TNPL

Tamil Nadu Newsprint and Papers Limited

(A Govt. of Tamil Nadu Enterprise)

Regd. Office : 67, Mount Road, Guindy, Chennai 600 032 Phone : (91) (044) 22301094-97, 22354415-16 & 18
Fax : 22350834 & 22354614 Web : www.tnpl.com Email : response@tnpl.co.in, export@tnpl.co.in
TNPL - The Corporate Identity Number : L22121TN1979PLC007799

Dated: 12th August, 2021

To BSE Limited (BSE) Corporate Relationship Department Phiroze Jeejeebhoy Towers 25th Floor, Dalal Street Mumbai- 400001	To National Stock Exchange of India Limited NSE) Listing Department Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

Sub: Unaudited Financial Results for the quarter ended 30.06.2021

1. The Board of Directors of the Company at their meeting held today i.e on 12.08.2021 has approved the Unaudited Financial Results (Standalone) for the quarter ended 30.06.2021. A copy of the approved Unaudited Financial Results (Standalone) for the quarter ended 30.06.2021 along with Limited Review Report of M/s. Brahmayya & Co., Statutory Auditors of our Company is enclosed herewith in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Annexure - I)**

2. A copy of the Press Release for the said Unaudited Financial Results (Standalone) is also enclosed herewith. **(Annexure - II)**

3. Necessary arrangements have been made for publication of the Results in newspapers as stipulated under the said Regulations.

4. The Board approved the Risk Management Policy which is enclosed herewith. **(Annexure –III).**

Factory : Kagithapuram-639 136, Karur District, Phone : 04324-277001 to 277017 Fax : (91) 04324-277025 to 277029

5. In continuation of the earlier letter dt. 02.08.2021, the Company pending Inquiry into Coal Procurement related transactions 2013 has suspended 2 officials and will issue charge sheets. A domestic enquiry will be conducted as per TNPL Service, Conduct, Discipline and Appeal Rules.

6. The trial production of Pulp Mill under Mill Expansion Plan Phase 1 in Unit II is scheduled to commence from end of October, 2021.

The Board meeting commenced at 2:30 p.m and concluded at 8.20 p.m.

Thanking you,

For TAMIL NADU NEWSPRINT AND PAPERS LIMITED

B. Ravi Shankar

B. RAVISHANKAR
COMPANY SECRETARY

Encl : a/a

ANNEXURE - 1

TNPL

TAMIL NADU NEWSPRINT AND PAPERS LIMITED
Regd. Office: 67, MOUNT ROAD, GUINDY,CHENNAI - 600 032. Web: www.tnpl.com,
CIN:L22121TN1979PLC007799

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2021

(₹ in Crore)

Particulars	Quarter ended			Year Ended
	30.06.2021	31.03.2021	30.06.2020	31.03.2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1.Income				
a) Gross sales/ Income from Operations	626.37	1116.46	491.99	2742.03
b) Other operating Income	5.58	7.86	4.48	26.15
Revenue from Operations	631.95	1124.32	496.47	2768.18
2.Other income	14.44	16.69	4.82	50.92
Total Income (3=1+2)	646.39	1141.01	501.29	2819.10
4 .Expenses				
a) Cost of purchase / materials consumed	358.34	309.95	266.91	1148.97
b) Purchase of Stock-in-Trade	0.02	18.04	4.87	95.91
c) Changes in inventories of finished goods, work-in-progress & Stock-in-Trade	(94.95)	359.40	(128.42)	50.67
d) Employee Benefit Expense	79.30	79.22	80.42	307.10
e) Finance Costs	40.92	44.79	50.20	193.33
f) Depreciation and Amortization Expense	57.26	60.08	58.28	235.33
g) Power ,Fuel & water charges	133.50	136.66	113.94	489.18
h) Repair and maintenance	39.07	50.14	44.67	183.57
i) Other Expenses	53.77	87.73	41.14	232.39
Total Expenses (4)	667.23	1146.01	532.01	2936.45
5.Profit / (Loss) Before Exceptional Items and Tax (3- 4)	(20.84)	(5.00)	(30.72)	(117.35)
6.Exceptional Items	0.00	0.00	0.00	(18.66)
7.Profit / (Loss) Before Tax (5-6)	(20.84)	(5.00)	(30.72)	(98.69)
8.Tax Expense				
- Current Tax	0.00	0.00	0.00	0.00
- Deferred Tax / MAT Credit Entitlement	(7.07)	(1.07)	(10.71)	(33.58)
9.Profit / (Loss) For the Period (7 -8)	(13.77)	(3.93)	(20.01)	(65.11)
10.Other Comprehensive Income				
A (i) Items that will not be reclassified to Profit or Loss	(1.62)	(5.59)	(1.60)	(13.79)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss	0.56	1.98	0.68	4.91
B (i) Items that will be reclassified to Profit or Loss	2.33	0.77	(0.33)	(0.97)
(ii) Income tax relating to items that will be reclassified to Profit or Loss	(0.82)	(0.27)	0.12	0.34
Other Comprehensive Income (10)	0.45	(3.11)	(1.13)	(9.51)
11.Total Comprehensive Income (9 +10)	(13.32)	(7.04)	(21.14)	(74.62)
12. Paid-up Share Capital (Face value : Rs.10/-per share)	69.21	69.21	69.21	69.21
13. Other Equity (excluding revaluation reserve)				1527.39
14. Earnings per share (of Rs / Share) (not annualized)				
- Basic and Diluted EPS	(1.99)	(0.57)	(2.89)	(9.41)

Notes:

1) The statement of unaudited financial results ("the Statements") of the Company for the quarter ended 30th June 2021 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 12th August, 2021. The Statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. In March, 2020, the World Health Organization (WHO) declared COVID-19 to be a global pandemic. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 and the performance of the company was severely impacted on account of restriction in business activities due to COVID-19 related market volatility for the quarter ended on June 30, 2021. The company has considered both internal and external factors to evaluate the possible impact on the carrying value of all its assets upto the date of approval of the financial results by the Board of Directors and expected to recover the carrying value of all its assets. However, the actual impact of global health pandemic may be different from which has been estimated as on the date of approval of results and the company will continue to closely monitor any material changes to the future conditions.

3) The figures for the quarter ended March 2021 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year- to-date figures up to the third quarter ended December 31 ,2020.

4) The figures for the previous periods have been regrouped / rearranged, wherever necessary.

For and on behalf of the board

RRanjan

Dr RAJEEV RANJAN, IAS
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai -32
Date : 12th August, 2021

TAMIL NADU NEWSPRINT AND PAPERS LIMITED

Regd. Office: 67, MOUNT ROAD, GUINDY,CHENNAI - 600 032. Web: www.tnpl.com,

CIN:L22121TN1979PLC007799

SEGMENT WISE REVENUE, RESULTS, SEGMENT ASSETS AND LIABILITIES FOR THE QUARTER ENDED 30TH JUNE, 2021

(₹ in Crore)

Particulars	Quarter ended			Year ended
	30.06.2021	31.03.2021	30.06.2020	31.03.2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
1. Segment Revenue				
a) Paper & Paper board	576.64	1079.52	446.69	2571.79
b) Energy	110.75	104.42	99.62	414.89
c) Cement	46.73	37.71	42.64	164.45
Sub-Total	734.12	1221.65	588.95	3151.13
Less:Inter Segment revenue	107.74	105.19	96.96	409.10
Gross Sales / Income from Operations	626.37	1116.46	491.99	2742.03
2. Segment Results (Profit (+) / Loss (-) before tax and Interest)				
a) Paper & Paper board	4.77	31.65	13.25	25.08
b) Energy	(0.42)	(4.23)	(0.10)	(6.65)
c) Cement	2.98	(1.89)	2.39	6.73
Sub-Total	7.34	25.53	15.54	25.16
Less: i) Finance Costs	40.92	44.79	50.20	193.33
ii) Other unallocable expenditure net of unallocable income	(12.74)	(14.26)	(3.94)	(69.48)
Profit / (Loss) from Ordinary Activities before Tax	(20.84)	(5.00)	(30.72)	(98.69)
3. Segment Assets				
a) Paper & Paper board	5559.63	5203.80	4637.34	5203.80
b) Energy	563.31	590.08	600.04	590.08
c) Cement	153.14	153.65	166.54	153.65
d) Other Unallocated	32.71	35.80	34.16	35.80
	6308.79	5983.33	5438.08	5983.33
4. Segment Liabilities				
a) Paper & Paper board	1536.94	1374.55	1285.02	1374.55
b) Energy	25.81	25.80	25.79	25.80
c) Cement	41.61	21.84	15.26	21.84
d) Other Unallocated	3120.98	2964.37	2420.24	2964.37
	4725.34	4386.56	3746.31	4386.56

For and on behalf of the board

Place : Chennai -32
Date : 12th August, 2021

RRanjan
Dr RAJEEV RANJAN, IAS
CHAIRMAN AND MANAGING DIRECTOR

Auditor's Review Report of Unaudited Quarterly Financial Results of the Company for the quarter ended 30th June, 2021 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Board of Directors
Tamil Nadu Newsprint and Papers Ltd

1. We have reviewed the accompanying statement of unaudited Financial Results ("Statement") of **Tamil Nadu Newsprint and Papers Ltd** ("the Company"), for the quarter ended 30thJune, 2021 being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016.

2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("IND AS 34"), prescribed under section 133 of the companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of the company personnel and analytical procedures, applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. **Emphasis of matter**

   (i) We draw attention is invited to Note 2 to the unaudited financial results , which describes the management's assessment of the impact of Corona virus (Covid-19) on the business operations of the company as assessed by the management.

   Our conclusion is not modified in respect of the above matter.

5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30th November, 2015 and CIR/CFD/FAC/62/2016 dated 05th July, 2016, and other recognised accounting practices and policies has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **BRAHMAYYA & CO.,**
Chartered Accountants
Firm Regn No: 000511S

BRAHMAYYA & CO. CHENNAI INDIA CHARTERED ACCOUNTANTS

R. N. Prasad

R. NAGENDRA PRASAD
Partner
Membership No. 203377
UDIN: **21203377AAAAFB8999**

Date : 12thAugust, 2021
Place : Chennai

TNPL

ANNEXURE - 2.

TAMIL NADU NEWSPRINT AND PAPERS LIMITED

PRESS RELEASE DATED 12th AUGUST 2021

Financial Results – Q1 2021-22

TamilNadu Newsprint and Papers Limited reported total revenue of ₹ 646.39 Crore for the quarter ended 30th June 2021 against ₹ 501.29 Crore in the corresponding quarter of the previous year.

Paper production for the quarter ended 30th June 2021 is 83169 MT against 81162 MT in the corresponding quarter of the previous year. Packaging Board production is 40324 MT against 29812 MT in the corresponding quarter of the previous year.

The company earned Profit before Interest Depreciation and Tax (PBIDT) of ₹ 77.34 Crore for the quarter ended 30th June, 2021. After providing ₹ 57.26 Crore towards depreciation & amortization and ₹ 40.92 Crore for finance cost, the company incurred Loss before tax for the quarter ended 30th June 2021 is ₹ 20.84 Crore as against loss of ₹ 30.72 Crore in the corresponding quarter of previous year. Loss after tax for the quarter ended 30th June 2021 is ₹13.77 Crore and against a loss of Rs.20.01 Crore in the corresponding quarter of the previous year. The company is on a recovery path and in the coming quarters we looking forward to a much better performance.

ANNEXURE - 3

TAMILNADU NEWSPRINT AND PAPERS LIMITED

RISK MANAGEMENT POLICY & FRAMEWORK MANUAL

TNPL

Contents

1. INTRODUCTION

- **Risk**

Dictionary.com defines risk as *"the exposure to the chance of injury or loss; a hazard or dangerous chance. ISO 31000 defines risk as "effect of uncertainty on objectives"*

- **Risk Management**

IS0 31000 defines risk management as *"coordinated activities to direct and control an Organization with regard to risk".* Risk management is the identification, evaluation, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities.

- **Importance of Risk Management**

All organizations be it large or small are exposed various risks in conducting their business which may impact their profitability and thereby very survival of the organization. Hence, it is very essential for every organization to proactively identify and initiate mitigation plans to minimize the impact of threats posed by the risks. The risk management process aids decision making by taking account of uncertainty and the possibility of future events or circumstances (intended or unintended) and their effects on agreed objectives. Effective management of risks helps to improve performance contributing to:

- Increased certainty and fewer surprises
- Better management at all levels through improved decision making
- More efficient use of resources
- Reduced waste and fraud
- Better product and service delivery
- Better management of contingent activities

- **Requirements of Companies Act, 2013**

Responsibility of the Board: As per Section 134 (n) of the Act, The board of directors' report must include a statement indicating development and implementation of a risk management policy for the Company including identification of elements of risk, if any, which in the opinion of the board may threaten the existence of the Company.

Responsibility of the Audit Committee: As per Section 177 (4)(vii) of the Act, the Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.

Responsibility of the Independent Directors: As per Schedule IV [Part II-(4)] of the Act, Independent directors should satisfy themselves that financial controls and the systems of risk management are robust and defensible.

- **Requirements of SEBI (LODR) regulations, 2015**

SUB Clause (II) to Clause 4 (f) (ii) - Responsibilities of Board of Directors, requires the Board to review risk policy also.

Clause 17 (8) - The Chief Executive Officer and the Chief Financial Officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II

Clause 17 (9)(a) - The listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures.

Clause 17 (9) (b) - The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Clause 21 (1) - The board of directors shall constitute a Risk Management Committee.

Clause 21 (2) – The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors

Clause 21 (3) - The Chairperson of the Risk Management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the committee.

Clause 21 (3A) – The risk management committee shall meet at least twice in a year.

Clause 21 (3B) - The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

Clause 21 (3C) - The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings."

Clause 21 (4) - The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit [*such function shall specifically cover cyber security]*

Provided that the role and responsibilities of the Risk Management Committee shall mandatorily include the performance of functions specified in Part D of Schedule II

Clause 21 (5) – The provisions of this regulation shall be applicable to top 1000 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year.

Clause 21 (5) – The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary."

- **Corporate Governance Voluntary Guidelines, 2009**

Clause C, Chapter II of 'Corporate Governance Voluntary Guidelines 2009' issued by MCA states "the Board, the Audit committee and executive management of the company should collectively identify the risks impacting the company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy or strategy." Further it states The Board should also affirm and disclose in its report to members that it has put in place critical risk management framework across the company, which is overseen once every six months by the Board. The disclosure should also include a statement of those elements of risk, that the Board feels, may threaten the existence of the company."

Considering the above, it has now therefore become mandatory for the listed Companies to put in place e a comprehensive framework of risk management for assessment of risks faced by them and determine the responses to these risks so as to minimize their adverse impact on the organization.

2. GOALS OF TNPL RISK MANAGEMENT SYSTEM

- **The key to a truly effective risk management system rests in a focus on early identification and Prevention of factors that place individuals at risk.** The goals of the TNPL risk management system, therefore, are the following:

2..1. To take a broad pro-active approach in identifying risk

2..2. To identify potential risks in their early stages in order to minimize the impact to the organization rather than a reactive response to crisis as they arise

2..3. To create a risk aware culture

2..4. Develop a common understanding of risk across multiple functions and business units so that TNPL can manage risk cost-effectively on an enterprise-wide basis

2..5. Build safeguards against earnings-related surprises

2..6. Build and improve capabilities to respond effectively to low probability, critical, catastrophic risks.

3. PRINCIPLES OF RISK MANAGEMENT SYSTEM

While identification, assessing and treating the risks, TNPL adhere to following principles:

- ***Risk management creates and protects value.***
  Risk management contributes to the demonstrable achievement of objectives and improvement of performance in, for example, human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, product quality, project management, efficiency in operations, governance and reputation.

- ***Risk management is an integral part of all organizational processes.***
  Risk management is not a stand-alone activity that is separate from the main activities and processes of the organization. Risk management is part of the responsibilities of management and an integral part of all organizational processes, including strategic planning and all project and change management processes.

- ***Risk management is part of decision making.***
  Risk management helps decision makers make informed choices, prioritize actions and distinguish among alternative courses of action.

- ***Risk management explicitly addresses uncertainty.***
  Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

- ***Risk management is systematic, structured and timely.***
  A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable and reliable results.

- ***Risk management is based on the best available information.***
  The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgement. However, decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

- ***Risk management is tailored.***
  Risk management is aligned with the organization's external and internal context and risk profile.

- ***Risk management takes human and cultural factors into account.***
  Risk management recognizes the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the organization's objectives.

- **Risk management is transparent and inclusive.**
  Appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of the organization, ensures that risk management remains relevant and up-to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.

- ***Risk management is dynamic, iterative and responsive to change.***
  Risk management continually senses and responds to change. As external and internal events occur, context and knowledge change, monitoring and review of risks take place, new risks emerge, some change, and others disappear.

- **Risk management facilitates continual improvement of the organization.**

  Organizations should develop and implement strategies to improve their risk management maturity alongside all other aspects of their organization

4. RISK MANAGEMENT IN TNPL

TNPL recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner The Company strongly believes that while some of the risks can be eliminated altogether many of the Risks cannot be eliminated; However, the same can be:

- ***Reduced,*** by having strong internal controls;
- ***Transferred to another party,*** who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- ***Avoided,*** by not entering into risky businesses;
- ***Shared***, by following a middle path between retaining and transferring risk and
- ***Accepted / retained,*** either to avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk.

- **Risk Strategy**

TNPL is the leader in the technology of manufacture of paper from bagasse – the sugar cane residue, committed to excellence. Its main products are various types of paper (4 LTPA) and paper boards (2 LTPA). The company also manufactures cement from the lime sludge waste generated from its paper manufacturing process. Paper Industry being energy intensive, TNPL also owns and operates Thermal Power Plant (138.62 MW) and wind mills (35.5 MW) catering to its energy requirements.

In order to support the goal of taking a broad, pro-active approach to identifying risk, TNPL and its management recognize that risk identification is an on-going and integral part of their day-to-day functions. While some risks are easily identified, the ability to discover and address less obvious potential risks is a more subtle and nuanced process.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk.

For managing Risk more efficiently the company would need to identify the risks that it faces in trying to achieve the objectives of the company. Once these risks are identified, the risk officer would need to evaluate these risks to see which of them will have critical impact on the company and which of them are not significant enough to deserve further attention.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

- **Risk Management Committees**

Objectives must exist before management can identify potential events affecting their achievement. Enterprise risk management ensures that management has in place a process to set objectives and that the chosen objectives support and align with the entity's mission and are consistent with its risk appetite.

The Objectives of the Company can be classified into:

Strategic:

- Organizational Growth.
- Comprehensive range of products.
- Sustenance and Growth of Strong relationships with dealers/customers.
- Expanding our presence in existing markets and penetrating new geographic markets.
- Continuing to enhance our industry expertise.
- Enhance our capabilities through technology alliances and acquisitions.

Operations:

- Consistent Revenue growth.
- Consistent profitability.
- High quality production.
- Further develop Culture of Innovation.
- Attract and retain quality technical associates and augmenting their training.

Reporting:

- Maintain high standards of Corporate Governance and public disclosure.

Compliance:

- Ensure stricter adherence to policies, procedures and laws/ rules/ regulations/ standards.

In principle, risks always result as consequence of activities or as consequence of non-activities. Risk Management and Risk Monitoring are important in recognizing and controlling risks. The entirety of enterprise risk management is monitored and modifications made as necessary.

Risk mitigation is an exercise aiming to reduce the loss or injury arising out of various risk exposures. TNPL adopts systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. The Company believes that this would ensure mitigating steps proactively and help to achieve stated objectives.

The constitution of the Risk Management committee normally is as follows:

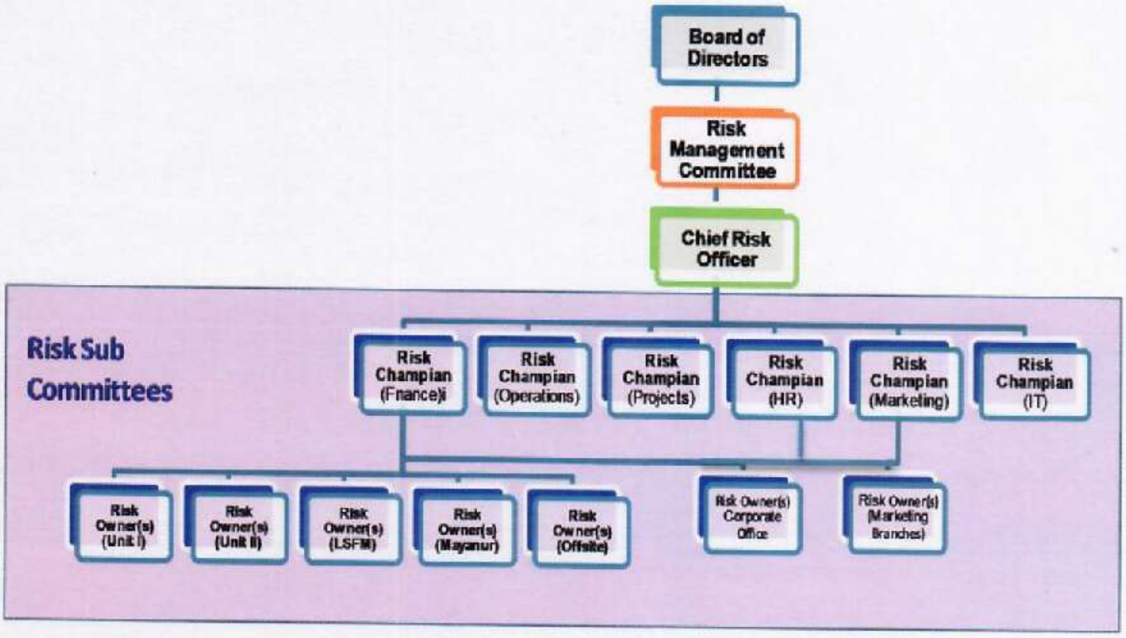
Risk Management Committee	
Chairman	Nominated by Board
Member	Chairman and Managing Director / Managing Director
Members from Board (Independent directors)	Will be nominated by the Board from time to time.
Senior Management of the company	*Invitees to the Risk Management Committee*

The Board in the meeting held on 25th June 2021 has formed the Risk Management Committee in line with prevailing regulatory requirements with the following members:

Sl No	Name of the Member	Designation
1	Dr M.Arumugam	Chairman
2	Thiru N.Narayanan, I.A.S., (Retd)	Member
3	Thiru V. Chandrasekaran	Member
4	Tmt Soundara Kumar	Member
5	Thiru P.B.Santhanakrishnan	Member

The committee will be assisted by Chief Risk Officer and will be nominated by the RMC from time to time. The senior management of the company will be the invitees to the Risk Management Committee.

- **Risk Management Organization Structure**



	CONSTITUTION	ROLES & RESPONSIBILITIES	ACCOUNTABLE TO
Risk Management Committee (RMC)	• Constituted with approval of Board • Chairman of RMC is nominated by Board • Independent directors nominated by Board	• To frame, implement and monitor the Risk Management Plan for the Company. • To ensure that the Risk Management Policy is being followed and effectively contributing to early identification of risks and proper mitigation process. • Will review and approve list of risk identified, risk treatment and control mechanism.	Board of Directors
Chief Risk Officer (CRO)	CRO shall be nominated by the Board CRO shall be assisted by the Risk Sub committees	• To coordinate meeting of RMC at least once in six months. • To monitor the mitigation plan for the risks identified in the consolidated risk register and place it for review of Risk Management Committee in the meeting. • To circulate Agenda for the RMC meeting.	Risk Management Committee

		• To attend all RMC meetings. • To maintain, minutes of all RMC meetings • All key risks identified shall be documented in the Consolidated Risk Register maintained by Chief Risk Officer. • To propose periodic updates in risk management policy.	
Risk Sub Committee (RSC)	• Shall be formed at each location of operations viz. Corporate Office (Chennai) & Unit I (Karur), Unit II (Mondipatti). RSC(s) shall comprise of Risk Champions and Risk Owners.	• It will evaluate the risk and mitigation plan recommended by Risk Owners. • RSC to hold its meeting at least once every month.	Risk Management Committee
Risk Champion (RC)	• Respective Unit Heads / Functional Heads will be Risk Champion for Unit RSC(s) / Corporate RSC(s). • Respective functional head under Unit head will be Risk Owner in reporting relevant areas. • Corporate Office – Administration head will be changed and respective functional head will be risk owner.	• It will direct Risk Owners for mitigating the risks identified. • Will draft risk analysis, risk treatment and control mechanism. • RSC will update risk register and communicate to CRO. • Risk Register should be updated by any new risk identified to be placed to RMC for approval.	Risk Management Committee
Risk Owners	• Risk Owners shall be nominated by Risk Champions, • Each of the department shall be represented by a Risk Owner.	• The Risk Owner will be responsible for identification and mitigation of risk of their respective areas. • Risk Owner shall present the new risks identified along with proposed mitigation plan to Risk Sub Committee and Risk Champion for their approval. • Identify future risk, evaluate	Risk Champion

		the criticality of the risk and formulate the steps of mitigation. • To maintain and update register of their concerned areas, and communicate to RC.	

5. RISK MANAGEMENT FRAMEWORK

- **Process**

We consider activities at all levels of the organization, viz., Enterprise level; Business Unit level; and Marketing level are considered in the risk management framework. We understand that risk management is a continuous process that is accomplished through the life cycle of the company. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction. Effective risk management depends on risk management planning; early identification and analyses of risks; early implementation of corrective actions; continuous monitoring and reassessment; and communication, documentation, and coordination. The risk management process includes following key activities performed on a continuous basis:

- **Risk Identification**

An effective risk management system identifies warning signs early in the process and introduces strategies to mitigate risk before the occurrence of a sentinel event. Simply put, potentially lives threatening risk factors need to be reviewed on a regular basis as part of a pro-active risk management system. The first two goals of the TNPL Risk Management system refer to the identification of risk factors: First, " take a broad pro-active approach in identifying risk and the second goal is :, " the early identification of potential risks in order to minimize the impact to the individual rather than a reactive response to crises as they arise."

Risk identification is an ongoing process and has to be undertaken periodically, preferably every month and also whenever there is a drastic change in business environment, say for example, introduction of new law and regulations etc. that may critically affect TNPL's operations / profitability.

This involves continuous identification of events that may have negative impact on the Company's ability to achieve goals. Taking TNPL's Vision, Strategic Objectives, AOPs, business / manufacturing process, key activities and significant resulting events as a base, respective Unit heads / functional heads (risk champions) along with their HODs (risk owners) identifies various risks that may arise in the process of converting TNPL's vision into actual results.

Refer to APPENDIX I- Risk Identification Process - List of areas that has potential to create various risks to the company.

- **Risk Assessment**

Risk assessment is the determination of quantitative or qualitative estimate of risk related to a well-defined situation and a recognized threat (also called hazard). It consists of a detailed study of threats and vulnerability and resultant exposure to various risks.

Quantitative risk assessment requires calculations of two components of risk (R): the magnitude of the potential loss (L), and the probability (p) that the loss will occur. An acceptable risk is a risk that is understood and tolerated usually because the cost or difficulty of implementing an effective countermeasure for the associated vulnerability exceeds the expectation of loss.

The potential loss could include:

- Financial loss;
- Business interruptions / closure;
- Non-compliance to regulations leading to imprisonment, fines, penalties etc.
- Loss of values, ethics and reputation.
- Health, Safety and Environment related incidences;
- Loss of talent;

The likelihood of occurrence of risk is rated based on number of past incidences in the industry, previous year audit observations, future trends or research available. For detailed likelihood ratings, magnitude refer to Risk Score Matrix defined in **APPENDIX-II**.

Risk may be evaluated based on whether they are internal and external, controllable and non-controllable, inherent and residual.

- **Risk Analysis**

Risks are analyzed, considering likelihood and impact, as a basis for determining how they should be managed. The overall risk score is the result of two key factors, viz., probability (or likelihood) of risk occurring and the severity (or financial impact, if the impact can be quantified) if the risk occurs. Based on these two factors the overall risk is categorized as below:

SCORE GROUP	RISK GROUP
1-3	insignificant
4-8	medium
9-15	high
16 & above	very high

Refer to APPENDIX II for Risk impact & Likelihood matrix.

Risk events assessed as 'Very high' or 'high' (Score 9 & above) criticality will be part of risk mitigation planning and implementation; low and medium level risks have to be tracked and monitored on a watch list.

To meet the above stated objectives, effective strategies for exploiting opportunities are to be evolved by the risk owner in consultation with risk champions and the same have to be approved.

Risk analysis enables each risk (or group of risks when considered in the aggregate) to be evaluated in order to determine whether risk treatment is needed.

- **Risk Treatment & Mitigation**

The risks with 'Very high' and "high' levels are not acceptable (Risk score 9 & above) and hence have to be treated with appropriate measures to bring down risk level to medium or low levels. Hence, the main task in the risk treatment step is to select one or more options for treating each unacceptable risk, i.e. decide how to mitigate all these risks. This process requires creative consideration of options and detailed design, both inputs being necessary to find and select the best risk treatment. **The risk owners will look into the following risk treatment MEASURES in the same order given.**

Type of risk treatment	Action taken / Result
Avoid	The risk will be completely avoided by avoiding the actions that causes the risk.
Eliminate	The risk will be completely eliminated by various measures. There is no residual risk once the risk mitigation plans are implemented
Reduce	The mitigation plan reduces the level of risk; but not eliminates it completely. Residual risk still exists
Transfer	The risk is transferred to a third party either partially or fully. Example, insurance of fixed assets and inventory
Share	In this case, the risk is shared partially with another third party.
Accept	Sometimes, if the cost of managing the risk is too high, then there is no other option but to accept the risk. As a matter of policy, TNPL accepts all medium and low level risks; however, they will be monitored closely by respective Risk Sub-committee (RSC). Any mitigation plan to manage the medium and low level risks can be taken by RSCs if the benefit outweighs the cost.

Once implemented, risk treatments will either create new controls or amend existing controls.

Residual Risk

Risk treatments don't necessarily reduce risks to zero. Remaining risk after treatment is known as residual risk.

Secondary Risk

It is common, the efforts to reduce risk to have risks of their own. These are known as secondary risks. For example, if you outsource a project you will assume a number of secondary risks such as the risk that the outsourcing company will fail to deliver.

- **Risk Control**

A risk control is a process, policy, practice, tool or structure that is used to manage risk on a day-to-day basis. Controls are typically used to reduce risk and comply with regulations, standards and best practices in an industry. The risk champions / risk owners will use any of the risk control methods / techniques as deem fit and appropriate to the situation.

- **Monitoring mechanism**

Risk monitoring is the ongoing process of managing risk. Risk monitoring is the process of tracking risk management execution and continuing to identify and manage new risks. **The following are common elements of risk monitoring.**

Risk Identification

The continuing process of identifying new risks.

Risk Analysis

Ongoing analysis of risk probability, impact, treatment options and other factors such as moment of risk.

Risk Controls

Monitoring the implementation of risk controls such as risk mitigation processes.

Measurement & Communication

Measuring current risk exposure and communicating risk information to stakeholders. RSCs will review the risks regularly once a month and communicate 'very high' and 'high' category risks to Chief Risk Officer (CRO) to update the Risk Register. **Also, RSCs will communicate the latest status of risks once a quarter with CRO to enable him to put up the same before Risk Management Committee (RMC).**

CRO will monitor the status of risks identified in the Consolidated Risk register, convene the half-yearly review meeting of RMC and will present the status of risk mitigation plans, seek necessary guidelines from the RMC and communicate the decisions to all concerned for implementation.

6. RISK REPORTING

- **Risks to be reported to Audit Committee**

While the Company will be monitoring, evaluating and responding to risks, only significant risks (or those that could become significant) need to be reported to the Audit Committee and Board.

Significant risks include those risks that have a high likelihood or significant impact (i.e. having risk exposure 9 or more) or where there is limited ability for mitigation by the Company. These risks are identified and assessed based on the Company's expertise, judgement and knowledge.

Risks with high risk score or exposure rating will be identified and summarized in Consolidated Risk Register.

Chief Risk Officer will place Consolidated Risk Register to the Audit Committee and Risk Management Committee. However, Chief Risk Officer (CRO)can present all the identified risk to the Audit Committee as per the need.

- **Process of risk reporting**

Risk Identification & Assessment form (RIF) will be used to highlight emerging risks or add new risks to the risk register throughout the year. On an ongoing basis, when a new or emerging risk is identified, Risk owners of respective department will notify to Risk Champion by submitting the RIF.

A copy of RIF should also be mailed to designated mail id of Chief Risk Officer for discussion and inclusion in the Risk Registers. After submission of RIF, the form will be assigned a unique number which will be communicated back to the Risk Owners via acknowledgement of receipt.

RIF will be reviewed by concerned Risk Champion for evaluation. Post approval of RIF by Risk Champion, it is sent to Chief Risk Officer by Risk Champion for including it in the risk register.

After review of the RIF and in consultation with Risk Champion, Chief Risk Officer will determine whether the risk contained in this report warrants inclusion in the risk register.

Risk included in risk register in the quarter will be reported to Risk Management Committee (RMC) in the half yearly meeting.

- **Risk reporting of adverse event**

All adverse events and near misses must be recorded in Event Recording Register.

The Risk alert Form should be completed as soon as possible after the event, within one working day, unless there are exceptional reasons for delay, for example the event was identified retrospectively following a complaint or claim. All adverse events, as may be decided as significant by risk owner in consultation with risk champion, should be reported, even if some time has passed since the event occurred. The final decision of an adverse event, to be reportable or not, lies with the Chief Risk Officer.

It is imperative that person(s) reporting the adverse event reports the fact. There is no place for any opinion or assumptions. It is important that details are accurate and factual for any future review.

Risk owners will present the adverse event reporting form to the Chief Risk Officer immediately.

Risk reporting mechanism:

- **To Chief Risk Officer:** The adverse events as may be jointly decided by two Risk owners (out of which one will be from other department) as significant.
- **To Risk Management Committee / Audit Committee**: Adverse events with very high risk impact rating of9 and above.

- **Board's responsibility statement**

Board of Directors shall include a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company, so that the Management controls the risks through risk management framework.

The Managing Director and the Chief Financial Officer (CFO) shall provide quarterly a statement to the Board in writing, that the Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is established on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

The Company has a control processes in place to help ensure that the information presented to senior management and the Board is both accurate and timely. The control processes include, among other things:

- Annual audit and interim review by the Company's external auditor;
- Planned review by internal auditors reviewing the effectiveness of internal processes, procedures and controls;
- Monthly review of financial performance compared to budget and forecast.

- **Internal Audit (IA)**

The Audit Committee and Managing Director are responsible for approving the appointment of the internal auditor and approving the annual internal audit plan.

The Managing Director in addition to his general and specific responsibilities is responsible for the co-operation necessary to assist the Internal Auditor in carrying out internal audit.

Internal Audit function is independent of the external auditor and to ensure its independence, has direct access to the Managing Director and audit committee.

Any deviations from the Company's policies identified through internal audits are reported to responsible management for action and to the Audit Committee for information or further action.

7. RELATED AND SUPPORTING POLICIES

This Risk Management Policy Framework is supported by, and linked to, other specific policies and standards as issued from time to time. These policies and standards include, but are not limited to:

- Corporate Code of Conduct for Board members and senior management
- TNPL Code for Fair Disclosure of Unpublished Price Sensitive Information
- Related Parties transactions Policy
- Policy for payment to non-executive directors
- Policy on Board diversity
- Code of Internal procedures and conduct for regulating monitoring and reporting of trading by insiders
- Policy on responsible advocacy
- Policy for determination of materiality of events or information
- Preservation of documents and archival policy
- Quality Policy
- CSR Policy & Guidelines
- HR Policy
- Environment policy
- Forest Policy
- FSC Public Policy
- Plantation Policy
- FSC FM Group Procedure
- FSC standard for group entities in forest management groups
- Rainforest Alliance Chain-of-Custody Standard for Forest Management Enterprises (FMEs)
- Rainforest Alliance Interim Standard for Assessing Forest Management in India
- Energy Management Policy
- Policy on sexual harassment
- Whistle Blower Policy

8. REVIEW

Risk Management Committee shall review this Policy framework at least once a year to ensure it meets the requirements of legislation and the needs of organization. Moderate, critical and catastrophic level risks will be reviewed by Risk Management Committee once in 6 months. Insignificant and Minor risk will be reviewed by Risk Sub-Committee once in a Quarter.

9. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.

10. DISCLAIMER CLAUSE

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

APPENDIX I: Risk Identification process

Threat & vulnerability- A threat is a potential for something bad to happen. Vulnerability is a weakness or exposure that allows a threat to cause losses. All risks are a combination of a threat and vulnerability. In other words,

Risk = Threat x vulnerability

Threat	Vulnerability	Risk
Computer virus	Software bug	Information security risk
Hurricane	Retail locations close to sea shore	Weather risk to a retailer such as revenue disruption or damage.
Competitor with superior customer service	Poor customer service	Competitive risk
Recession	Investments in growth stocks	Investment risk
Innovative new products on the market	An inability to innovate	Innovation risk
The unemployment rate increases	Loans and credit card products	Credit risk
An employee is sick for a week	The employee is assigned work on a project activity that is on a project's critical path.	Project Risk

Potential areas where the risk owner has to look for identifying risks

Economic Environment and Market conditions

Our customers& suppliers are concentrated in Paper, Board, Cement, Power and infrastructure industries. Economic slowdowns or factors that affect the economic health of our customers' countries and the said industries may increase risk to our revenue growth.

Strategically, we seek to continuously expand the customer base to maximize the potential sales volumes and at the same time securing additional volumes from existing customers on the basis of our record of satisfactory performance in our earlier dealings. The efforts to enhance quality of products and upgrading their performance parameters are aimed at deriving optimum value from the existing customer base and targeting a larger customer profile. Historically, the strength of our relationships has resulted in significant recurring revenue from existing customers.

To counter pricing pressures caused by strong competition, the Company has been increasing operational efficiency and continued to take initiatives to move up the quality control scale besides cost reduction and cost control initiatives.

Fluctuations in Foreign Exchange

While our functional currency is the Indian rupee, we transact a significant portion of our business in USD/Euro and other currencies and accordingly face foreign currency exposure from our sales in other countries and from our purchases from overseas suppliers in U.S. dollars and other currencies and are exposed to substantial risk on account of adverse currency movements in global foreign exchange markets.

We manage risk on account of foreign currency fluctuations through limited hedging of specific transactions with our Bankers. Our risk management strategy is to identify risks we are exposed to, evaluate and measure those risks, decide on managing those risks, regular monitoring and reporting to management. The objective of our Foreign Exchange risk management policy is to minimize risk arising from adverse currency movements by managing the uncertainty and volatility of foreign exchange fluctuations by hedging the risk to achieve greater predictability and stability. Without venturing into the speculative aspects of dealing in currency derivatives, we aim to cover foreseeable fluctuations with limited hedge cover so that moderate arbitrage efficiency is achieved against the existing borrowing rates of interest. Our risk management policies are approved by Board and include implementing hedging strategies for foreign currency exposures, specification of transaction limits; identification of the personnel involved in executing, monitoring and controlling such transactions.

Political Environment

Risks that are likely to emanate are managed by constant engagement with the Government of the day, reviewing and monitoring the country's industrial, Labour and related policies and involvement in representative industry-bodies.

Competition

The markets for paper & board are rapidly evolving and highly competitive and we expect that competition will continue to intensify due to establishment of new capacities, expansion of existing capacities and consolidation of operations across the sector.

We believe that we are strongly positioned in our designated market commanding a premium for our product. However, with the installation of additional capacity in a Greenfield Plant with locational and cost advantages, our marketing strategies are being evolved to cover a wider marketing area. Exploiting the traditionally strong relationship with our dealers to market the higher production of paper & board is an equally valid strategy being pursued.

Revenue Concentration

High concentration in any single business segment exposes the company to the risks inherent in that segment. We have adopted prudent norms based on which we monitor and prevent undesirable concentration in a geography, industry, or customer through expansion of our product lines in paper and board. The quest for diversified activities within the existing realm of overall management after due consideration of the advantages and disadvantages of each activity is consistent with company policy of increasing business volumes with minimum exposure to undue risks. Concentration of revenue from any particular segment of industry is sought to be minimized over the long term by careful extension into other activities, particularly in areas the company has some basic advantage such as availability of land, technical or manpower resources.

Inflation and Cost Structure

The cost of revenues consists primarily of raw materials including wood, bagasse, waste paper, imported pulp, coal, etc. The cost of revenues has a very high degree of inflationary certainty. To de-risk, the Company has established specific policies for procurement of long delivery and strategic raw materials like long term tie up with sugar mills for procurement of uninterrupted supply of bagasse, procurement of imported materials like pulp and coal through reverse auction etc. At organizational level, cost optimization and cost reduction initiatives are implemented and are closely monitored. The Company controls costs through budgetary mechanism and its review against actual performance with the key objective of aligning them to the financial model. The focus on these initiatives has inculcated across the organization the importance of cost reduction and control.

Technological Obsolescence

TNPL's philosophy is to 'Modernize, Indigenize, and Never Compromise on Technology'. The company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology. Established contacts with leaders in technology, particularly in the areas of the company's operations, have dividends in our ability to access to newer and evolving processes and their applications in the manufacture of capital goods. This has led to the company establishing a lead with customers and sharing with them the benefits of such technological advances quicker than the market.

The company's policies also include a favorable dispensation for replacement of Machinery and Equipment on a constant basis to take advantage of such technological movements

Financial Reporting Risks

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, Securities and Exchange Board of India (SEBI) rules, and Indian stock market listing regulations are creating uncertainty for companies. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time, as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such corporate governance standards.

We are committed to maintaining high standards of corporate governance and public disclosure and our efforts to comply with evolving laws, regulations and standards in this regard would further help us address these issues.

Our preparation of financial statements in conformity with Indian GAAP and in accordance with the Accounting Standards issued by ICAI, requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances including consultation with experts in the field, scrutiny of published data for the particular sector or sphere, comparative study of other available corporate data, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These may carry inherent reporting risks. We believe that the accounting policies related to revenue recognition and Accounting for Income taxes are significant.

Risk of Corporate accounting fraud

Accounting fraud or corporate accounting fraud are business scandals arising out of Misusing or misdirecting of funds, overstating revenues, understating expenses etc.
The Company mitigates this risk by

- Understanding the applicable laws and regulations
- Conducting risk assessments,
- Enforcing and monitoring code of conduct for key executives
- Instituting Whistleblower mechanisms
- Deploying a strategy and process for implementing the new controls
- Adhering to internal control practices that prevent collusion and concentration of authority
- Employing mechanisms for multiple authorization of key transactions with cross checks
- Scrutinizing of management information data to pinpoint dissimilarity of comparative figures and ratios
- Creating a favorable atmosphere for internal auditors in reporting and highlighting any instances of even minor non-adherence to procedures and manuals and a host of other steps throughout the organization and assign responsibility for leaving the overall effort to a senior individual like Chief Financial Officer.

Legal Risk

Legal risk is the risk in which the Company is exposed to legal action, as the Company is governed by various laws and the Company has to do its business within four walls of law, where the Company is exposed to legal risk exposure. These risks relate to the following:

- Contract Risks
- Contractual Liability
- Frauds
- Judicial Risks
- Insurance Risks

Management places and encourages its employees to place full reliance on professional guidance and opinion and discuss impact of all laws and regulations to ensure company's total compliance. Advisories and suggestions from professional agencies and industry bodies, chambers of commerce etc. are carefully studied and acted upon where relevant.

The Company has established a compliance management system in the organization and Secretary of the Company being the focal point will get the quarterly compliance reports from senior management and functional heads and place the same before the Board.

Quality and Project Management

For years TNPL is engaged in manufacture of Paper, Board and cement for various customers as per mutually accepted requirements of the Customers.

Our Commitment towards total Quality Management is to forge the Human Resources of our organization into a team that promotes continual improvement in quality of products and services.

Considerable focus is given to adherence to PERT charts, targeted dates and commitment to quality in every project and customer feedback is studied with personal interaction with them before, during and after project completion.

TNPL, a pioneer in producing paper products is committed to maximize customer satisfaction and keep a clean and safe environment.

We are certified for ISO 9001 and ISO 9002 standards in our Paper, Paper Board and LSFM Units respectively.

Environmental Risk Management

The Company endeavors to protect the environment in all its activities, as a social responsibility.

The legal exposure in this regard arises when polluting materials are discharged into the environment by causing danger to fragile environmental surrounding constituting an offence.

For control of water pollution the Company has setup a sewage treatment plants in manufacturing locations for the treatment of sewage/effluent and it is further used for gardening and plantation and the industrial wastewater generated from the plants is re-circulated into the process.

Extensive plantation of trees around manufacturing plants is undertaken for green belt development. Besides, the company strictly follows the policy and committed to create green belts in the excavated mining areas and also do this on a continuing basis.

Human Resource Management

TNPL's Human Resources Development (HRD) Department will add value to all its Units by ensuring that the right person is assigned to the right job and that they grow and contribute towards organizational excellence.

Our growth has been driven by our ability to attract top quality talent and effectively engage them in right jobs. Possible risks in HR are:

- Labor Turnover Risks, involving replacement risks, training risks, skill risks, etc.
- Unrest Risks due to Strikes and Lockouts.

Risk in matters of human resources are sought to be minimized and contained by following a policy of providing equal opportunity to every employee, inculcate in them a sense of belonging and commitment and also effectively train them in spheres other than their own specialization. Employees are encouraged to make suggestions on innovations, cost saving procedures, free exchange of other positive ideas relating to manufacturing procedures etc. It is believed that a satisfied and committed employee will give of his best and create an atmosphere that cannot be conducive to risk exposure. Other risk mitigation measures are:

- The Company functions under a well-defined organization structure.
- Flow of information is well defined to avoid any conflict or communication gap between two or more Departments.
- Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.
- Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools to ensure their availability for planned production programs
- Effective steps are being taken to reduce cost of production on a continuing basis taking various changing scenarios in the market.
- Company has proper recruitment policy for recruitment of personnel at various levels in the organization.
- Proper appraisal system for revision of compensation on a periodical basis has been evolved and followed regularly.
- Employees are trained at regular intervals to upgrade their skills.
- Labour problems are obviated by negotiations and conciliation.
- Activities relating to the Welfare of employees are undertaken.
- Employees are encouraged to make suggestions and discuss any problems with their Superiors.

Culture and Values

The company has implemented a written code of conduct and ethics for the employees. These policies are disseminated on the Company's website and affirmations have been obtained from all concerned to ensure compliance.

Over the years, company has consistently followed the practice of adhering to certain cultures and values in internal and external management and every employee is made aware of such practices and the logic behind them. It is the company's belief that every employee is attuned to follow fair practices and uphold its fair name in every field they are involved.

Further, the Company's website, www.tnpl.com provides an overview of the organization's direction, design, culture, processes, product range, policies and practices.

Business Operations Risks

These risks relate broadly to the company's organization and management, such as planning, monitoring and reporting systems in the day to day management process namely:

- Organization and management risks
- Production, process and productivity risks,
- Business interruption risks and
- Profitability

Risk mitigation measures:

- The Company functions under a well-defined organization structure.
- Flow of information is well defined to avoid any conflict or communication gap between two or more Departments.
- Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.
- Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools to ensure their availability for planned production programs
- Effective steps are being taken to reduce cost of production on a continuing basis taking various changing scenarios in the market.

Liquidity Risks

- Financial solvency and liquidity risks
- Borrowing limits
- Cash management risks

Risk Mitigation Measures:

- Proper financial planning is put in place with detailed Annual Business Plans discussed at appropriate levels within the organization.

- Annual and quarterly budgets are prepared and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc.
- These budgets with Variance Analysis are prepared to have better financial planning and study of factors giving rise to variances.
- Daily cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in an effective manner.
- Cash management services are availed from Bank to avoid any loss of interest on collections
- Exposures to Foreign Exchange transactions are supported by LCs and Bank guarantees and steps to protect undue fluctuations in rates etc.

Credit Risks

- Risks in settlement of dues by dealers/customers
- Provision for bad and doubtful debts

Risk Mitigation Measures:

- Systems put in place for assessment of creditworthiness of dealers/customers.
- Provision for bad and doubtful debts made to arrive at correct financial position of the Company.
- Appropriate recovery management and follow up.

Logistics Risks

- Use of outside transport sources.

Risk Mitigation Measures:

- Exploring possibility of an in-house logistic mechanism if the situation demands.
- Possibilities to optimize the operations, by having a combination of transportation through road/ rail and sea/air are explored.
- Company has a dedicated transport group to handle all requirements relating to movement of goods, paper, board, cement, equipment, domestic and imported, as and when necessary with a well-defined system of allocation of vehicles based on priorities and time aspects.

Market Risks / Industry Risks

- Demand and Supply Risks
- Quantities, Qualities, Suppliers, lead time, interest rate risks
- Raw material rates
- Interruption in the supply of Raw material
- Bagasse long term tie-up with sugar mills

Risk Mitigation Measures:

- Raw materials are procured from different sources at competitive prices.
- Enter short term tie up with sugar mills in advance.
- Alternative sources from other sugar mills to be developed for uninterrupted supply of raw materials.
- Demand and supply are external factors on which company has no control, but however the Company plans its production and sales from the experience gained in the past and an on-going study and appraisal of the market dynamics, movement by competition, economic policies and growth patterns of different segments of users of company's products.
- The Company takes specific steps to reduce the gap between demand and supply by expanding its customer base, improvement in its product profile, delivery mechanisms, technical inputs and advice on various aspects of de-bottlenecking procedures etc.
- Proper inventory control systems have been put in place.

Disaster Risks

- Natural risks like Fire, Floods, Earthquakes, etc.

Risk Mitigation Measures:

- The properties of the company are insured against natural risks, like fire, flood, earthquakes, etc. with periodical review of adequacy, rates and risks covered under professional advice.
- Fire extinguishers have been placed at fire sensitive locations.
- First aid training is given to watch and ward staff and safety personnel.
- Workmen of the company are covered under ESI, EPF, etc., to serve the welfare of the workmen.

IT System Risks

Risks covered in this category are:

- System capability
- System reliability
- Data integrity risks
- Coordinating and interfacing risks

Risk Mitigation Measures:

- EDP department maintains repairs and upgrades the systems on a continuous basis with personnel who are trained in software and hardware.
- Password protection is provided at different levels to ensure data integrity.
- Licensed software is being used in the systems.
- The Company ensures "Data Security", by having access control/ restrictions.

APPENDIX II: Risk Score matrix

The overall risk score is the result of two key factors, viz., probability (or likelihood) of risk occurring and the severity (or financial impact, if the impact can be quantified) if the risk occurs.

TNPL adopted the following likelihood and severity levels for risk score matrix:

LIKELIHOOD

LEVEL	Description	Score
Unlikely	Extremely rare risks, with almost no probability of occurring.	1
Seldom	Risk that are relatively uncommon but have a small chance of manifesting.	2
Occasional	Risk that are more typical, with about a 50/50 chance of taking place.	3
Likely	Risk that are highly likely to occur.	4
Definite	Risk that are almost certain to manifest. Address these risks first.	5

SEVERITY

LEVEL	Description	Score
Insignificant	Risk that bring no real negative consequences, or pose no significant threat to the organization or project.	1
minor	Risk that have a small potential for negative consequences, but will not significantly impact overall success.	2
moderate	Risk that could potentially bring negative consequences, posing a moderate threat to the project or organization.	3
critical	Risk with substantial negative consequences that will seriously impact the success of the organization or project.	4
catastrophic	Risk with extreme negative consequences that could cause the entire project to fail or severely impact daily operations of the organization. These are the highest-priority risks to address	5

RISK SCORE MATRIX

SEVERITY	LIKELIHOOD				
	Unlikely	Seldom	Occasional	Likely	Definite
Insignificant	1	2	3	4	5
Minor	2	4	6	8	10
Moderate	3	6	9	12	15
Critical	4	8	12	16	20
Catastrophic	5	10	15	20	25

Based on the above Risk score, the overall risks are categorized into 4 category as below:

Overall risk category

SCORE GROUP	RISK GROUP
1-3	insignificant
4-8	medium
9-15	high
16 & above	very high