

## ANNEXURE VI

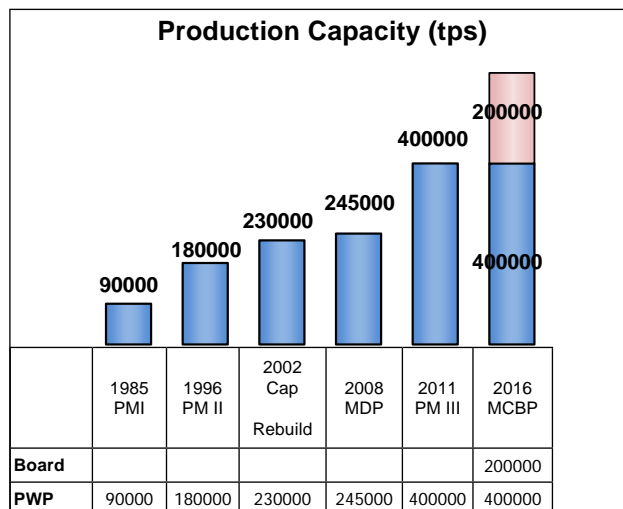
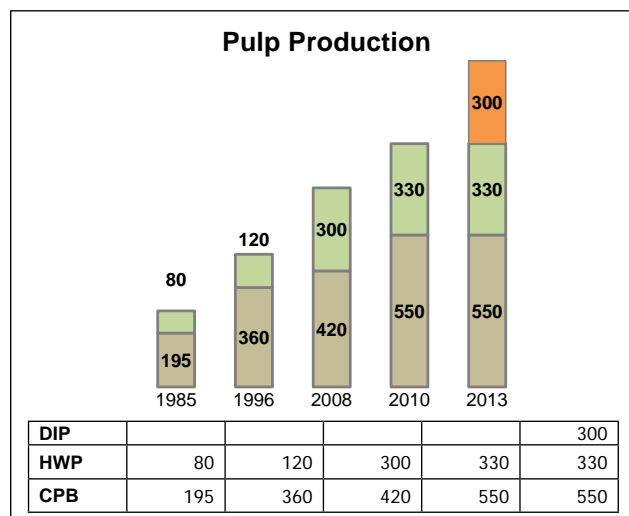
## MANAGEMENT DISCUSSION AND ANALYSIS

## I. INTRODUCTION

Tamil Nadu Newsprint and Papers Limited (TNPL) was promoted by the Government of Tamil Nadu in the year 1979 to produce Newsprint and Printing & Writing Paper (PWP) using bagasse as the primary raw material. The plant located at Pugalur in Karur District was commissioned during 1984 with an initial capacity of 90,000 tonnes per annum. The company has enhanced the capacity to 4,00,000 tonnes per annum in four phases. During 2016, the company has set up a state-of-the-art Multilayer Double Coated Board Plant with an annual capacity of 2,00,000 MT per annum in Mondipatti village, Manaparai taluk, Trichy District and enhanced the total capacity to 6,00,000 tonnes per annum. With this, the Company has emerged as the third largest player in the Indian Paper Industry. The pulping capacity has been increased from 300 tonnes per day (tpd) in 1984 to 1,180 tonnes per day as of date.

## TNPL has the following production facilities

Particulars	UOM	As of date
Paper Production	tpa	4,00,000
Board Production		2,00,000
Pulp Production - CBP	tpd	550
- HWP	"	330
- DIP	"	300
<b>Total</b>	"	<b>1,180</b>
Cement Plant	tpd	900
Captive Power Plant	MW	138.62
Wind Farm	MW	35.5



## II. INDUSTRY SCENARIO

Broadly, the industry is classified into four main segments - namely, writing and printing paper, Industrial packaging paper, specialty paper and newsprint. India holds 15th rank among paper producing countries in the world with a total installed capacity of 16 million tonnes. The demand is estimated at 17 million tonnes. The per capita consumption is around 13 kgs against the Asian average of 26 kgs and World average of 58 kgs. India is considered as the fastest growing market for paper in the world with an average annual growth of 6%. The domestic consumption is expected to rise to 25 million tonnes by 2020-21.

Indian Paper Industry is highly fragmented with over 750 paper mills of varying sizes spread across the Country. Only 50 mills are of a capacity of 50,000 tpa or more. The overall capacity utilization is estimated at 80-90 %.

## III. STRATEGY

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

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

**1. Efficient Cost Management**

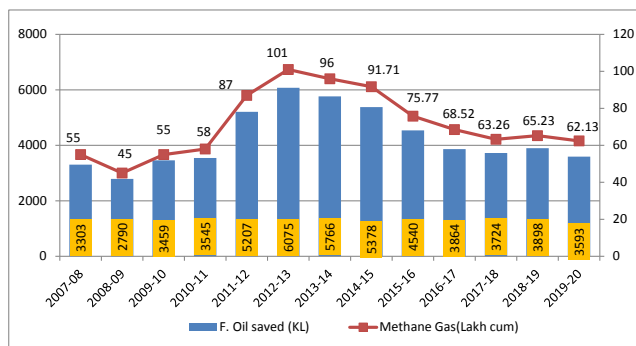
Cost saving measures are undertaken as a continuous exercise in TNPL to keep the cost of production low. TNPL has benchmarked the entire operations and monitor the actuals with reference to the targets set. The concerted actions on process improvement, productivity enhancement, cost reduction measures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

**2. Innovation:**

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

TNPL has set up a 900 tpd Capacity Cement plant for producing high grade cement from inorganic solid wastes-lime sludge and fly ash. TNPL is the first and only paper mill in the country to have set up a cement plant within the factory premises to produce cement from mill wastes. During 2019-20, TNPL has consumed 59963 MT of lime sludge for cement manufacturing in conservation of 69653 MT of lime stone.

Two bio-methanation plants consisting of four numbers of UASB reactors set up within the factory premises have generated cumulatively 62.13 lakh m<sup>3</sup> of methane gas during 2019 - 20. The methane gas is consumed in lime kilns in replacement of furnace oil and power boilers in replacement of coal. With this, TNPL has saved usage of 3593.3 kl of high cost furnace oil and 262 MT of imported coal during the year.



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

**3. Management of Human Resources**

Vision of TNPL is translated into reality by its team of dedicated Executives, Staff and Workmen. Training is imparted to improve the knowledge and skill of the employees at all levels. Senior Executives are deputed to management programs conducted by leading Management Institutes.

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

**4. Customer Centric**

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

TNPL is an ISO 9001 & ISO 14001 certified company. TNPL has exported 76023 mts of PWP to 30 countries during the year 2019-20.

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

**5. Continuous and Sustainable Growth:**

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

## 6. Financial Re-Engineering:

TNPL has implemented a sound Forex Risk Policy. The expansion schemes are funded through an appropriate mix of internal generation and borrowed funds. High cost loans are replaced with lower cost loans on regular basis. Continuous monitoring and readjusting of loan portfolio have enabled the company to keep the cost of borrowing at the minimum level. The average cost of loans outstanding as on 31.3.2020 is 8.33% (31.03.2019: 8.67%).

## IV. THE SUCCESS DRIVERS

### Environment Management

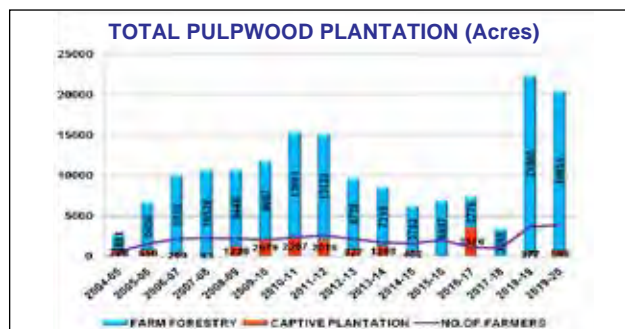
TNPL treats environment improvement as a priority area. Continuous studies are undertaken to reduce the water consumption with improvement in the quality of effluent. Compliance to pollution control norms and CREP regulations are strictly adhered to. The mill has implemented several water conservation measures and reduced water consumption to 35 KL per ton of paper during 2019-20 which is one of the lowest in the paper industry. Continuous efforts are taken to reduce the water consumption to maximum possible extent at all stages.

### SUSTAINED AVAILABILITY OF PULPWOOD

In line with the National Forest Policy, 1988, which states that forest based industries are to produce the required raw material on its own by making linkage with the farmers. Implementing the tree farming activity outside forest area is thus 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.

On these lines, TNPL has initiated plantation programme by the introduction of two plantation schemes in the year 2004, namely the Farm Forestry and Captive Plantation and has accelerated the pace to increase the area under pulp wood plantations. Both schemes are economically viable, socially compatible, and people centric. The major activities carried out in this programme are motivating the farmers on tree farming and facilitating them to raise the pulpwood plantations. Presently, developments of pulpwood plantation in the land belonging to small and marginal farmers and institutional, temple and government lands are encouraged.

As shown in the fig. below, these schemes have been implemented over 1,67,615 acres of which 16,465 acres are under the captive plantation scheme and 1,51,150 acres are under the Farm forestry scheme involving more than 32,209 farmers. Through these pro-afforestation schemes, TNPL is the first company in the country to procure about 1.5 million MT of pulpwood directly from farmers. In addition, TNPL also generated employment of about 4 million mandays for the landless and financially weaker section while contributing to the socio economic welfare of the farming community.



### FORESTRY RESEARCH

Varying climatic conditions, soil types, fluctuating water availability, and diminishing land availability, pose the challenge of cultivating more trees in lesser space. Keeping these hurdles as stepping stone for improvement, TNPL, with its expert team of Tree breeders, soil scientists, microbiologists and ecologists stream the knowledge together to arrive at solutions that are ecologically compliant, sustainable availability of pulpwood and remunerative for farmers. TNPL produces superior quality saplings through its state-of-the-art Forest Research and Development Team. Production of quality saplings that can tackle harsh and arid conditions involve Selection of superior trees from local sources, Introduction of new provenance from other countries, Inter and intra Hybridization, Selection of candidate plus trees, analysis of Superior Genetic material, standardization of propagation technique, multi-location trial and Release of new clones and production of quality saplings for commercial propagation. As a result of continuous research activities for the past 10 years, the company has released three high yielding Eucalyptus clones viz., TNPL191, TNPL192 & TNPL193 during this year.

### PLANT PROPAGATION

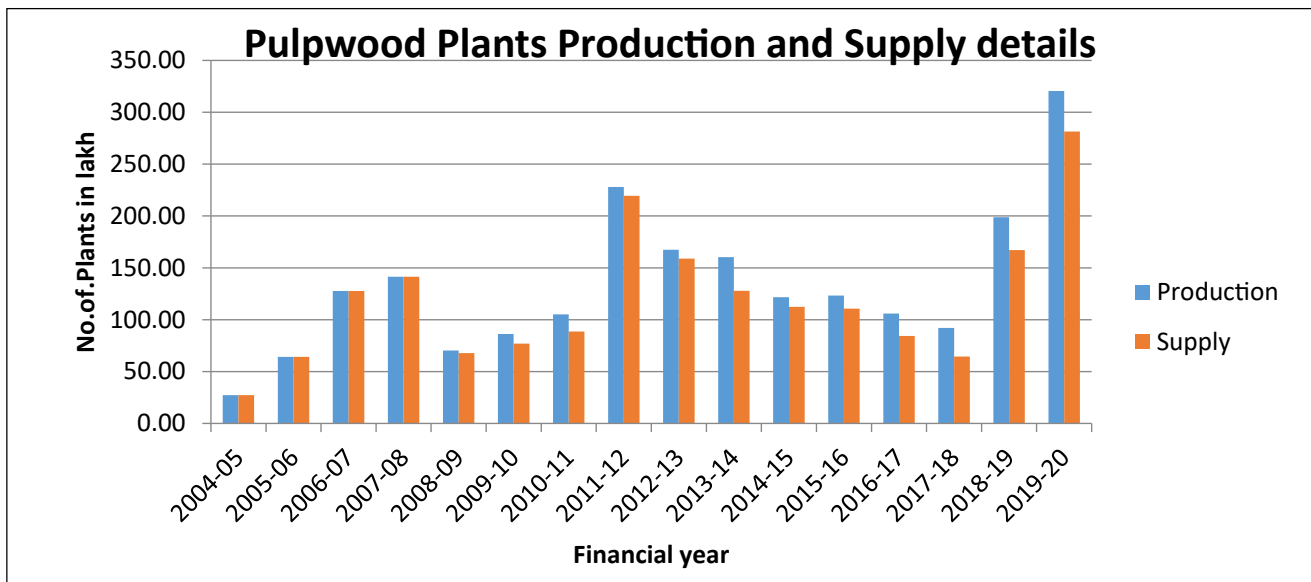
Tamil Nadu Newsprint and Papers Limited houses one of India's most advanced Clonal Propagation and



Selection, Hybridization, Variety release and field performance of TNPL 193 CLONE

Research Centre (CPRC) to propagate new superior clones through apical shoot mini-cutting technology. The mother plantlets produced in the tissue culture lab are further mass multiplied through mini-cutting technique at the Clonal Propagation Centres. The existing clonal propagation facilities at TNPL Unit 1 with the annual production capacity of 15 million clones has been enhanced to 25 million clones by adding additional infrastructure during the year. In addition, the newly established Plant Propagation Centre (PPC) at TNPL Unit 2 at Mondipatti will be able

to produce about 15 million clones per annum, which shall produce cumulatively about 40 million clones per annum. In order to meet the additional requirement of Casuarina seedlings in the coastal regions a decentralized nursery was established during the year at Jayangondam, Ariyalur district to cater the needs of East and North Zones. With these facilities, the company was able to produce about 32 million plants during the year and supplied about 28 million saplings to the farmers. The year-wise production and supply of saplings are given in the fig below:



Plant Propagation centre established at Unit 2

**Forest Stewardship Council (FSC) certificate**

Annual audit was conducted for Forest Stewardship Council Chain of Custody certification with certification body M/s Nepcon in coordination with Research and Development team members. R & D team members coordinated to receive the recertification certificate for Forest Stewardship Council Forest Management and Chain of Custody from Rainforest Alliance, New York, USA.

**ISO 9001 & 14001 Certification based on 2015 version**

Second annual surveillance audit was conducted for TNPL's Quality Management system for "Design, Manufacture and Supply of Writing and Printing Paper" and TNPL's Environment Management system for "Development and Manufacture of Writing and Printing Paper" both based on 2015 version by the certification body M/s TUV India Private Limited in association with Research and Development team members.

**Fuel Management**

TNPL uses solid fuel in the power boilers and black liquor in the recovery boiler for generation of steam. As black liquor solid has been recognized as biomass, power generated from steam produced in the recovery boiler using black liquor solid is eligible for Renewable Energy Certificates (RECs). TNPL is the First Company in the Paper Industry to have availed this benefit. However, since 01.04.2016, this facility has been restricted to the facilities set up between 29th September 2010 and 31st March 2016. As the facility in TNPL was established prior to the cutoff date, TNPL has become ineligible to avail this facility from 01.04.2016. TNPL has generated revenue of Rs. 76.77 Crore in last 6 years through sale of RECs.

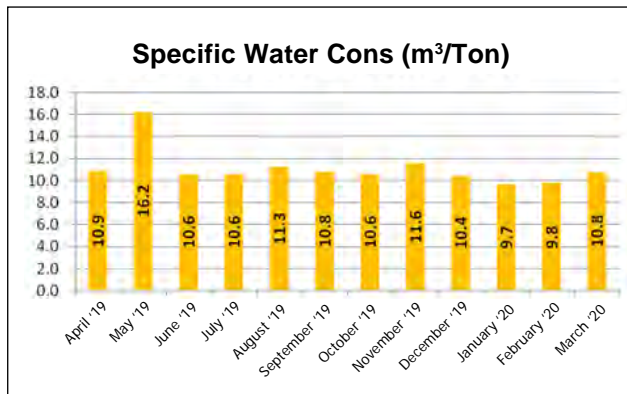
**Water Management at Unit-I**

TNPL sources water from the river Cauvery for both the units. TNPL has installed a series of rain water harvesting structures in the factory campus. With the implementation of various water conservation measures, the overall water consumption is reduced to 35 KL per ton of paper- the lowest in the Industry.

**Water and Environment Management at Unit-II**

The mill sources water from River Cauvery. The mill has implemented water conservation measures and in 2019-20, the specific water consumption has been reduced to 11.1 m<sup>3</sup>/T of Board against level of 16m<sup>3</sup>/T of Board during 2018-19. The entire board

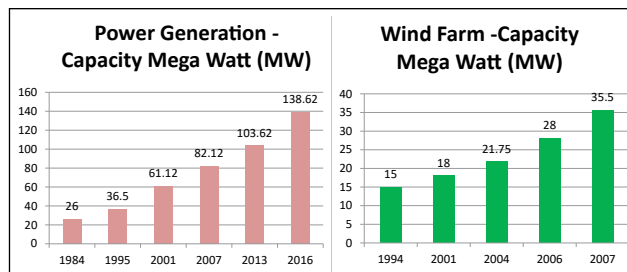
manufacturing process is being carried out with a closed loop system to reduce fresh water consumption and water conservation measures were implemented to reuse the final effluent for secondary uses.



TNPL Unit II has implemented state-of-the-art Effluent treatment process and the entire treated effluent is being used for plantation through drip irrigation of 650 acres. Compliance to pollution control norms – both water and air, are strictly adhered to.

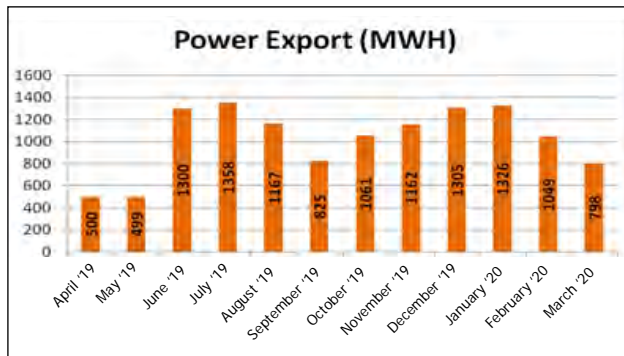
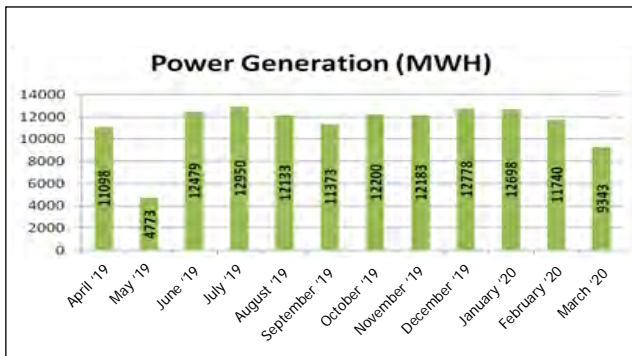
**Energy Management**

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



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

TNPL Unit II has two power boilers and one Turbo generator with a generation capacity of 35MW. Unit II is self sufficient in power and surplus power is exported to TANGEDCO.



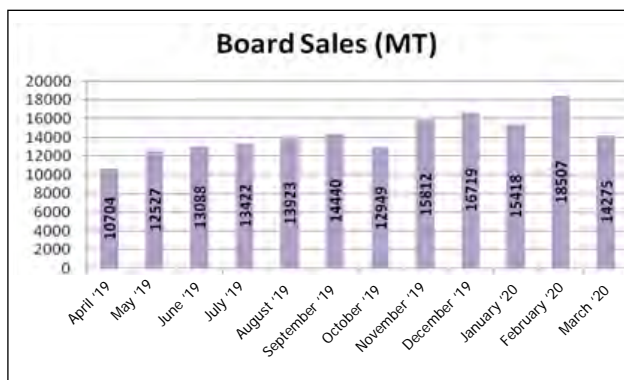
**Marketing Management at Unit-I**

In the recent years the Paper and Board market has become highly competitive due to rapid closing in gap between the so called A grade and B grade mills. The B grade mills have also increased their volume with improved quality. This necessitates continual Marketing strategically built to maintain profitability.

- Considering the market factors and the economics of producing newsprint vis-à-vis printing & writing paper, TNPL has stopped producing Newsprint.
- 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.
- The company gives greatest importance to quality parameters as demanded by the end-customer.
- Product improvement is done on a continuous basis in terms of process up-gradations, technology developments, finishing and delivery.
- Paper Board varieties are carefully placed in different regions with respect to both volume and pocket realization.
- Product Mix and Market Mix are strategically kept to improve profitability especially in Paper Board Segment.
- Based on Marketing research, facilities for cutting operations for servicing customers in ever increasing sizes have been upgraded and new installations have been planned.

**Marketing Management at Unit-II**

TNPL unit II has established a strong and wide marketing network of dealers for the board products. In addition there has been demand for export of boards which bear testimony for the quality at par with international players. During the year 2019-20, TNPL unit 2 has dispatched 171785 MT of board.



**Research and Development at Unit-I**

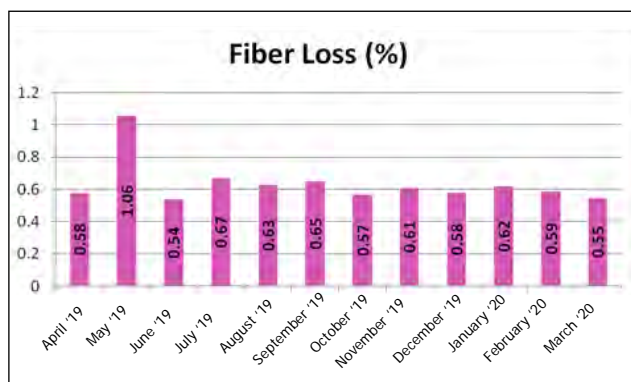
The major issues of Pulp and Paper Industry in India are high cost of production caused by inadequate availability of raw material, high cost of raw material, non-availability of good quality fiber and environmental challenges. To overcome above hurdles TNPL's R & D focus on optimization of raw material to achieve good quality pulp. Also R & D focused on environmental challenges in particular to Soda Recovery Plant and Environment operations.

**Research and Development Unit II – new product development and improvement**

Product development to meet customer satisfaction and market demand has been the aim of Research and Development wing. New products were developed for the market in the packaging segment. Tailor made products suiting specific industry requirement were developed in 19-20.

1. Aura Green Liner – developed for Corrugated box outer liner and for marine packaging with higher burst factor and RCT .
2. Aura Green Uncoated – specific for packaging segments – marine packaging segment
3. Aura Brilliant Plus – Aura fold blue grade with brilliant shade and higher bulk for Pharma segment
4. Aura Fold Eco Blue – Medium bulk board with surface for premium print segment

Continuous improvements are made in both furnish composition, pulp parameters, machine parameters to improve the Board quality at par with international boards, for multifarious applications. Likewise continuous improvements made in process resulted in reduction in fibre loss and better fibre utilization and lower specific consumption of utilities and chemicals.



#### Quality Control at Unit-I

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

#### Quality Control at Unit-II

Board quality is being monitored on real time basis with installed online Quality Control system on six locations in the board machine. The final board quality after manufacture however is subjected to stringent Quality testing with state-of-the-art Autolab, to meet

customer requirements and satisfaction. Customer feedback has been the main input to improvement in quality.

#### Excellence in Corporate Governance

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

#### V. RESOURCES & LIQUIDITY

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

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

Term loans outstanding as on 31.3.2020 is Rs. 1610.09 Crore. The working capital loans outstanding as on 31.3.2020 is Rs. 566.99 Crore. The weighted average cost of loan outstanding as on 31.3.2020 is 8.33%.

#### VI. OUTLOOK, OPPORTUNITIES AND CHALLENGES

The Indian paper industry has close linkages with economic growth. India’s growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. This drop is mainly due to the coronavirus pandemic effect on the Indian economy.

Increasing literacy level increases the demand for writing and printing paper while higher industrial output leads to increased demand for industrial paper for packaging. 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 after remaining subdued for some time, though coal prices are highly fluctuating.

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 is also due to the growing demand in emerging economies. A strong upswing in the pulp and paper market is being forecast based on the general improvement in the economic situation and increasing literacy level in the developing countries.

Indian paper industry is going through a very trying phase as of now. Most of Industrial activity is restricted due to the ensuing Pandemic situation across the country. Lock down was imposed in phases across the country starting with the first phase in the 4th week of March 2020. This led to a complete stand still of Industrial activity for 21 days. Subsequently Lock down was relaxed for certain segments like Essential commodities, and gradual lifting of Lock down is under progress. While the packaging sector is enthusiastic to enlarge capacity further, decisions in this regard will depend on how soon companies can develop their financials.

In spite of the continual focus on digitization, India's requirement for paper is anticipated to rise 53 percent in the next six years, principally due to a sustained boost in the number of school-going children in rural areas. Growing consumerism, modern retailing, rising literacy and the growing use of documentation will continue to increase the demand for writing and printing paper.

The exponential enlargement of e-commerce in the nation has opened up the latest horizon and could contribute significantly to the demand where the paperboard is being predominantly used for packaging.

Though India's per capita utilization is quite low compared to global peers, things are looking up and a requirement is set to rise from the present 13 MT to an estimated 20 MT by 2025.

## RISKS AND CONCERNS

Risks and uncertainties are an inherent part of every business, and yet it is important to identify the risks and take proactive steps to mitigate them. At periodical intervals TNPL identifies and evaluates risks and takes preventive measures. Risk management is a part of the Company's business planning and controlling process.

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

## VII. ENVIRONMENT

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

TNPL is committed to:

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

### Environmental Monitoring:

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

The Bio gas generated in Bio methanation plant using high COD Bagasse wash effluent is being used in the lime kilns to replace furnace oil and to reduce carbon foot print. During 2019-20, TNPL utilized 59.92 Lakh m<sup>3</sup> of bio gas in lime kiln and 2.01 Lakh m<sup>3</sup> of bio gas in power boilers resulted in savings of 3593.3 KL of furnace oil and 262 MT of imported coal.

## VIII. HUMAN RESOURCES DEVELOPMENT

### a. KNOWLEDGE SHARING:

Alfresco portal has been installed for Training section wherein, the training details (in-house training programme circulars, external training materials received from organizers / participants on various topics) are being uploaded for the benefit of all employees in order to go through the same. This access helps the employees, who have not attended



the programme, to update their knowledge, skill, etc., which is an intangible benefit.

#### **b. INDUSTRIAL RELATIONS:**

The company continues to maintain cordial and healthy industrial relations in all its units. The company has realized that its strength lies in harnessing the human resources and has given utmost importance in utilizing the same to the optimum level. Wage Negotiation for workmen with the representatives of the Recognized Trade Unions is in progress and the same will be amicably resolved shortly. Periodicity of Wage Settlement period is 4 years from mid May 2018. Bonus / Ex-gratia was amicably resolved with the 5 Recognized Trade Unions for the financial year 2018-2019.

The company has tapped the talents of human resources effectively and efficiently in order to achieve full capacity utilization, thereby achieving its targets. Positive work culture built over the years has enabled the company to harness its human resources to the full potential.

#### **c. TRAINING & DEVELOPMENT:**

In order to translate the TNPL's vision into reality by its team of dedicated employees at all levels and to stay ahead in the market, training is imparted to improve and update the knowledge / skill level of employees.

A training calendar is prepared at the beginning of each year to impart training to employees to meet the skill gaps and development of their competencies. On the job training is provided to employees through the respective departmental personnel. Employees are also sent to different industrial organizations in the country to gain knowledge. The executives are also sponsored to attend seminars and workshops organized by leading institutions/organisations/Associations like IIMs, FICCI, NITIE, CII, IPPTA, IPMA and NPC etc.

Accordingly for the year 2019 - 2020, 104 in-house training programmes were conducted on various topics by covering 2332 mandays. The topics include Energy Management System ISO 50001:2018 Standards by M/s. Quality Council of India, Capacity Building Workshop by Sustainability core team members by M/s. Confederation of Indian Industry - M/s. ITC Centre of Excellence for Sustainable Development (CESD), New Delhi, Green Co Rating System Site Assessment by M/s. Confederation of Indian Industry, Hyderabad etc., Besides this, over 249 mandays were covered through external training programmes.

As per Management's vision, with the objective of achieving 'Managerial Excellence', an awareness programme on '5S' was organized for the benefit of

our workmen / chargemen and 810 of them from all departments have attended this programme.

Training programmes of TNPL facilitates the employees on their career growth in TNPL, interpersonal relationships, to meet individual and organizational objectives and to face the challenges of changing business environment and to their personal growth also.

As part of developing skill and improving the employability of the youth, TNPL has engaged 155 Graduate Apprentices, 25 Diploma Apprentices as per the guidance of the Board of Apprenticeship Training, Chennai and 122 ITI Apprentices as per the guidance of The Regional Joint Director of Training, Trichy / Asst. Director of Training, Related Instruction Centre, Namakkal & Trichy at our Factory Unit I, Unit II and Cement Plant under the Apprentices Act, 1961.

#### **IX. CORPORATE SOCIAL RESPONSIBILITY**

TNPL's CSR activities are implemented mostly in the villages / Town Panchayats located in the vicinity of TNPL plants. Corporate Social Responsibility in TNPL is considered and taken as Personal Social Responsibility. Voluntarily employees come forward for carrying out several CSR initiatives. TNPL is committed to help the inhabitants of the surrounding villages by Improving infrastructure facilities in Government Schools / Government Hospitals, Providing medical equipments to local Primary Health Centre (PHC), Constructing community hall, supplying drinking water to the local villages, de-silting strengthening of bunds, laying and improving roads, Constructing passenger sheds, culverts, providing street light facilities, Development of greeneries, Conducting medical camps, Conducting skill development training programmes in association with nationalized banks, Providing financial assistance under medical assistance / education assistance, Contributing for Cultural programmes, Conducting Sports activities and for renovation of places of worship like Temple, Church, Mosque, etc., This has paved the way for congenial atmosphere with the inhabitants living in the local areas.

2% of the average profit before tax of the previous three years is spent generally by TNPL for various CSR activities covering Education, Health Care and Medical Service, Infrastructure Development, Social Development, Livelihood / Economic Development, Environment and Sanitation, Culture and Heritage, Soil & Water Conservation. During 2019-20, TNPL has spent Rs. 3.99 crores towards CSR activities.

As required in the Companies Act, 2013, "Corporate Social Responsibility Committee" consisting of four Independent Directors is functioning in TNPL.

## Key Financial Ratios

The Management had reviewed the changes in key financial ratios and have noted significant changes in all the ratios as given below:

Particulars	UOM	2019-20	2018-19	% change Inc / Dec	Remarks
Revenue from Operation	Rs Cr	3437.60	4040.87	-15	
EBIDTA Margin *	%	18.8	17.0	10	
Operating Profit Margin (EBIT) *	%	25.5	22.6	13	
Net Profit Margin (PAT)	%	3.8	2.3	62	Note 1
Interest cover ratio (All Loans) *	times	2.90	2.95	-2	
Debt Equity Ratio (Long term)	times	0.87	1.01	14	
Debt Equity Ratio - LTL (Excl. Project loan) **	"	0.94	1.01	7	
Current ratio #	times	1.27	1.00	27	Note 2
Debtors Turnover (as a % on Revenue)	%	15	11	-40	Note 3
Inventory Turnover (as a % on Revenue)	%	25	21	-16	Note 4
Return on Net Worth	%	7.6	5.7	33	Note 1

\* Profit prior to exceptional item

\*\* Debt includes "Current Maturities of Long Term Loans" grouped under current liabilities

# For Current ratio, Current liability excludes "Current Maturities of Long Term Loans"

**Note 1 :** During 2018-19, Rs 73.19 Cr provided towards exceptional items due to this company's Net profit has reduced to Rs 94.39 Cr. For the year 2019-20, only Rs 1.21 Cr provided as exceptional item and the company earned Net profit after exceptional items of Rs 130.03 Cr. So, Net Profit Margin and Return on Net Worth has improved.

**Note 2 :** Increase in Current Ratio is mainly due to reduction in acceptances, other current liabilities and increase in receivables

**Note 3 :** During the year, company's turnover declined by 15% due to restricted production and also lower collection in Q4 resulting in increase in debtors %.

**Note 4 :** Though there is a reduction of 2% in inventory, turnover of the company has also declined by 15%, resulting in increase in Inventory %.