

October 26, 2016

- 1) Department of Corporate Services,  
BSE Limited,  
P.J. Towers, Dalal Street,  
MUMBAI :: 400 001.
- 2) Listing Department,  
National Stock Exchange of India Ltd.  
“Exchange Plaza”,  
Bandra-Kurla Complex,  
Bandra (E),  
MUMBAI :: 400 051.

BSE Scrip Code No.502330

(Symbol – IPAPPM; Series - EQ)

Dear Sir (s),

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we send herewith the Unaudited Financial Results for the quarter and six months ended September 30, 2016 which were approved by the Board of Directors at their Meeting held on October 26, 2016.

The meeting of Board of Directors of the Company commenced at 8.30 A.M. and concluded at 12.00 Noon.

We also enclose the Independent Auditors’ Review Report dated October 26, 2016 issued by M/s. Deloitte Haskins & Sells, Auditors of the Company on the Unaudited Financial Results for the quarter and six months ended September 30, 2016 which was placed before the Board of Directors.

Please acknowledge the receipt.

Thanking you,

Yours faithfully,  
For INTERNATIONAL PAPER APPM LIMITED



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

Encl: as above

## INTERNATIONAL PAPER APPM LIMITED

(Formerly known as The Andhra Pradesh Paper Mills Limited)

(Corporate Identity Number: L21010AP1964PLC001008)

Corp. Office: Krishe Sapphire Building, 8<sup>th</sup> Floor, 1-89/3/B40 to 42/KS/801,  
Hi-tech City Main Road, Madhapur, Hyderabad – 500 081, India.

Tel : +91-40-3312 1000 Fax: +91-40-3312 1010 website: www.ipappm.com

Regd. Office: Rajahmundry – 533 105, East Godavari Dist., Andhra Pradesh, India.

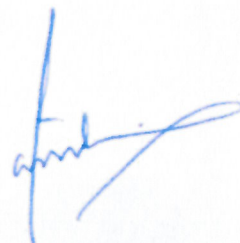
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**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2016**

(In Indian rupees lakhs, except per share data and unless otherwise stated)

Sl. No.	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2016 (Unaudited)	June 30, 2016 (Unaudited)	September 30, 2015 (Unaudited)	September 30, 2016 (Unaudited)	September 30, 2015 (Unaudited)	March 31, 2016 (Audited)
1	<b>Income from operations</b>						
	(a) Revenue from operations	25,058.62	30,365.04	27,146.43	55,423.66	58,214.37	118,720.75
	(b) Other operating income	662.97	914.38	772.64	1,577.35	1,487.37	2,904.32
	<b>Total income from operations</b>	<b>25,721.59</b>	<b>31,279.42</b>	<b>27,919.07</b>	<b>57,001.01</b>	<b>59,701.74</b>	<b>121,625.07</b>
2	<b>Expenses</b>						
	(a) Cost of materials consumed	10,172.86	11,223.09	11,708.06	21,395.95	24,771.67	50,794.30
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,052.26	2,069.75	661.79	3,122.01	1,246.37	855.83
	(c) Excise duty	1,122.55	1,427.93	1,249.44	2,550.48	2,777.10	5,644.12
	(d) Process chemicals, stores and spares consumed	3,471.22	3,705.61	3,897.70	7,176.83	7,899.92	15,634.27
	(e) Power, fuel and water expense	2,156.59	2,051.48	1,918.90	4,208.07	3,886.31	7,944.12
	(f) Employee benefits expense	3,108.69	3,380.66	3,057.53	6,489.35	6,184.22	12,924.53
	(g) Depreciation and amortisation expense	1,750.94	1,788.38	1,665.83	3,539.32	3,225.48	7,317.62
	(h) Other expenses	3,785.44	3,518.17	3,852.05	7,303.61	7,797.45	14,760.50
	<b>Total expenses</b>	<b>26,620.55</b>	<b>29,165.07</b>	<b>28,011.30</b>	<b>55,785.62</b>	<b>57,788.52</b>	<b>115,875.29</b>
3	<b>Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)</b>	<b>(898.96)</b>	<b>2,114.35</b>	<b>(92.23)</b>	<b>1,215.39</b>	<b>1,913.22</b>	<b>5,749.78</b>
4	Other income	134.80	222.39	215.02	357.19	356.16	645.62
5	<b>Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>(764.16)</b>	<b>2,336.74</b>	<b>122.79</b>	<b>1,572.58</b>	<b>2,269.38</b>	<b>6,395.40</b>
6	Finance costs	830.00	904.69	1,006.14	1,734.69	2,024.88	4,029.58
7	<b>Profit / (Loss) from ordinary activities after finance costs but before exceptional items &amp; tax expense (5-6)</b>	<b>(1,594.16)</b>	<b>1,432.05</b>	<b>(883.35)</b>	<b>(162.11)</b>	<b>244.50</b>	<b>2,365.82</b>
8	Exceptional items (Refer Note 3)	(1,404.13)	-	368.50	(1,404.13)	368.50	3,270.65
9	<b>Profit / (Loss) from ordinary activities before tax (7+8)</b>	<b>(2,998.29)</b>	<b>1,432.05</b>	<b>(514.85)</b>	<b>(1,566.24)</b>	<b>613.00</b>	<b>5,636.47</b>
10	Tax expense/(benefit)	(890.83)	(105.84)	130.73	(996.67)	455.42	1,947.16
11	<b>Net Profit / (Loss) for the period (9-10)</b>	<b>(2,107.46)</b>	<b>1,537.89</b>	<b>(645.58)</b>	<b>(569.57)</b>	<b>157.58</b>	<b>3,689.31</b>
12	Paid-up equity share capital (face value ₹ 10 each)	3,977.00	3,977.00	3,977.00	3,977.00	3,977.00	3,977.00
13	Reserves excluding revaluation reserve	-	-	-	-	-	41,117.39
14	<b>Earnings per share (Basic &amp; Diluted) of ₹10 each (Not Annualised)</b>	<b>(5.30)</b>	<b>3.87</b>	<b>(1.62)</b>	<b>(1.43)</b>	<b>0.40</b>	<b>9.28*</b>
	See accompanying notes to the financial results						

\* Annualised

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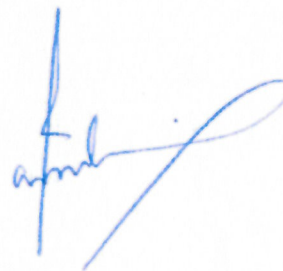
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**STATEMENT OF ASSETS AND LIABILITIES**

(In Indian rupees lakhs, except per share data and unless otherwise stated)

	Particulars	As at September 30, 2016 (Unaudited)	As at March 31, 2016 (Audited)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
1	Shareholders' funds		
	(a) Share capital	3,977.00	3,977.00
	(b) Reserves and surplus	40,547.82	41,117.39
	Sub-total - Shareholders' funds	44,524.82	45,094.39
2	Non-current liabilities		
	(a) Long-term borrowings	22,160.02	30,401.03
	(b) Deferred tax liabilities (Net)	11,092.03	12,088.70
	(c) Long-term provisions	413.35	295.38
	Sub-total - Non-current liabilities	33,665.40	42,785.11
3	Current liabilities		
	(a) Short-term borrowings	13,000.00	14,347.79
	(b) Trade payables	11,769.63	15,505.50
	(c) Other current liabilities	12,230.25	7,956.14
	(d) Short-term provisions	1,090.66	1,090.66
	Sub-total - Current liabilities	38,090.54	38,900.09
	<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>116,280.76</b>	<b>126,779.59</b>
<b>B</b>	<b>ASSETS</b>		
1	Non-current assets		
	(a) Fixed assets		
	Tangible assets	80,386.69	81,364.65
	Intangible assets	575.85	682.83
	Capital work-in-progress	826.10	1,713.57
	(b) Non-current investments	1,543.37	1,543.37
	(c) Long-term loans and advances	7,997.91	7,297.76
	(d) Other non-current assets	16.10	40.78
	Sub-total - Non-current assets	91,346.02	92,642.96
2	Current Assets		
	(a) Inventories	13,481.15	21,370.87
	(b) Trade receivables	6,225.72	7,068.84
	(c) Cash and cash equivalents	1,520.76	1,014.32
	(d) Short-term loans and advances	3,624.04	4,588.30
	(e) Other current assets	83.07	94.30
	Sub-total - Current assets	24,934.74	34,136.63
	<b>TOTAL - ASSETS</b>	<b>116,280.76</b>	<b>126,779.59</b>

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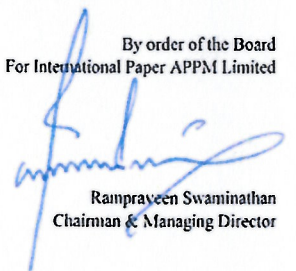
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**Notes:**

- 1 The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meetings held on October 25, 2016 and October 26, 2016, respectively. The statutory auditors have carried out a limited review of these financial results.
- 2 The Company is in the business of manufacture and sale of pulp, paper and paper boards. Management views manufacture and sale of pulp, paper and paper boards as a single reportable business segment.
- 3 **Exceptional items:**
  - (a) (i) The Company had, in 2004, filed a writ petition in the High Court of Andhra Pradesh, challenging the levy of electricity duty (@ 25 paise per unit) by the State Government on consumption of electricity by captive generating units. Based on the legal advice, the Company had treated the same as contingent liability. The Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh dismissed the aforesaid writ petition (along with the other petitions on the same matter filed by other companies) vide its common order dated 19th May 2016 ('the Order') in which it upheld the validity of such levy by the State Government. During the quarter, the company (along with other petitioners) filed a Special Leave Petition in the Hon'ble Supreme Court. The Hon'ble Supreme Court heard the matter of the Company batched with other petitioners and has listed the case for further hearing in first week of February 2017. In the interim, the Hon'ble Supreme Court directed the petitioners to pay partial amount without prejudice to the rights and contentions of the petitioners. Based on further evaluation of the Order and the legal advice obtained, the Company has created a provision amounting to ₹ 942.97 lakhs (@ 6 paise per unit) during the current quarter which is disclosed as Exceptional item and the balance amount of ₹ 3,052.60 lakhs is treated as Contingent Liability in the books of accounts.  
In view of the above, as the matter is *sub judice* and the outcome of which is indeterminable, the auditors have made an observation in their Limited Review Report about their inability to comment on the ultimate outcome of this matter and the consequential impact, if any, on the Financial Results.
  - (ii) The Company had in the earlier years made an application for the refund of excise duty on cash discounts, freight rebates and quantity discounts extended to the dealers post clearance through the issue of credit notes. Based on the favorable orders of the Hon'ble High court of Andhra Pradesh dated 19th Feb 2014 and 1st July 2015, a major portion of refund of duty was sanctioned to the Company in July 2015 and August 2016 and also a small portion of refund was received in the earlier years as well. On appeal made by the Department of Central Excise and Customs, the Hon'ble Supreme Court vide its order dated 29th August 2016 ruled in favour of the Department. Consequently, the Company had created a provision of ₹ 461.16 lakhs during the current quarter, which has been disclosed as an Exceptional item. The Company has filed a review petition in the Hon'ble Supreme Court for waiver of interest."
  - (b) "During the year ended March 31, 2016:
    - (i) Effective April 01, 2015, the Company with retrospective effect changed its method of providing depreciation on Buildings and Electrical Installations (forming part of Plant and Machinery) at Rajahmundry Plant from the 'Written Down Value' method to the 'Straight Line' method, as per the useful lives specified in Schedule II of the Companies Act, 2013. Management believes that this change will result in more appropriate presentation and will give a systematic basis of depreciation charge. Accordingly, the Company reversed the depreciation charged till March 31, 2015 amounting to ₹ 2,361.32 lakhs in the Statement of Profit and Loss as per the requirements of Accounting Standard (AS) 6 - Depreciation Accounting and this was disclosed as Exceptional item. Had the Company continued to use the earlier method of depreciation, the profit after tax for the quarter ended and the year ended March 31, 2016 would have been lower by ₹ 1,011 lakhs and ₹ 1,705 lakhs respectively.
    - (ii) The Company revised its estimate based on internal assessment and fresh legal opinion obtained, in respect of provision created in earlier years for a disputed matter and reversed ₹ 540.83 lakhs during the year ended March 31, 2016.
    - (iii) A provision amounting to ₹ 202.11 lakhs was created in earlier years in the books due to an adverse order issued by CESTAT, Bangalore, in connection with the tax position adopted by the Company, treating Gunny pulp as unconventional raw material used in the manufacture of Kraft paper at the Company's Kadium unit. The Company's position was upheld by the Hon'ble Supreme Court on July 21, 2015. Based on the Hon'ble Supreme Court's Judgement, the aforesaid provision was reversed during the quarter ended September 30, 2015.
    - (iv) The Asst. Commissioner granted interest on delayed refund of Excise duty paid on cash discounts vide order No.s 30 and 31 dated July 31, 2015. The resultant income of ₹ 166.39 lakhs was accounted during the quarter ended September 30, 2015."
- 4 During the current quarter, the production and earnings were impacted owing to the following:
  - (a) The manufacturing facility at Rajahmundry conducted Planned Annual Outage for 13 days which was executed on time without any safety incidents.
  - (b) The union workmen at the Rajahmundry manufacturing facility resorted to illegal strike without any notice from 10th August 2016. The illegal strike was unconditionally called off and workmen resumed work from 1st September 2016 after an MOU was signed by the Management and Union representatives in the presence of Assistant Commissioner of Labour, Andhra Pradesh. The Company resorted to 'No Work No Pay' principle and workmen were not paid their wages during the period of illegal strike.
- 5 The Company's wholly-owned subsidiary, IP India Foundation, carries out Corporate Social Responsibility activities. The same is not considered for the purpose of consolidation, as the objective of control over this entity is not to obtain economic benefits from its activities.
- 6 The figures of the previous periods have been regrouped/reclassified, wherever considered necessary to correspond with the current period's classification/disclosure.

By order of the Board  
For International Paper APPM Limited

  
Rampraveen Swaminathan  
Chairman & Managing Director



Place : New Delhi  
Date: October 26, 2016

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE REVIEW OF INTERIM FINANCIAL RESULTS

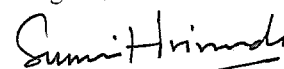
### TO THE BOARD OF DIRECTORS OF INTERNATIONAL PAPER APPM LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **INTERNATIONAL PAPER APPM LIMITED** ("the Company") for the Quarter and Six months ended September 30, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. 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 the 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 misstatement. 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. We draw attention to Note 3 (a) (i) of the Statement regarding the High Court dismissing the writ filed by the Company challenging the levy of electricity duty by the State Government on consumption of electricity by captive generating units and the interim orders of the Hon'ble Supreme Court of India on hearing the Special Leave Petition filed by the Company. As stated in the said Note, based on further evaluation and the legal advice obtained, the Company has created a provision amounting to ₹ 942.97 lakhs and the balance amount aggregating ₹ 3,052.60 lakhs has been treated as a Contingent Liability.

In view of the above, as the matter is *sub judice* and the outcome of which is indeterminable, we are unable to comment on the ultimate outcome of the matter and the consequential impact, if any, on these financial results.

4. Based on our review conducted as stated above, other than for the possible effects of the matter described in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm's Registration No. 008072S)



Sumit Trivedi

Partner

(Membership No. 209354)

Hyderabad, October 26, 2016