

March 5, 2012

Department of Corporate Services, Bombay Stock Exchange Ltd, P.J. Towers, Dalal Street, <u>MUMBAI – 400 001</u> (BSE Scrip Code No.502330)	Listing Department, National Stock Exchange of India Ltd, "Exchange Plaza", Bandra-Kurla Complex, Bandra (East) <u>MUMBAI - 400 051</u> (Symbol – APPAPER Series -EQ)
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Dear Sirs,

We are enclosing a news item published in Business Line dated 5th March, 2012.

The above intimation may please be taken in your records.

Yours faithfully

For THE ANDHRA PRADESH PAPER MILLS LIMITED

C. Prabhakar

C. PRABHAKAR
SR. VICE PRESIDENT (CORPORATE AFFAIRS)&
COMPANY SECRETARY

Encl: As above



THE ANDHRA PRADESH PAPER MILLS LIMITED

(A Subsidiary of IP Holding Asia Singapore Pte.Ltd.)

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'We are open to other acquisitions in India'

INTERVIEW

V. Rishi Kumar

Hyderabad, March 4

Andhra Pradesh Paper Mills Ltd is passing through a phase of consolidation under the new management of the NYSE-listed US paper major International Paper. The company has recently recast its board and is busy strategising for its next growth phase.

IP has a history of growth through acquisitions. While nothing is on cards immediately, more buyouts cannot be ruled out. The company has initiated a survey to grow its business.

Mr Paul Brown, President, International Paper India and Chairman of the APPM Board of Directors, who was associ-

ated with several acquisitions for IP, outlines the way forward to *Business Line*. Excerpts:

How has been the progress for IP since the takeover of AP Paper Mills Ltd? The company has recast the management team in India?

We've made significant progress in the first four months since the acquisition and started the process of bringing IP global best practices and business processes to the APPM operations; filled key leadership positions and formed an esteemed board of directors. The new board will help APPM immensely going forward.

What is the road map for AP Paper Mills? Any plans to hike capacity?

We're coming off solid operational results in 2011 com-



pared to 2010 with over 10 per cent growth in revenue. The company can do better. We're intensely focused on improving operations, developing our people and ensuring we take good care of customers. We're studying ways to grow the business but yet to finalised plans. The paper industry is very capital intensive and has long-term time horizons, so we take great care before making capital investment decisions.

▶ Drivers for increasing paper and packaging consumption in India are growth of the middle class and growth in the services and education sectors.

MR PAUL BROWN, PRESIDENT, INTERNATIONAL PAPER INDIA AND CHAIRMAN OF ANDHRA PRADESH PAPER MILLS.

How is the domestic paper business doing in comparison to global market?

India has one of the fastest growing paper and packaging markets in world. We expect the healthy growth in India to continue for many years as against flat or slightly declining demand in other developed economies. Drivers for increasing paper and packaging consumption in India are growth of the middle class and growth in the services

and education sectors. India's economy is in good shape compared to other major economies of the world. I am bullish on India.

Do you see the paper prices firming up due to input costs spiralling up?

Paper prices move up and move down according to fundamental supply and demand market factors. Our input costs are increasing rapidly and we are always challenged to find ways to offset input cost inflation. It's a tough

with IP in the future, maybe in India.

How do you plan to secure your raw material requirements?

APPM has had a very effective farm forestry programme since 1989. It supplies seedlings to local tree farmers to farm trees on degraded land and then harvest the wood on a 4- to 6-year rotation. This has been successful at ensuring a sustainable supply of wood fibre and for improving the livelihoods of over 44,000 farmers across coastal Andhra Pradesh.

APPM will distribute its one billionth seedling for farm forestry! We anticipate an ample supply of indigenous wood fibre from farm forestry to supply our mills for the foreseeable future.

business, but what business is not tough? (The) Best companies figure it out and thrive in any environment.

IP has grown through acquisitions just like in China. Do you see more of them in India?

IP has a lot of positive experience acquiring companies, like APPM. We are open to other acquisitions in India. I've been involved in six acquisitions in four countries with IP. I suspect I will be involved in more acquisitions