



## **Chairman's Speech at 59th AGM of Andhra Paper Limited on August 11, 2023**

**Dear Shareholders,**

A very warm welcome to each and every one of you. It gives me immense pleasure in welcoming you all to 59th Annual General Meeting of your Company.

I miss the opportunity of having face-to-face interaction with you. However, the virtual format has enabled more shareholders to participate in the AGM safely from the comfort of their homes amidst the incessant rains. On behalf of the Board of Directors of your Company, I want to thank you for taking time to join us.

The Company's Annual Report for the year ended March 31, 2023 has already been circulated and with your due permission, I would like to take them as read.

Today, we will discuss and vote on the five Resolutions which has already been communicated in the Notice of this Meeting. But before we discuss the Resolutions, I will take few minutes to appraise on the performance of the Company for 2022-23 and its outlook.

### **The year 2022-23**

- a) We have achieved the highest ever pulp production in this year of 184,314 MT (39% on YOY)
- b) We achieved the highest ever production volume of 2,50,292 MT and highest ever sales in five year decade of 2,50, 238 MT (4% YoY )
- c) With the supply/demand imbalances and geopolitical issues resulting in logistic nightmares, the Company was able to swing supplies from Exports to Domestic market requirements resulting in a record breaking domestic sales of 2,22,344 MT (14% YoY). The strong distribution network, high product quality and adherence to delivery schedules helped Company to overcome volatile Trade Flows
- d) Our EBITDA increased from ₹ 265.81 crores in FY 2021-22 to a phenomenal ₹786.74 crores in FY 2022-23. Our PAT stood at ₹522.46 crores, up from ₹139.73 Crores in FY 2021-22.

- e) For the second time, we achieved zero Finished Goods inventories level at the close of the year.
- f) The Company had put in its best effort to achieve OTIF delivery rate (On- Time-In-Full) at 95.4% , forecast accuracy of 93% and customer complaint closure at 80% which is considered top tier in the paper industry.
- g) The Value added Products like Cup stock, Pharma Print and Kraft, which were introduced in 2021, are well accepted in the market and have shown positive growth of 17%, 125% and 85% respectively.
- h) Increased product portfolio with addition of Carry Bag, Straw Paper and Eco Cupstock (Barrier Coated)

### **Major developments during the year**

The Company has committed capex of more than ₹ 500 Crores towards upgradation of the plant and machinery to improve reliability and sustainability, reduce emissions through green technologies and most importantly boost production. This is a work in progress and the results of the upgradation will be realised in the years to come and I am certain this will help create long-term value for the shareholders.

The Board has given an in principle approval to the expansion plans of the Company by setting up an integrated Green Field Project at Unit: Kadiyam, East Godavari District, Andhra Pradesh. In this regard, The Company has signed a Memorandum of Agreement (MOA) with the Government of Andhra Pradesh (GOAP) on March 4, 2023. The GOAP will facilitate and extend necessary support for implementation of the proposed project through single window clearances.

### **Shaping the future**

The Annual Report of the Reserve Bank released on May 30, 2023 assessed that India's growth momentum is likely to be sustained in 2023-24 with real GDP growth projected at 6.5 per cent on the back of sound macroeconomic policies, robust industrial output softer commodity prices, a robust financial sector, a healthy corporate sector, and new growth opportunities stemming from global realignment of supply chains.

Global food prices have fallen to their lowest levels in two years reviving hopes that sticky inflation will start to ease, although the pass-through to consumers is taking time with transportation, labour and energy costs remaining relatively high.

Major economies have borne well the headwinds assailing the global economy, and some like India have rebounded strongly. The optimism generated by these developments has started to influence the forecasts. In June, the World Bank have modestly upgraded their outlooks for 2023, indicative of a directional shift in their view of the world.

The ban on single-use plastic is expected to increase the demand for alternate substitutes made of paper. Change in national education policy and curriculum is expected to boost significant demand for text books. The Indian paper industry is expected to sustain growth in demand due to rising literacy rates and business activities. As the literacy rate increases and businesses expand, there will be a greater need for paper products such as books, newspapers and packaging materials.

This year we have successfully navigated challenges such as supply chain disruption, availability of coal & fuel, sourcing of materials for recycled fibres etc. I recall the growth agenda and commitments made last year and happy to note that the progress was satisfactory and we have done well in our focus areas during year which were as follows:

**1. Optimise the existing production capability: we have committed investments exceeding ₹ 500 crores in rebuild and upgrade of the Plant and machinery and upgrade the technology to boost** machine's capacity and pulping capacity. This is a work in progress. The investment will help realise the full potential of the existing capacities to support top-line and bottom-line improvement.

**2. Customer base expansion through** improvising the quality of the products to serve the existing customers and expand the new customer base, which includes investment in improving the machine's capability and processes.

**3. Cost and efficiency improvement through** improving efficiency of machines and processes, technology upgradation to supplement margin improvement and process rationalisation.

**4. Farm Forestry initiatives:** During the year we have planted 673 lakhs of saplings to support our farm forestry efforts and to care for the nature and environment and support the livelihood of the less privileged farmers community.

**5. Environment Sustainability:** During the year we have committed investment of ₹ 13.33 crores in Environment Management Systems aimed at reducing the carbon foot

prints. It is also proposed to install a Precipitated Calcium Carbonate (PCC) unit, an eco-friendly technology which will significantly reduce greenhouse gas emission.

I would also like to state that under the aegis of CSR activities, the Company has extended support to surrounding communities with focus on infra support to schools, health care, access to clean drinking water, community development, women empowerment and imparting vocational skills. Conducted a blood donation drive for the thalassemia children in Rajahmundry.

Before I conclude, on behalf of the Board of Directors of your Company, I wish to convey sincere thanks to our valued Shareholders for their continuous support and trust in us. This motivation helps us to excel in all our pursuits and constant endeavour to create value for you. I would like to thank my colleagues on the Board for their valuable guidance and contribution in steering the Company to higher levels of achievement. Above all, I would like to place on record the commendable efforts and commitments shown by all stakeholders & employees, who have always contributed their best for the Company to set new benchmarks.

I thank you all once again for all your support and offer my best wishes for a great future and a great festive season ahead.

Date: August 11, 2023

Shree Kumar Bangur  
Chairman & Managing Director