

**AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF  
THE ANDHRA PRADESH PAPER MILLS LIMITED**

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **THE ANDHRA PRADESH PAPER MILLS LIMITED** ("the Company") for the quarter ended March 31, 2012 ("the Statement"). This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by 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 misstatements. A review is limited primarily to inquiries of 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.
3. Our review of the Unaudited Financial Results has been restricted to the figures shown in the column headed "Quarter ended 31.03.2012". The figures shown in the columns headed "Quarter ended 31.12.2011", "Quarter ended 31.03.2011" and "Previous Financial year 31.12.2011" have been traced from the respective results reviewed / audited by an other auditor.
4. During the previous financial year ended December 31, 2011, the Company had paid remuneration, to erstwhile Directors, in excess of the maximum limits specified in Schedule XIII, to the Companies Act, 1956 amounting to Rs. 194.64 lakhs, pending receipt of the approval of the Central Government. The Company has applied to the Central Government seeking approval of the same, which is awaited.
5. Based on our review conducted as stated in paragraphs 2 and 3 above, and subject to our comments in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the stock exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to undisputed investor complaints from the details furnished by the Management/Registrar.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 008072S)

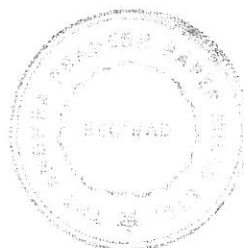
  
**GANESH BALAKRISHNAN**  
Partner  
(Membership No. 201193)

HYDERABAD, April 24, 2012

**Part I**  
**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31.03.2012**

All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Quarter ended			Previous
		31.03.2012 (Unaudited)	31.12.2011 (Audited)	31.03.2011 (Unaudited)	Financial year ended 31.12.2011 (Audited)
	<b>(Refer Notes Below)</b>		<b>(Refer Note 6)</b>		<b>(Refer Note 6)</b>
<b>1</b>	<b>Income from operations</b>				
	(a) Net Sales / Income from operations (Net of excise duty)	29,913.66	19,178.02	25,080.43	58,856.01
	(b) Other operating income	269.45	220.81	655.91	906.04
	<b>Total income from operations (net)</b>	<b>30,183.11</b>	<b>19,398.83</b>	<b>25,736.34</b>	<b>59,762.05</b>
<b>2</b>	<b>Expenses</b>				
	(a) Cost of materials consumed	6,848.08	7,053.95	5,824.39	19,292.14
	(b) Changes in inventories of finished goods and work-in-progress	6,114.86	(3,017.72)	4,310.46	(7,991.61)
	(c) Stores and Spares consumed	5,480.20	6,452.82	4,353.67	16,797.69
	(d) Power and fuel expense	2,215.07	2,424.41	2,689.96	7,783.64
	(e) Employee benefits expense	2,066.07	2,299.53	2,382.65	6,566.08
	(f) Depreciation and amortisation expense	1,629.31	1,654.24	1,685.86	5,062.13
	(g) Loss on discarded assets	14.55	461.40	77.74	3,112.02
	(h) Other expenses	2,334.97	2,991.00	2,496.20	7,167.33
	<b>Total expenses</b>	<b>26,703.11</b>	<b>20,319.63</b>	<b>23,820.93</b>	<b>57,789.42</b>
<b>3</b>	<b>Profit/(Loss) from operations before other income and finance costs (1-2)</b>	<b>3,480.00</b>	<b>(920.80)</b>	<b>1,915.41</b>	<b>1,972.63</b>
4	Other income	158.50	172.45	260.12	321.46
<b>5</b>	<b>Profit/(Loss) from ordinary activities before finance costs (3+4)</b>	<b>3,638.50</b>	<b>(748.35)</b>	<b>2,175.53</b>	<b>2,294.09</b>
6	Finance costs	1,326.43	1,574.64	1,042.33	3,610.34
<b>7</b>	<b>Profit/(Loss) from Ordinary activities after finance costs (5-6)</b>	<b>2,312.07</b>	<b>(2,322.99)</b>	<b>1,133.20</b>	<b>(1,316.25)</b>
8	Tax expense	739.65	(179.87)	291.38	8,464.97
<b>9</b>	<b>Net Profit/(Loss) after tax for the period (7-8)</b>	<b>1,572.42</b>	<b>(2,143.12)</b>	<b>841.82</b>	<b>(9,781.22)</b>
10	Paid - up equity share capital (face value Rs.10/- each)	3,977.00	3,977.00	3,977.00	3,977.00
11	Reserves (Excluding revaluation reserve)	-	-	-	44,074.51
12	Earnings per share (Basic & Diluted) for the period/year (in Rupees) per Rs. 10/- share (not annualised)	3.95	(5.39)	2.12	(24.59)
	See accompanying note to the Financial Results				



## THE ANDHRA PRADESH PAPER MILLS LIMITED

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

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Regd. Office : Rajahmundry - 533105, East Godavari Dist., Andhra Pradesh, India

**An ISO 9001, ISO 14001 and OHSAS 18001 Certified Company**

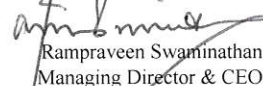
Part II					
SELECT INFORMATION FOR THE QUARTER ENDED 31.03.2012					
Sl. No.	PARTICULARS	Quarter ended			Previous Financial year
		31.03.2012	31.12.2011	31.03.2011	31.12.2011
<b>A</b>	<b>PARTICULARS OF SHAREHOLDING</b>				
1	Public share holding				
	- Number of shares (Face value Rs.10/- each)	9,942,510	9,942,510	18,510,031	9,942,510
	- Percentage of share holding	25.00	25.00	46.54	25.00
2	Promoters and Promoter group Shareholding				
	a) Pledged/Encumbered				
	- Number of shares	-	-	1,499,330 *	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	7.05 *	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	3.77 *	-
	b) Non-encumbered				
	- Number of shares	29,827,529 #	29,827,529 #	19,760,678 *	29,827,529 #
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00 #	100.00 #	92.95 *	100.00 #
	- Percentage of shares (as a % of the total share capital of the company)	75.00 #	75.00 #	49.69 *	75.00 #
<p>* The number of shares and the percentages represent the shareholding of erstwhile promoter group viz., L.N. Bangur Group.                      # The number of shares and the percentages represent the shareholding of present promoter viz., IP Holding Asia Singapore Pte Ltd consequent to acquisition of shares from the erstwhile promoter group and public shareholders.</p>					
	<b>Particulars</b>	<b>Quarter ended</b>			
		<b>31.03.2012</b>			
<b>B</b>	<b>INVESTOR COMPLAINTS</b>				
	Pending at the beginning of the quarter	0			
	Received during the quarter	3			
	Disposed of during the quarter	3			
	Remaining unresolved at the end of the quarter	0			

**Notes:**

- The above Unaudited Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on April 24, 2012.
- The above Unaudited Financial Results have been subjected to Limited Review by the Statutory Auditors of the Company.
- The erstwhile statutory auditors in their audit report for the period ended December 31, 2011 stated an emphasis of matter paragraph with respect to Deferred tax liability of Rs. 8,046.00 lakhs and provision for unsuitable fixed assets amounting to Rs. 3112.02 lakhs. Management response to matter of emphasis in the auditor's report: These have been accounted in the previous financial year ended 31.12.2011 and included in the above results for the quarter ended/financial year ended 31.12.2011.
- The current statutory auditors/erstwhile auditors in their Limited review report/Audit report for the quarter ended March 31, 2012 /period ended December 31, 2011 have qualified with regard to the managerial remuneration paid in excess of the maximum limits specified in the Schedule XIII to the Companies Act, 1956 to the extent of Rs. 194.64 lakhs. Management response to matter of Qualification in the auditor's report: The Shareholders of the Company at the Annual General Meeting held on March 22, 2012 passed a special resolution according their approval subject to consent of Central Government for waiver of recovery of excess remuneration of Rs.194.64 lakhs paid to the erstwhile promoter Directors and Director (Operations). The Company made necessary application to Central Government on April 17, 2012 and await approval.
- The Company is in the business of manufacture and sale of pulp, paper and paper board. Management views manufacture and sale of Pulp, paper and Paper boards as a single reportable business segment.
- The Company in it's Board meeting held on December,6 2011 approved the change of financial year from 31 March to 31 December every year. Pursuant to such change, the previous financial year is for a period of Nine months ended December,31 2011. The figures for the quarter ended December 31, 2011 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the second quarter of the previous financial year.
- The figures for the previous periods/ year have been re-grouped/re-classified, wherever necessary, to conform to the current period presentation.



By order of the Board  
For The Andhra Pradesh Paper Mills Limited

  
Rampraveen Swaminathan  
Managing Director & CEO

Place : Hyderabad  
Date: April 24, 2012

**THE ANDHRA PRADESH PAPER MILLS LIMITED**

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

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