

# Chairman's Speech

## 44<sup>th</sup> ANNUAL GENERAL MEETING

**27<sup>th</sup> September 2024 at 10.00 A.M**  
**at REGISTERED OFFICE,**  
No. 67, Mount Road, Guindy, Chennai - 600 032.



**TAMIL NADU NEWSPRINT AND PAPERS LIMITED**

No. 67, Mount Road, Guindy, Chennai - 600 032.

## LADIES AND GENTLEMEN, VANAKKAM.

I extend my warm welcome to all the shareholders, my colleagues on the Board, Auditors and other stakeholders of the company to this 44<sup>th</sup> Annual General Meeting. The Board's Report and the Audited Accounts for the year ended 31<sup>st</sup> March, 2024 are with you and with your permission I shall take them as read. I trust you would have gone through the same by now and are pleased with the performance achieved by the Company during the year 2023-24.

Your Company commenced paper production in the year 1984 with a capacity of 90,000 Metric Tonnes per annum. Over the years, the capacity stands expanded to 4.0 lakh Metric Tonnes per annum of Printing and Writing Paper. In 2016, the company had set up a state-of-the-art Packaging Board Plant with an annual capacity of 2,00,000 Metric Tonnes per annum in Mondipatti village, Manaparai taluk, Trichy District.

### VISION:

Your company has been operating with a Vision **to adopt state-of-the-art contemporary technology and be the world's most sustainable brand to manufacture eco-friendly paper and paperboards. We also strive to create an inclusive work environment, become the best place to work at, and grow in favourable opportunities.** In line with the above Vision, the company's Mission has been **to manufacture paper and paperboards of top-notch quality and achieve over 1 million tons per annum by the end of 2030. Besides that, we also focus on becoming the number one choice for our customers and provide our products at the most affordable and competitive prices, meet our financial goals and create a culture of safety and sustainability.**

We are exploring new segment to forward integrate in value added products using paper and boards as a raw materials and are in active discussions with paper machine manufacturers to get into newer categories of value added papers.



## OPERATIONAL AND FINANCIAL PERFORMANCE:

During the year, your Company has produced 4.22 lakh MTs of Paper and sold 3.81 lakh MTs of Paper.

In Paper Board Plant, your Company has produced 1.95 lakh MTs of Paper Board and sold 1.77 lakh MTs of Paper Board.

During the year your Company has produced 2.93 lakh MTs of Hardwood Pulp (HWP), Chemical Bagasse Pulp (CBP) and Deinked Pulp (DIP) in Unit I and 1.25 lakh MTs of Hardwood Pulp (HWP) in Unit II. The total Pulp Production during the year was 4.18 lakh MTs.

During the year 2023-24, the market for paper faced challenges due to increase in import of paper. Consequent to which the realisation of paper was lower than the previous year. The prices of raw materials especially, wood has also increased significantly impacting the profitability of the company. The Profit before tax (PBT) is Rs. 324.76 crore and Profit after tax (PAT) is Rs. 208.16 crore.

Market capitalization as on 31.03.2024 is Rs.1707.08 crore. During the year overall borrowings was reduced by Rs. 65 crore.

The Board of Directors had declared an Interim Dividend of 30% (i.e Rs. 3.00/- per equity share) for the financial year 2023-24. The Interim Dividend was paid to the equity shareholders whose names appeared in the Register of Members as on the cut-off date of 13<sup>th</sup> February, 2024. The cash outgo on the Interim Dividend was Rs.20.76 Crore.

Further, the Board of Directors of your Company have recommended the payment of Final Dividend @ Rs. 1/- per share i.e. 10% on the face value of Rs. 10/- per share out of profit of the company despite requirement of funds for capex and repayment of Loans.

## MARKET OUTLOOK:

The global paper and packaging industry is experiencing significant transformations driven by evolving consumer preferences, technological advancements and regulatory changes.

In the fiscal year 2023-24, India witnessed a significant increase in imports of Printing and Writing papers. This rise, in imported paper is attributed to very competitive pricing from overseas suppliers. These imports have intensified competition in the Indian market, putting pressure on domestic manufacturers, including TNPL, to maintain market share and price competitiveness.

The domestic market has faced sluggish demand, in the year 2023-24. Various sectors, including Education, Publishing and Corporates, have been experiencing reduced consumption of printed materials. This is partly due to the ongoing digital transformation, which has led to a decline in traditional paper usage. Additionally, economic uncertainties and shifts in consumer behaviour have contributed to the muted demand for printing and writing papers.

The domestic market faced very high downward pressure on prices due to the influx of imports. While this may benefit customers and industries that rely upon paper, local manufacturers had to face many challenges. The pricing pressure has been exacerbated by fluctuations in raw material costs also, which impact production costs and margins. Availability of Hard wood is an issue. Most Indian Paper Mills, have resorted to importing wood chips, at much higher costs. This has further added to increase in raw material costs.

However the ongoing Red Sea crisis is impacting global shipping routes, potentially increasing transportation costs and causing delays in import of raw materials. This could be a saving grace to the Indian paper manufacturers. Without imports coming into the country, domestic manufacturers could potentially shore up prices at least to cover up the escalating costs, to some extent.

## PROJECTS:

### Tissue Paper Machine:

Considering the market potential for Tissue paper, a 100 tpd capacity, state-of-the-art Tissue Paper Machine along with its auxiliaries is proposed to be installed at TNPL Unit-II at an estimated project cost of Rs.300 crore. The machine shall have facilities to produce different grades of tissue paper ranging from 13 GSM to 40 GSM mostly made from high quality in house Hard Wood Pulp. The procurement action was initiated in February, 2024 and expected to be commissioned before March, 2026.

### Revamp of Steam and Power System In Unit I:

The installation of two high pressure boilers of 125 tph each along with a 42 MW Turbo Generators under Revamping of the existing Steam and Power System (RSPS 2) at Unit I is being taken up in phases to retire and replace the old low-pressure boilers installed in 1985. As part of Phase # 1, procurement of one High Pressure Boiler is under progress and is likely to be completed by end of March, 2026.

### Rooftop Solar Power Plant at Unit I & Unit II:

In line with our commitment to environment and renewable energy, 1 MW each rooftop solar power plants are under installation on building at both units. The project is likely to be completed by July 2026.

## ENVIRONMENT, SUSTAINABILITY AND GOVERNANCE:

TNPL firmly believes that Impact on Environment due to industrial activities must be totally minimized by adopting appropriate environmentally benign technologies.

TNPL aims to achieve its environmental objectives and impact reduction measures with multiple approaches right from resource conservation to recycling, restoring ecosystems, conserving biodiversity, awareness creation.

- During the year, the company established high yielding Clonal Pulpwood Plantations in an extent of 22,982 acres involving 5938 farmers.
- 83.06 lakh NM<sup>3</sup> Methane gas was generated in the Bio-methanation Plant and consumed in Lime Kiln and Power Boilers, which has resulted in saving of 4464.24 KL of furnace oil and 707 MTs of imported coal.
- The wind farms with an installed capacity of 35.5 MW have generated 372.82 lakh Kwh units of “Green Power” during the year.
- Implementation of various water conservation measures resulted in reduction of overall consumption of water in Unit – I to 28 KL/per ton of Paper, one of the lowest in the industry.

#### **CORPORATE SOCIAL RESPONSIBILITY:**

Your Company is committed to being a socially responsible corporate citizen. During the year, your Company has implemented several community development measures towards the broad sectors included in TNPL’s CSR policy such as Education, Health Care, Community Development and Infrastructure Development, Environment & Soil Quality and Culture & Heritage. Your Company has spent Rs. 3.71 crore for CSR activities during 2023-24 by mainly focusing on enhancing the socio economic status by conducting skill development programme, sports promotional activities, free education to the children of downtrodden people, sponsorships, special coaching classes, general medical camp and monthly mobile medical camps in the villages surrounding the TNPL factory, supply of free drinking water facilities etc.,

## AWARDS AND RECOGNITION:

Your Company was recognized with many notable awards and accolades during the year. The major awards are highlighted here:

1. “WINNER” of the prestigious “Golden Peacock Business Excellence Award” for the year 2024 at the UAE Global Convention – 31<sup>st</sup> World Congress on Leadership for Business Excellence and Innovation conducted by the Institute of Directors (IOD), New Delhi.
2. “Most Sustainable & Innovative Manufacturing Practices” for the year 2024 by the World Manufacturing Congress, Mumbai.
3. “WINNER” in the 8<sup>th</sup> Annual OHSSAI HSE Excellence & ESG Global Award 2023 for its Outstanding Achievements in Safety Excellence.
4. “WINNER” in the “23<sup>rd</sup> Annual Greentech Environment Awards 2023” during the event hosted by the Greentech Foundation.
5. “Energy Efficient Unit Award” and “Most useful presentation Award” during the 24<sup>th</sup> National Award for Excellence in Energy Management Institute by Confederation of Indian Industry (CII).
6. “Best HR Company Award” and “Best Corporate Social Responsibility Practices Award” during the “11<sup>th</sup> Golden Globe Tigers Award 2023” conducted by Fun and Joy Network, Mumbai.

## ACKNOWLEDGEMENT:

On behalf of the company, I wish to thank the Investor community for their solid support and for the confidence they have reposed in the Company.

I also wish to place on record my sincere appreciation for the efforts put in by all employees of the Company.

My whole-hearted thanks to all Shareholders and other Stakeholders for continuous encouragement and support.

I am extremely grateful to my colleagues on the Board for their valuable advice and support.

I take this opportunity to place on record my sincere thanks to the Union and State Governments and the Banks/Financial Institutions for their valuable support and assistance.

I also thank the Statutory Auditors, Secretarial Auditors, Cost Auditors and External Internal Auditors for their continued support.

Let me conclude by saying that “We have come a long way” yet “we have miles to go before we sleep” and with your support we will achieve and reach our destination.

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