

MINUTES OF THE THIRTYFIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF TAMIL NADU NEWSPRINT AND PAPERS LIMITED HELD ON THURSDAY THE 15TH SEPTEMBER 2011 AT 10.30 AM AT MUSIC ACADEMY, 168 T T K ROAD, CHENNAI 600 014

PRESENT

Tvl.

- | | |
|---|--|
| 1. Dr.N Sundaradevan IAS | Chairman |
| 2. T K Ramachandran IAS | Managing Director |
| 3. Rajeev Ranjan IAS | Director |
| 4..V Narayanan | Director |
| 5. N Kumaravelu | Director |
| 6. A Velliangiri | Dy.Managing Director |
| 7. A Sivaprakasam
Under Secretary to Govt. | Representing Governor of Tamil Nadu, Shareholder |
| 8. K Kumar | Representing LIC,Shareholder |
| 9. Other shareholders | As per Annexure |

BY INVITATION

Thiru P B Srinivasan Partner, P B Vijayaraghavan & Co.

The meeting started with a prayer.

The Chairman welcomed the members and introduced the Board of Directors to the members. The Chairman mentioned that quorum was present and the Register of Directors' shareholding was open for inspection. There were 6262 shareholders present in person for the meeting and 188 shareholders through proxy. The meeting was called to order.

Notice convening the meeting was taken as read. Thiru P B Srinivasan of M/s. P B Vijayaraghavan & Co., Chartered Accountants, read the Auditors' Report.

The Chairman addressed the meeting. The Chairman informed that the company commenced production in the year 1984. Started with an initial capacity of 90,000 tonnes per annum, the company has steadily grown to a capacity of 4,00,000 tonnes per annum . The company had built a strong base and a good reputation in the paper industry and among its stakeholders.

The company has produced 2,65,044 Mts. of printing and writing paper . Sales crossed Rs.1000 crore for the third consecutive year in the history of the

company. The company has raised pulpwood plantation in 59,776 acres under Farm Forestry Scheme. Additional 15,000 acres will be added every year to reach the target of 1 lakh acres by the year 2012-13. Amidst high input cost and other adverse conditions, the company earned a profit after tax of Rs.149.00 crore during the financial year 2010-11. The company has exported 64,776 Mts. of PWP during the year valuing Rs.259.36 cr.

The Chairman informed that during the year the domestic market witnessed improvement in both offtake and prices. However, the demand has declined since July 2011. The demand-supply mismatch is likely to continue till the end of December 2011. The company has strengthened the distribution network to meet the market challenges.

The new Paper Machine installed during January 2011 to increase the production from 2,45,000 tpa to 4,00,000 tpa is being operated at full capacity. The 600 tpd cement project abutting the mill premises will be completed by December 2011. To meet the additional requirement of pulp, the company has initiated steps to install a 300 tpd state-of-the-art Deinking plant and the project will be fully implemented by March 2012.

The company has initiated steps to install a Precipitated Calcium Carbonate(PCC) Plant and Ground Calcium Carbonate(GCC) Plant on Build, Own and Operate (BOO) basis. Currently PCC and GCC are being purchased. The company has also proposed to install a 100 tpd Tissue Paper Machine at a capital outlay of Rs.200 cr. The project will be taken up for execution during the current year and completed by March 2014.

Under Corporate Social Responsibility scheme, the company has spent Rs.3.24 crore for various community welfare measures during the year 2010-11.

Then, the Chairman welcomed queries from members on the accounts and performance of the company.

The shareholders appreciated the management for the transparent information given to the shareholders on the status of the company. Queries were raised on the subjects like Zero liquid discharge, setting up of tissue paper plant, issue of bonus shares, claims outstanding on taxes and duties, increasing the dividend, green energy, R&D expenditure etc.

The Chairman thanked the shareholders for their constructive remarks and suggestions and requested the MD and other directors to offer their remarks and answer the queries raised.

On a query relating to Zero Liquid Discharge(ZLD), it was informed that TNPCB is insisting on achieving ZLD for all new projects. The Company has installed a pilot plant for conducting a study on the issue.

As regards a query on tissue paper project, it was informed that the tissue paper machine will facilitate production of different grades of tissue paper , gsm. ranging from 16 to 40. The machinery will be purchased through global tenders

On a query relating to Audit qualification, it was informed that the reply has been given in the Directors' Report in accordance with the Company law requirements.

As regards appointment of Cost Auditors, it was informed that the appointment of cost auditors is mandatory and the Cost Auditors are appointed on rotation basis once in 3 years. M/s.S Mahadevan & Co. are the cost auditors for the year 2010-11.

As regards a query on utilization of company's land at Ambattur, it was informed that originally it was proposed to construct an IT park but due to economic slow down, the proposal was dropped. A suitable decision will be taken by the Board at an appropriate time.

As regards unclaimed dividend, it was informed that dividend warrants are sent to addresses available as per company records. Where the shareholders have not informed the company the change of address , the dividend warrants are returned to the company. The company remits the unclaimed dividend to the central government after 7 years. If any claim is received from the shareholders within 7 years period , payment is made .

On a query relating to assets built on leasehold lands, it was informed that some lands have been taken on lease from the Govt. for erection of wind mills and some lands from sugar mills for erection of boilers.

When a suggestion was made to indicate the names of Banks and the loans drawn from each bank in the Annual Report, it was informed that the Annual Report contains the names of the banks and overall details of loans borrowed.

On a query relating to debtors outstanding, it was informed that the company has received all the dues except about Rs.4 Crs. from TNEB and TTBC.

Regarding advertisement expenses, it was informed that the expenditure towards advertisement are incurred only for business purposes viz. issue of tender forms and calling for applications for recruitment.

On a query relating to higher book value and lower market value of shares, it was informed that in general, the PE ratio is very low in the case of paper companies. The profitability ratios of the company are much better compared to the peers in the industry. The company's stock has outperformed BSE sensex by two to three times last year.

On the request for issue of bonus shares, it was informed that the Paper industry is highly cyclical in nature with low asset turnover ratio and low profit margin. The industry PE ratio is also very low. Though the company is the least cost producer with high profit margin, because of the large capital base, the company's EPS is low compared to the competitor mills. If the share capital is increased further by issuing bonus shares, EPS will go down further. Therefore it is not desirable to issue bonus shares at this stage.

On a request to increase dividend percentage, it was informed that despite huge financial constraints, the Board has recommended payment of dividend at 50% against 45% in the previous year. The dividend policy is clearly spelt out in the Corporate Governance. The Board takes into account the profitability, expansion plan, capex requirement, liquidity position and loan repayment before recommending dividend.

As regards the suggestion to spend more funds for R&D activities, it was informed that the company is incurring expenditure on R&D regularly. The R&D activities are focused on process improvement, product development, alternate raw materials enhancing environment standards and so on. There are long term plans to increase the R&D expenditure to about 1% of the turnover from the current level of 0.34%.

On a query on interest burden, it was informed that TNPL's average cost of debt is one of the lowest in the country. The average cost of debt is 8.16%. Most of the loans are foreign currency loans. All the foreign currency loans have been hedged for currency risk.

On a query regarding profitability during the first quarter, it was informed that apart from higher debt servicing during the first quarter, the company had undertaken maintenance activities and consequent to this, the production was low. The market has turned highly sluggish in the second quarter. This trend is likely to continue upto December 2011. The company has an overall plan to manage the current scenario and maintain the profitability.

On a query relating to quality of paper, it was informed that due to good quality, the company had been able to export 60,000 tonnes last year. TNPL is the largest exporter of woodfree paper in the country. The company is planning to export about 1 lakh tones of paper during the current year.

On a query relating to the procedure on purchase of coal, it was informed that the company buys coal through global tender. TNPL has a transparent, web-based, on-line, reverse auction methodology for purchase of coal.

On a query regarding payment of statutory dues, it was informed that whenever claims are raised by the statutory authorities, provisions are made wherever it is necessary. When the company's stand is backed by legal cases, provision is not made and the claim is disclosed as contingent liability .

On a suggestion to arrange factory visit for shareholders, it was informed that the same will be examined.

After the shareholders' queries were answered, the Chairman thanked all the shareholders who attended the meeting. The Chairman informed that due consideration would be given to the suggestions made by the shareholders .

Thereafter, the meeting proceeded further to transact the business mentioned in the notice:

ITEM NO.1 Adoption of Balance Sheet

Thiru Subramanian proposed the resolution:

"RESOLVED THAT the Balance Sheet of the Company as on 31.3.2011, Profit and Loss Account for the year ended 31.3.2011, Auditors' Report thereon and Directors' Report of the Company as /circulated be and are hereby received and adopted "

Thiru Ramalingam seconded the resolution which was put to vote and declared carried unanimously..

ITEM NO.2 To declare dividend

Thiru S Murugan proposed the resolution

RESOLVED THAT dividend at the rate of 50% on fully paid up equity share of Rs.10/- each be and is hereby declared for the year. In the case of shares held in physical form, dividend be paid to shareholders whose names appear on the Register of Members as of 15.9.2011 and in the case of shares held in dematerialised form, dividend be paid to beneficial holders of NSDL as of 8.9.11

Thiru A Ponnambalam seconded the resolution which was put to vote and declared carried unanimously.

ITEM NO.3 To reappoint Thiru N Kumaravelu, Director

Thiru N Sanjeeva Rao proposed the resolution

RESOLVED THAT Thiru N Kumaravelu, Director, be and is hereby reappointed as Director of the Company

Thiru R Ramesh seconded the resolution which was put to vote and declared carried unanimously

ITEM NO.5 Payment of remuneration to Statutory Auditors M/s.P B Vijayaraghavan & Co., Chartered Accountants

Thiru V Renganathan proposed the resolution

RESOLVED THAT consent of the company be and is hereby accorded for payment of remuneration of Rs.6,00,000/-(Rupees Six lakhs only) to M/s. P B Vijayaraghavan & Co., Statutory Auditors, (Regn.No.004721S) 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/Tamilnadu,TNEWSP(1)/107 dt.13.7.2010

Thiru R Ramesh seconded the resolution which was put to vote and declared carried unanimously

ITEM NO.6 Appointment of Dr.N Sundaradevan IAS as Director

Thiru Ramalingam proposed the resolution

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

Thiru P Daniel Sathya Prakash seconded the resolution, which was put to vote and declared carried unanimously.

There being no other business, the meeting ended with a vote of thanks to the Chair and others followed by singing of National Anthem.

**N SUNDARADEVAN
CHAIRMAN**

ANNEXURE

List of other shareholders who attended the 31st AGM held on 15.9.2011:

FOLIO NO./ Client ID No./ DP Id.	NAME
	Tvl.
00021179	N Sanjeeva Rao
00000208	S Murugan
22394546/ IN 301080	P Daniel Sathya Prakash
10153437/ IN 300183	A Ponnambalam
00001425	V Renganathan
10033537	P Subramanian
05731511/ 44700	Ramalingam Vidyasankar
60026924/ 301637	Leslie Prabhu
10308922/ 301774	S Padmanabhan
10543543/ 301080	G R Rajagopalan
10237300/ 300441	V Rangan

00013226/
11903

Priyank Jayesh Kothari

40117566/
IN 301637

R Sivakumar

00000982

S Krishnamurthy

12371133/
IN 300394

R Ramesh

Total No. of shareholders(including proxies), who attended the meeting:
6450.