



Mr L. N. Bangur (right), Chairman, Andhra Pradesh Paper Mills Ltd, Mr M. K. Tara, Managing Director, at the launch of new copier brand 'Copyrite' in the Capital on Thursday. - Ramesh Sharma

## AP Paper Mills plans follow-on offer

**Bindu D. Menon**

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Integrated pulp and manufacturing company Andhra Pradesh Paper Mills Ltd has said that demand for both coated and uncoated paper is growing significantly following buoyant consumer demand from the education, information technology and retail sectors.

The company has also said it is going ahead with a follow-on issue to raise funds for long-term incremental working capital margin requirement.

"We have approached SEBI with the intention to go for a rights issue and are awaiting its nod for the date. We hope to go ahead with the issue by January or February," Mr Shreeyash Bangur, Director (Corporate), told *Business Line* on the side-

lines of a product launch.

He said the company has proposed a rights issue of 70 lakh equity shares with a face value of Rs 10 each for cash at a premium of Rs 50 for each equity share for an amount aggregating to Rs 35 crore on a rights basis to the existing equity shareholders of the company in the ratio of 3:11.

Additionally, the company said that for every one equity share allotted on a rights basis, one detachable warrant will be issued and allotted. Axis Bank and Sathguru Management Consultants have been roped in for the fund raising process.

Mr Bangur said the funds will primarily be used to for reducing debts of Rs 550 crore. The company's current debt-equity ratio stands at 1:7.

"We have invested about Rs 291 crore for setting up a 70,000-tonne capacity machine at its Rajamundhry plant in 2008 and hope to ramp up our pulp and paper mill efficiencies," he said.

APPM has two manufacturing facilities in Rajamundhry and Kadium having a combined capacity of 155,000 tonnes.

Mr Bangur said that prices have become highly competitive due to large number of players.

"Demand is reviving and we hope to see growth in the coming quarters. Our strategy is to deliver more value-added products to the end consumer," he said adding cheap imports from China and Indonesia were hurting the domestic market.

APPM launched a new copier brand 'Copyrite'.