

Whitefield Paper to set up Rs 1,200-cr plant in AP

Project to seek special economic zone status

Our Bureau

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Whitefield Papers Mills Ltd, on Monday announced its move to set up a two-lakh-tonne capacity speciality paper Greenfield mill near Kovvur in Andhra Pradesh with an investment of Rs 1,200 crore.


The company management and the State Government signed a memorandum of understanding (MoU) in the presence of the Chief Minister, Dr Y.S. Rajasekhara Reddy, who assured all help for the paper plant.

The Chairman of Whitefield Papers, Mr T. Srinivasa Rao, told *Business Line* that the project would seek a special economic zone status since about 60 per cent of the total capacity would be exported and the rest sold in the domestic market.

RAW MATERIAL

"We have tied up with the Elof Hansson group for long-term supply of wood pulp, which forms the main raw material for paper plant. This arrangement with the Swedish company would also extend to marketing of the products, through a buy-back arrangement," he explained.

On the finances, Mr Rao said, "While the equity component



Mr T. Srinivasa Rao (right), Chairman of Whitefield Paper Mills Ltd, exchanging files after signing an MoU with the Andhra Pradesh Government in the presence of the Chief Minister, Dr Y.S. Rajasekhara Reddy, in Hyderabad on Monday. — Mohammed Younis

would be Rs 480 crore, the promoters would pump in about Rs 280 crore, while it will have about Rs 240 crore in debt, the company could possibly raise about Rs 200 crore from the market later."

Mr Rao said that all necessary clearances would be procured by December and the financial closure achieved by January 2007 and trial production is likely by November 2008, followed by commercial

production by December 2008. The Chief Minister said that the Government had allotted about 250 acres of land at Bayyavaram village near Kovvur in West Godavari, and the site is ideally located since it can procure water

from Godavari river, and take advantage of the gas pipeline and Kakina port along with highway and road connectivity. Within three months, the land alienation would be completed.