	18508.12	15092.82	133881.22	115542.22
Less: Inter Segment revenue			15436.70	12974.48	15436.70	12974.48
Net Sales / Income from Operations		100449.40	3071.42	2118.34	118444.52	102567.74
Add : Other Income attributable to Segments	0.00	0.00	0.00	75.91	0.00	75.91
Total Segment Revenue	115373.10	100449.40	3071.42	2194.25	118444.52	102643.65
2 Segment Results	20914.09	19913.77	1332.32	1031.53	22246.41	20945.30
(Profit (+) / Loss (-) before tax and Interest)						
Less:						
i) Interest					4423.63	4618.46
ii) Other unallocable expenditure net of unallocable income					1323.40	1338.28
iii) Prior period/Extra ordinary items					(3014.77)	(818.07)
Profit Before Tax					19514.15	15806.63
Provision for Taxation					4614.50	3200.19
Profit after Tax					14899.65	12606.44
3 Other Information						
Segment Assets	256449.33	156552.00	22032.22	17594.58	278481.55	174146.58
Unallocated Corporate Assets					25349.20	13726.94
Total Assets	256449.33	156552.00	22032.22	17594.58	303830.75	187873.52
Segment Liabilities	23902.73	17108.66	2860.95	4121.58	26763.68	21230.24
Unallocated Corporate Liabilities					13922.49	10227.69
Total Liabilities	23902.73	13241.79	2860.95	4121.58	40686.17	31457.93
Capital Expenditure [excludes unallocated capital expenditure Rs. 43.47 lakh. (previous year Rs.15.10 lakh)]	101255.73	13814.31	6037.14	105.77	107292.87	13920.08
Depreciation [excludes unallocated capital expenditure Rs. 57.97 lakh. (previous year Rs.56.19 lakh)]	10869.69	10194.36	1408.98	1305.20	12278.67	11499.56

Geographical Segment

(Rs. In lakh)

Particulars	India		Rest of the world		Total	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Revenue from external customers	92508.86	84221.73	25935.66	18346.01	118444.52	102567.74

C. RELATED PARTY DISCLOSURES (AS 18):

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

(Rs. in lakh)

Particulars	2010-2011			2009-2010		
	MD	WTD/ DMD	TOTAL	MD	WTD/ DMD	TOTAL
Pay and Allowances	12.37	22.34	34.71	13.81	22.34	36.15
Reimbursement of medical expenses	0.74	1.28	2.02	0.30	1.28	1.58
Other Perquisite	5.12	3.98	9.10	1.08	3.98	5.06
Total	18.23	27.60	45.83	15.19	27.60	42.79

MD - Managing Director

WTD - Whole Time Director

DMD - Deputy Managing Director

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

Particulars	Units	2010-2011	2009-2010
Weighted Average Number of Shares	Nos.	69210600	69210600
Number of Shares outstanding at year end	Nos.	69210600	69210600
EPS	Rs.	21.53	18.21

E. ACCOUNTING FOR TAXES ON INCOME (AS 22)

Provision for current tax is made under normal computation.

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

Deferred Tax comprises of	31/3/2011 (Rs. In lakh)	31/3/2010 (Rs. In lakh)
A. Deferred Tax Liability		
Depreciation	27773	23353
B. Deferred Tax Assets		
Provision for Employees' Benefits	2265	1906
Others	547	434
Sub-Total (B)	2812	2340
DEFERRED TAX (NET) (A) - (B)	24961	21013

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

Particulars	2010-2011 (Rs. In lakh)	2009-2010 (Rs. In lakh)
Salaries and Wages	75.04	49.30
Repairs and Maintenance	95.30	56.03
Depreciation	25.69	25.30
Chemicals	95.50	123.03
Other Expenses	1.96	0.00
Total	293.49	253.66

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

G. IMPAIRMENT OF ASSETS (AS 28):

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

H. CONTINGENT LIABILITIES (AS 29):**(Rs. In Lakh)**

Sl. No	Description of the Contingent Liability	Estimated Amount		Indication of Uncertainty	Possible Recovery, if liability arises
		As at 31.03.2011	As at 31.03.2010		
a)	Letters of Credit issued by Banks on behalf of Company	3926.26	7125.72	Performance or Non-performance of various parties.	Nil
b)	Guarantees issued by the Banks on behalf of the Company	1834.85	2648.92	-do-	Nil
c)	Claims against the Company not acknowledged as debts relating to Statutory Dues: -			All are disputed before concerned appellate authorities. The company is advised that the cases are likely to be disposed off in favour of the company.	Nil
	a) Income Tax	865.32	4267.44		
	b) Wealth-tax	19.46	19.46		
	c) Customs Duty	271.21	271.21		
	d) Excise Duty	10600.95	9721.88		
d)	Claims against the Company not acknowledged as debts – Others: -			All are disputed before concerned appellate authorities. The company is advised that the cases are likely to be disposed off in favour of the company.	Nil
	i) Corporate Office Land – Penal Interest	22.80	22.80		
	ii) Land Acquisition Claims	131.54	130.00		
	iii) Cess on Land Lease at Perungudi – Wind farm.	37.94	37.94		
	iv) Interest on Water Royalty Paid belatedly	82.48	82.48		
	v) Others	161.57	23.33		
e)	Concession in Customs Duty availed for imports cleared under Export Promotion on Capital Goods Scheme	4373.39	9855.60	Possibilities of not meeting minimum export quantity requirements by the Company.	Nil
f)	Revenue sharing agreement under captive plantation	NQ	NQ	Yield and price payable not quantifiable.	NIL
g)	Lease	8.12	8.12		NIL

I. ACCOUNTING OF DERIVATIVE FINANCIAL INSTRUMENTS (AS 30)

The movement in hedging reserve during the year ended 31st March 2011 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	134.91	(514.53)	(379.62)
2	Changes in the fair value of hedges at the exchange rate on the date of settlement of the underlying transactions.	(7.27)	14.39	7.12
3	(Gains)/Losses transferred to Profit & Loss account/ carrying cost of Non Monetary assets/liabilities	127.64	(500.14)	(372.50)
4	Changes in the fair value of the effective portion of the outstanding cash flow hedges.	18.84	(649.55)	(630.71)
5	(Gains)/losses Relating to discontinued cash flow hedge transferred to Profit & Loss account	0	0	0
6	Balance at the year end - 31.03.2011	18.84	(649.55)	(630.71)

V. 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.

Dr. N SUNDARADEVAN, IAS
Chairman

T K RAMACHANDRAN, IAS
Managing Director

vide our report of even date
For P.B. VIJAYARAGHAVAN & CO
Chartered Accountants
Firm Reg. No.004721S

Place : Chennai
Date : 27th May 2011

A.VELLIANGIRI
Dy. Managing Director & Secretary

P.B SRINIVASAN
Partner
Membership.No.203774

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

PARTICULARS	2010-11 (Rs.in Lakh)	2009-10 (Rs.in Lakh)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Exceptional Items	16499.38	14988.56
Adjustments for :		
Depreciation Provision	12336.64	11555.74
Interest Income	(501.61)	(290.88)
Dividend Income	(35.50)	(18.66)
Rental Income	(93.55)	(81.66)
(Profit)/Loss on write off/ sale of Fixed Assets	(124.37)	(395.47)
Exchange Fluctuations	31.59	(27.95)
Interest Expenditure	4423.63	4618.46
Operating Profit before working capital changes	32536.21	30348.14
Decrease(Increase) in Inventories	(3945.36)	1765.50
Decrease(Increase) in Sundry Debtors	(609.11)	(3009.95)
Decrease(Increase) in Loans and Advances	(7108.15)	(8868.68)
Increase(Decrease) in Current Liabilities	7760.68	3037.52
Cash from Operations	28634.27	23272.53
Income Tax paid	(4169.22)	(3255.83)
Cash from Operating before exceptional Items	24465.05	20016.70
Exceptional Items	3014.77	818.07
Cash from Operating Activities	27479.82	20834.77
B CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds on Sale of Fixed Assets	142.82	492.07
Additions to Fixed Assets & Capital Work-In-Progress	(28570.07)	(70029.36)
Decrease/ (Increase) in Investments	1025.94	(1025.94)
Interest Income	501.61	290.88
Dividend Income	35.50	18.66
Rental Income	93.55	81.66
Net Cash from Investing Activities	(26770.65)	(70172.03)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings (Secured & Unsecured)	22603.47	71162.50
Repayment of Borrowings (Secured & Unsecured)	(10026.92)	(10679.46)
Interest paid	(10375.00)	(7335.80)
Dividend paid	(3114.48)	(3114.48)
Dividend tax paid	(517.28)	(529.31)
Net Cash from Financing Activities	(1430.21)	49503.45
D TOTAL INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR (A+B+C)	(721.04)	166.19
Cash and cash equivalents at the beginning of the year	1877.67	1711.48
Cash and cash equivalents at the end of the year	1156.63	1877.67

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

Dr. N SUNDARADEVAN, IAS
Chairman

T K RAMACHANDRAN, IAS
Managing Director

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A.VELLIANGIRI
Dy. Managing Director & Secretary

P.B SRINIVASAN
Partner
Membership.No.203774

Information under Part IV of Schedule VI of the Companies Act 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(Accounting year ended 31st March 2011)

I Company's Registration Details		
-	Registration No.	7799
-	State Code	18
-	Balance Sheet Date	31st March 2011
II Capital raised during the year:		(Rs.in Lakh)
-	Public Issue	Nil
-	Rights Issue	Nil
-	Bonus Issue	Nil
-	Private Placement	Nil
III Position of Mobilisation and Deployment of Funds:		(Rs.in Lakh)
-	Total Liabilities	307534.61
-	Total Assets	307534.61
Sources of Funds		
-	Paid up Capital	6937.78
-	Reserves & Surplus	84641.26
-	Secured Loans	116923.80
-	Unsecured Loans	31886.20
-	Deferred tax	24961.00
		<u>265350.04</u>
Application of Funds		
-	Net Fixed Assets	232442.06
-	Investments	114.05
-	Captive Plantation	1318.92
-	Net Current Assets	31475.01
		<u>265350.04</u>
IV Performance of Company		(Rs.in Lakh)
-	Turnover	118444.52
-	Total Expenditure (Net of other income Rs.7073.95 Lakhs)	98930.37
-	Profit before tax	19514.15
-	Profit after tax	14899.65
-	BASIC & DILUTED EARNINGS PER SHARE	Rs.
-	Before Prior Period / Exceptional Items	17.17
-	After Prior Period / Exceptional Items	21.53
-	Dividend Rate	50%
V Generic names of three principal products/services of Company (as per monetary terms)		
Item code No.	Product Description	
480100	Newsprint in rolls or sheets	
480200	Paper	
27160000	Electrical Energy	

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TAMIL NADU NEWSPRINT AND PAPERS LIMITED

Registered Office : 67, Mount Road, Guindy, Chennai – 600 032.

ATTENDANCE SLIP

D.P. Id*		Master Folio No.	
Client Id*		No. of Share(s)	

Name and Address of the Shareholder

I hereby record my presence at the 31st Annual General Meeting of the Company held on Thursday, the 15th September 2011 at 10.30 a.m. at the Music Academy, 168, T.T.K. Road, Chennai – 600 014.

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

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

TAMIL NADU NEWSPRINT AND PAPERS LIMITED

Registered Office : 67, Mount Road, Guindy, Chennai – 600 032.

PROXY FORM

D.P. Id*		Master Folio No.	
Client Id*			

I/Weof
 being a member / members of Tamil Nadu Newsprint and Papers Limited hereby
 appoint..... of
or failing him.....
 of.....as my / our proxy to vote for me / us on my / our behalf at the 31st Annual General
 Meeting of the Company to be held on Thursday, the 15th September 2011 at 10.30 a.m. or at any adjournment thereof.

Signed this.....day of.....2011.

*Applicable for investors holding shares in electronic form.

Signature.....

Affix
One Re.
Revenue
Stamp

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

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Tamil Nadu Newsprint and Papers Limited

No.67, Mount Road, Guindy,
Chennai – 600 032, India.

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Fax : 2235 0834, 2235 4614

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Karur District, Tamil Nadu.