


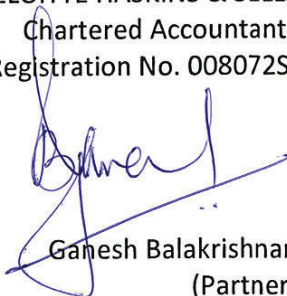

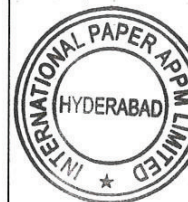


FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchanges

1.	Name of the Company	International Paper APPM Limited (Formerly known as The Andhra Pradesh Paper Mills Limited)
2.	Annual standalone financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	Signed by	
	For INTERNATIONAL PAPER APPM LIMITED	For INTERNATIONAL PAPER APPM LIMITED
	 Badrinath Chellappa Chief Financial Officer	 Rampraveen Swaminathan Chairman & Managing Director
6.	Statutory Auditors of the Company Deloitte Haskins & Sells	Refer our Audit Report dated April 23, 2015 on the standalone financial statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 008072S)   Ganesh Balakrishnan (Partner) (Membership No. 201193)
7.	Milind Sarwate Chairman of Audit Committee	



INTERNATIONAL PAPER APPM LIMITED

(Formerly known as The Andhra Pradesh Paper Mills Limited)

(Corporate Identity Number: L21010AP1964PLC001008)

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

An ISO 9001, ISO 14001 and OHSAS 18001 Certified Company

INTERNATIONAL PAPER APPM LIMITED

(CIN: L21010AP1964PLC001008)

(Formerly known as The Andhra Pradesh Paper Mills Limited)

Registered Office: Rajahmundry - 533 105, East Godavari District, Andhra Pradesh, India

Notice of Annual General Meeting

NOTICE is hereby given that the 51st Annual General Meeting of the Members of International Paper APPM Limited will be held on **Thursday, August 27, 2015 at 11.30 a.m. at Cherukuri Subbarao Gannemma Udyana Kalyanavedika, Jawaharlal Nehru Road, Rajahmundry - 533 103, East Godavari District, Andhra Pradesh, India** to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt audited financial statements of the Company for the financial year ended March 31, 2015 and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Shiela Pallerne Vinczeller (holding DIN: 06833616) who retires by rotation and being eligible offers herself for re-appointment.
3. **Appointment of Auditors**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the reappointment of Messrs Deloitte Haskins & Sells (Firm Registration No.008072S), Chartered Accountants, Hyderabad, be and is hereby ratified as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 52nd Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

4. **Appointment of Ms. Ann Barbara Wroblewski as a Director of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT Ms. Ann Barbara Wroblewski (holding DIN: 07101091), who was appointed as an Additional Director of the Company by the Board of Directors

effective April 23, 2015 in terms of Section 161(1) of the Companies Act, 2013 and Article 129 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retire by rotation."

5. **Adoption of new Articles of Association of the Company**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

6. **Appointment of Mr. Rampraveen Swaminathan as Chairman & Managing Director**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT in partial modification of the Resolution passed at the 49th Annual General Meeting held on August 6, 2013 and in accordance with provisions of Sections 196, 197 and 203 of the Companies Act, 2013 and the Rules made there under read with Schedule V to the Companies Act, 2013, approval be and is hereby accorded to the appointment of Mr. Rampraveen Swaminathan (holding DIN: 01300682), who was appointed earlier as Managing Director & CEO as Chairman & Managing

Director of the Company effective November 1, 2014 and for payment of the remuneration for the remainder of his term up to March 1, 2017 as set out in the Explanatory Statement attached to this notice.

FURTHER RESOLVED THAT in the event of any loss or inadequacy of profits in any financial year, during the currency of tenure of Mr. Rampraveen Swaminathan as Chairman & Managing Director, he shall be paid remuneration by way of salary, allowances and perquisites as specified under Section II (A) of Part II of Schedule V of the Companies Act, 2013 or within such ceilings as may be prescribed from time to time and as may be amended or re-enacted from time to time as minimum remuneration notwithstanding the absence or inadequacy of profits in any year.

FURTHER RESOLVED THAT the Board of Directors or a duly constituted Committee thereof be and is hereby authorized to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this Resolution."

7. Remuneration of Cost Auditors

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the remuneration of ₹6.15 lakhs (excluding Service Tax) plus reimbursement of travelling and out-of-pocket expenses as approved by the Board of Directors of the Company to be paid to Messrs Narasimha Murthy & Co., Cost Accountants, Hyderabad, Cost Auditors (Firm Registration No. 000042) to conduct the audit of the cost records of the Company, for the financial year ending March 31, 2016 be and is hereby ratified and confirmed.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. Commission to Independent Directors

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 197, 198 and other applicable provisions,

if any, of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, consent of the Members be and is hereby accorded to the payment of commission for a period of five years commencing from April 1, 2015 to the Independent Directors of the Company as may be decided by the Board from time to time, provided that the total commission payable to the Independent Directors per annum shall not exceed one per cent of the net profits of the Company for that year as computed in the manner specified under Section 198 of the Companies Act, 2013 with authority to the Board to determine the manner and proportion in which the amount be distributed among Independent Directors and further that the payment of the sum in the above manner shall be in addition to the sitting fee per meeting of the Board/ Committee of Board which each such Independent Director is entitled to receive under the provisions of the Articles of Association."

9. Approval for entering into transactions with IP India Foundation, a Wholly Owned Subsidiary Company, under Section 188 of the Companies Act, 2013

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 188 and other applicable provisions, if any of the Companies Act, 2013 read with Rule 15 (2) of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any modification(s) or re-enactment thereof, for the time being in force), consent of the Members be and is hereby accorded to the Board of Directors to enter into any transaction(s) from time to time with IP India Foundation, a wholly owned subsidiary company incorporated under Section 25 of the Companies Act, 1956."

**By Order of the Board
For International Paper APPM Limited**



C. Prabhakar

Sr. Vice President (Corporate Affairs) &
Company Secretary

Registered Office:
Rajahmundry - 533 105
East Godavari District,
Andhra Pradesh
June 30, 2015

Notes

1. The Register of Members and the Share Transfer books of the Company will remain closed from August 21, 2015 to August 27, 2015 (both days inclusive).

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out details relating to Special Business in respect of Items 4 to 9 is annexed hereto.

3. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a Member of the Company.**

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights.

The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc. must be supported by an appropriate resolution/ authority, as applicable.

4. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the 51st Annual General Meeting.
5. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the 51st Annual General Meeting.
6. Trading in equity shares of the Company through stock exchanges is permitted only in dematerialized form. Members can dematerialize their equity shares in the Company through their Depository Participant(s). The ISIN in respect of equity shares is INE435A01028
7. Members holding shares in physical form are requested to notify any change in their address immediately to the Registrar and Transfer Agents, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District,

Nanakramguda, Serilingampally, Hyderabad - 500 032 (Karvy) and those Members holding shares in electronic form should inform change in their address to their Depository Participant(s).

8. Members are requested to bring their copies of Annual Report to the Meeting.
9. As per the provisions of Section 72(3) of the Companies Act, 2013, facility for making nomination is available to the investors in respect of the shares held by them in physical form. The investor holding shares in physical form can download the Nomination Form SH-13 as prescribed in Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 from the Company's website: **www.ipappm.com**. In respect of shares held in electronic form, the nomination should be recorded with the respective Depository Participants. The Company would not accept any nomination in respect of the shares held in electronic form.
10. ECS Mandate form is also placed on the Company's website. Interested Members holding shares in physical form can download this form from the Company's website: **www.ipappm.com**.
11. To support the green environment, Members who have not registered their E-mail addresses so far, are requested to register their E-mail addresses with Karvy if the shares are held in physical mode or with their Depository Participant if the holding is in electronic mode.
12. The Ministry of Corporate Affairs on May 10, 2012 notified the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help Members ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the unclaimed dividends/deposits/application money as on the date of the 50th Annual General Meeting held on August 27, 2014, on the website of the IEPF viz. www.iepf.gov.in and under 'Investors' on the Company's website: **www.ipappm.com**.

The following table details the due dates for transfer of unclaimed dividend to IEPF:

Dividend declared for the year	Date of Declaration	Due date for transfer to IEPF
2007-08	September 27, 2008	December 2, 2015
2008-09	September 25, 2009	November 30, 2016
2009-10	July 15, 2010	September 19, 2017
2010-11	September 10, 2011	November 15, 2018

The due dates for transfer of unclaimed refund amount in respect of Rights Issue 2010 and warrant conversion in 2010 to IEPF are April 28, 2017 and December 30, 2017 respectively.

The due date for transfer of Unclaimed Deposit amount and interest due there on to IEPF is November 2, 2020.

13. Electronic copy of the Annual Report for the year 2014-15 including notice of 51st Annual General Meeting is being sent to all the Members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report for the year 2014-15 and 51st AGM Notice together with Postal Ballot Form are being sent in the permitted mode.
14. Members may also note that the Annual Report for the year 2014-15 including Notice of 51st Annual General Meeting is available on the Company's website **www.ipappm.com**. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Rajahmundry, East Godavari District, Andhra Pradesh for inspection from 9 a.m. to 12 noon on any working day. Even after registering for E-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the Members may also send requests to the Email ID: Nagendrarao.Mittapalli@ipaper.com.

PROCESS FOR MEMBERS OPTING FOR E-VOTING

For Members whose E-mail addresses are registered with the Company/Depositories:

1. **E-voting:** In compliance with the provisions of Section 108 of the Companies Act, 2013 and other applicable

provisions, if any, read with Rule 20 of the Companies (Management and Administration) Rules, 2015 as amended and Clause 35B of the Listing Agreement entered into with the stock exchanges, the Members are provided with the facility to cast their vote electronically, through the remote E-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this notice.

A. Members whose E-mail addresses are registered with the Company/Depositories will receive an E-mail from Karvy.

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>
- ii. Enter the login credentials (i.e. **User ID and password** mentioned overleaf). Your Folio No./DP ID & Client ID will be your User ID. However, if you are already registered with Karvy for Remote E-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, E-mail ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the E-Voting Event Number for International Paper APPM Limited.
- vii. On the voting page enter the number of

shares (which represents the number of votes) as on the cut-off date i.e. Thursday, August 20, 2015 under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on cut off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- ix. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, Members can login any number of times till they have voted on the Resolution(s).**
- xii. **Corporate/Institutional Members** (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at E-mail ID: dhr300@gmail.com with a copy marked to evoting@karvy.com. They may also upload the same in the E-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "IPPM51stAGM_EVENT NO."

B. Members whose E-mail addresses are not registered with the Company/Depositories:

Members will receive a Postal Ballot Form along with the Notice of Annual General Meeting providing E-Voting Event Number, User ID and

Password. Use the initial password that was provided in the Postal Ballot Form for E-voting and follow all steps as given in Sr. No. (i) to Sr. No. (xii) above, to cast your vote.

2. In case of voting by using Postal Ballot Forms:

- i. In terms of Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company, in order to enable its Members, who do not have access to its remote E-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, is enclosing a postal ballot form along with the Notice of Annual General Meeting.
- ii. A Member desiring to exercise voting by using postal ballot form shall complete the enclosed postal ballot form with assent (FOR) or dissent (AGAINST) and send it to the Scrutinizer, Mr. D. Hanumanta Raju, Partner, D. Hanumanta Raju & Co., Company Secretaries, duly appointed by the Board of Directors of the Company, in the enclosed postage prepaid self-addressed envelope. Postal Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted at the Registered Office of the Company.
- iii. Please convey your assent in Column "FOR" and dissent in the column "AGAINST" by placing a tick (✓) mark in the appropriate column in the postal ballot form only. The assent/dissent received in any other form/manner will not be considered.
- iv. Duly completed and signed postal ballot forms shall reach the Scrutinizer on or before Wednesday, August 26, 2015 (5.00 p.m. IST). The postal ballot forms received after the said date/time shall be strictly treated as if the reply from the Member has not been received.
- v. Unsigned/incomplete postal ballot forms will be rejected. Scrutinizer's decision on validity of the postal ballot form shall be final.
- vi. A Member may request duplicate postal ballot form, if so required, by writing to the Company at its Registered Office or by sending an E-mail on Nagendrarao.Mittapalli@ipaper.com by

mentioning their Folio No./DP ID and Client ID. However, the duly filled in duplicate postal ballot form should reach the scrutinizer not later than Wednesday, August 26, 2015 (5.00 p.m. IST).

- vii. A Member can opt for only single mode of voting i.e. either through remote E-voting or by postal ballot form. If a Member casts votes by both modes then voting done through remote E-voting shall prevail and vote by postal ballot shall be treated as invalid. Members who have cast their votes by remote E-voting prior to the meeting may also attend the annual general meeting, however those Members are not entitled to cast their vote again at the general meeting.

- 3. Voting at AGM:** The Members, who have not cast their vote either electronically or through postal ballot form, can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue.

Other Instructions:

- i. In case of any queries, you may refer Help & FAQ section of <https://evoting.karvy.com> (Karvy Website) or call Karvy on 040-6716 1500 & Toll Free No.1800 4250 999.
- ii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- iii. The remote E-voting period commences on Monday, August 24, 2015 (10.00 a.m. IST) and ends on Wednesday, August 26, 2015 (5.00 p.m. IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Thursday, August 20, 2015, may cast their vote electronically in the manner and process set out herein above. The remote E-voting module shall

be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

- iv. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. Thursday, August 20, 2015.
- v. The Board of Directors has appointed Mr. D. Hanumanta Raju (Membership No. F4044 and PCS No. 1709), Partner, D. Hanumanta Raju & Co., Company Secretaries, B-13, F-1 & F-2, P.S. Nagar, Vijayanagar Colony, Hyderabad 500 057 as the Scrutinizer to scrutinize the remote E-voting process in a fair and transparent manner.
- vi. The results shall be declared either by the Chairman or by an authorized person of the Chairman and the resolution(s) will be deemed to have been passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolution(s).
- vii. Immediately after declaration of results, the same shall be placed along with the Scrutinizer's Report on the Company's website **www.ipappm.com** and on the website of Karvy at <https://evoting.karvy.com>, and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same on their website.
16. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company from 9 a.m. to 12 noon on any working day, till the date of the Annual General Meeting.
17. The route map to the venue of meeting is displayed on the inside cover page of the Annual Report and also on the website of the Company: www.ipappm.com.

UPDATION OF EMAIL ID

Kindly ensure to update your Email ID with the Company/Depository, if you have changed the same.

I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item 4

The Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee appointed Ms. Ann Barbara Wroblewski as an Additional Director with effect from April 23, 2015 and she holds office up to this Annual General Meeting pursuant to Section 161(1) of the Companies Act, 2013 and Article 129 of the Articles of Association of the Company.

A notice under Section 160(1) of the Companies Act, 2013 has been received from a Member of the Company signifying his intention to propose the name of Ms. Ann Barbara Wroblewski for appointment as a Director of the Company.

The Board considers that her association would be of immense benefit to the Company. Accordingly, the Board commends the Resolution as set out in the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives except Ms. Ann Barbara Wroblewski, being appointee, is concerned or interested, financial or otherwise, in the Resolution as set out at Item 4.

Item 5

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013.

With the coming into force of the Act, several regulations of the existing AoA of the Company require alterations or deletions in several Articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Members attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- a. New provision for appointment of Key Managerial Personnel;
- b. The nominee(s) of deceased sole member are recognized as having title to the deceased interest in the shares;
- c. Provision for issue of bonus debentures/preference shares;

- d. Provision for postponement of a General Meeting in certain circumstances;
- e. The statutory provisions of the Companies Act, 2013 which permit a company to do some acts "if so authorized by its Articles" or provisions which require a company "to do acts in the prescribed manner" or "Unless the Articles otherwise provide" have been specifically included; and
- f. The provisions of existing Articles of Association which are already a part of the statute in the Act have not been reproduced in the new draft Articles of Association as they only lead to duplication.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the Members.

In terms of Section 14 of the Companies Act, 2013, approval of the Members by way of a Special Resolution is required to alter the existing Articles of Association of the Company. The Board commends the Resolution as set out in the Notice for approval by the Members by way of Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the Resolution as set out at Item 5.

Item 6

Mr. Rampraveen Swaminathan was appointed as Managing Director & CEO of the Company for a period of five years with effect from March 2, 2012 with the approval of the Members of the Company obtained at the 48th Annual General Meeting held on March 22, 2012 and for the payment of remuneration which was revised with the approval of Members at the 49th Annual General Meeting held on August 6, 2013 for a period of three years from March 2, 2012 to March 1, 2015 in terms of Notification No. G. S. R. 534(E) dated July 14, 2011 read with clarification No. F.No.14/11/2012-CL-VII dated August 16, 2012 issued by Ministry of Corporate Affairs, Government of India as detailed below:

- i. **Salary:** ₹800,000 (Rupees Eight Lakhs only) per month with such increments as may be determined by the Board of Directors of the Company from time to time in the salary range of ₹800,000 to ₹1,600,000.
- ii. **Performance incentive:** Not exceeding 40% of the salary payable annually for each financial year as may be decided by the Board. However, depending on the performance of the Company, it may go up to 80% of the salary, as may be determined by the Board.

iii. **Personal Allowance:** 23.96% of basic per month.

iv. **Perquisites**

- a. **Housing:** The expenditure incurred by the Company in providing furnished accommodation to the Managing Director shall not exceed 60% of his salary. In case no accommodation is provided by the Company, he shall be entitled to house rent allowance at 60% of salary per month.
- b. **Conveyance:** Car with driver to be provided by the Company.
- c. **Telephone:** Provision of telephone at the residence and cell phone.
- d. **Leave travel concession, contribution to provident fund and gratuity:** As per the Rules applicable to the senior staff of the Company.
- e. **Medical reimbursement:** ₹1,250 per month.
- f. **Club fees:** Fees of clubs subject to a maximum of two clubs.
- g. **Leave:** Leave in accordance with rules applicable to the senior staff of the Company.
- h. Such other benefits, amenities, facilities and perquisites as may be permitted by the Board of Directors to the Managing Director.
- i. Group Health insurance, group term life insurance and group personal accident insurance in lieu of personal accident insurance, shall be as per the schemes/rules applicable to the senior staff of the Company.
- v. **Use of Company's car** for official purposes, cell phone, telephone at residence and encashment of leave at the end of the tenure and contribution to provident fund, and gratuity will not be considered as perquisites.
- vi. The Managing Director & CEO shall be entitled to the above remuneration package of salary and perquisites, irrespective of the condition that the said remuneration shall exceed the ceiling on remuneration under Sections 198 and 309 of the Act and also of the condition where the Company has no profits or its profits are inadequate.
- vii. The Managing Director & CEO shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.
- viii. The contract of appointment of five years may be terminated by either party by giving six months' notice in writing to the other party.

The Board of Directors at its meeting held on January 23, 2015 on the recommendation of Nomination and Remuneration Committee appointed Mr. Rampraveen Swaminathan as Chairman & Managing Director with effect from November 1, 2014 with the restructured remuneration as detailed below for the remainder of his tenure:

1. **Performance Incentive:** ₹44.17 lakhs for the calendar year 2014 with such increases for the subsequent period as may be decided by the Board from time to time.
2. **Perquisites:**
 - a. Use of chauffeur driven Company's car, cell phone and telephone at residence
 - b. Membership of two clubs
 - c. Group health insurance, group term life insurance and group personal accident insurance as per the schemes/rules applicable to the senior staff of the Company.

Notwithstanding anything stated elsewhere, Mr. Rampraveen Swaminathan during the currency of his tenure as Chairman & Managing Director, shall be entitled to the above remuneration or such remuneration as specified under Section II (A) of Part II of Schedule V of the Companies Act, 2013 or within such ceilings as may be prescribed from time to time and as may be amended or re-enacted from time to time as minimum remuneration notwithstanding the absence or inadequacy of profits in any year. Consequent upon his appointment as Managing Director of International Paper (India) Private Limited (IPIPL), he is also drawing remuneration from IPIPL effective November 1, 2014.

In terms of Schedule V of the Companies Act, 2013 as required, a statement giving required information is enclosed along with this notice.

The Board commends the Resolution as set out in the Notice for approval by the Members by way of **Special Resolution**.

None of the Directors, Key Managerial Personnel of the Company and their relatives except Mr. Rampraveen Swaminathan is concerned or interested, financial or otherwise, in the Resolution as set out at Item 6.

Item 7

The Board of Directors at its Meeting held on April 23, 2015 approved the appointment of Messrs Narasimha Murthy & Co., Cost Accountants, Hyderabad as Cost Auditors of the

Company for the financial year ending March 31, 2016 and also payment of remuneration of ₹6.15 lakhs per annum (excluding Service Tax) plus reimbursement of travelling and out-of-pocket expenses as recommended by the Audit Committee at its meeting held on April 22, 2015 in terms of provisions of Rule 14a(ii) of the Companies (Audit and Auditors) Rules, 2014 subject to the ratification by the Members.

The Board commends the Resolution as set out in the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the Resolution as set out at Item 7.

Item 8

The Members had, at the Annual General Meeting of the Company held on July 15, 2010, passed a Special Resolution under Section 309(4) of the Companies Act, 1956, approving the payment of commission to the Directors who are not in whole-time employment of the Company, of a sum not exceeding one per cent per annum of the net profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956. The approval is valid for each of the five financial years commencing from April 1, 2010 to March 31, 2015. However, commission on profits was paid to Non-executive Directors only for the financial year 2009-10.

The current competitive business environment, stringent accounting standards and corporate governance norms require considerably enhanced levels of involvement of the Independent Directors in the decision making process. The responsibility of the Independent Directors has become more onerous and the Independent Directors are required to give more time and attention to the business of the Company. It is, therefore, proposed to pay commission to the Independent Directors of the Company. The Board of Directors will determine each year, the specific amount to be paid as commission to the Independent Directors which shall not exceed one per cent of the net profits of the Company for that year, as computed in the manner referred to in Section 198 of the Companies Act, 2013.

In view of the above, the Members approval is being sought pursuant to Sections 197, 198 and other applicable provisions of the Companies Act, 2013, if any, for the payment of commission to the Independent Directors of the Company for a period of five years commencing from April 1, 2015. The payment of commission would be in addition to the sitting fees payable for attending Meetings of the Board and Committees thereof.

The Board commends the Resolution as set out in the Notice for approval by the Members.

All the Independent Directors of the Company are interested in the Resolution as set out in Notice.

None of other Directors, Key Managerial Personnel of the Company and their relatives is interested or concerned, financial or otherwise in the Resolution as set out at Item 8.

Item 9

IP India Foundation, a wholly owned subsidiary company was incorporated on June 20, 2013 under Section 25 of the Companies Act, 1956 to undertake CSR activities. Company intends to undertake its CSR Activities through IP India Foundation as per the CSR Policy of the Company by giving grants, other assistance etc. pursuant to Section 134 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. Pursuant to Section 188 of the Companies Act, 2013 read with explanation 2 to Rule 15(3) of the Companies (Meetings of Board and Powers) Rules, 2014, approval of Members of holding company by way of special resolution is required to enter into any transaction between a wholly owned subsidiary and the holding company.

The Board commends the Resolution as set out in the Notice for approval by the Members by way of **Special Resolution**.

None of the Directors, Key Managerial Personnel of the Company and their relatives except Mr. Rampraveen Swaminathan, Chairman & Managing Director and Mr. C. Prabhakar, Senior Vice President (Corporate Affairs) & Company Secretary being Directors of IP India Foundation is concerned or interested, financial or otherwise, in the Resolution as set out at Item 9.

II. INFORMATION REQUIRED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

Ms. Shiela Pallerne Vinczeller (Item 2)

Ms. Shiela Pallerne Vinczeller was appointed as Director of the Company with effect from March 31, 2014. She is currently Vice President of Human Resources for International Paper-Talent Management.

Ms. Shiela Pallerne Vinczeller joined International Paper in 2006. She started her HR career with General Electric (GE) in Hungary and has held roles with increasing

geographical scope within the EME region covering the entire manufacturing function, then staffing and organization development for the region and finally as HR Director for the EMEA region, including operations in India. Following GE, she joined the privately held Belgian industrial company: the Lhoist Group in a global HR role. Her responsibility included setting up a Greenfield operation in China. At International Paper, she held the position of HR Director for the EMEA region and HR Director of Industrial Packaging Group (IPG) prior to her current role with Talent Management and Corporate Staff Groups. She is on the Board of GPAC, Germantown Performing Arts Centre.

Ms. Shiela Pallerne Vinczeller holds a bachelor's degree in Business Administration and a post-graduate degree in marketing communication from Budapest College of Business and Economics.

She does not hold any shares in the Company.

Ms. Ann Barbara Wroblewski

Ms. Ann Barbara Wroblewski was appointed as an Additional Director of the Company with effect from April 23, 2015. She is currently Vice President, Global Government Relations, for International Paper. She is responsible for public policy and advocacy and has staff in five state capitals as well as Washington, Brussels, Moscow, São Paulo, Beijing and New Delhi.

Before joining International Paper, Ann served as Vice President, International, at the American Forest & Paper Association (AF&PA). She spent the previous nine years in government relations consulting, as chief executive officer of Halliday, Inc., and in executive roles at the Jefferson Group. Her U.S. Government service includes positions in Congress, the White House and the State Department. She was nominated by President Reagan and confirmed by the U.S. Senate to serve as Assistant Secretary of State and as the U.S. Representative to a UN organization. She was accorded the personal rank of Ambassador as the lead U.S. negotiator for a UN Convention. She also served in the Reagan White House as Projects Director and as a senior aide in the U.S. House and U.S. Senate. Ann is past Chair of the Executive Council on Diplomacy and is a member of the Economic Club of Washington and the Federal City Council. She previously served as Chair of the U.S. Government's International Trade Advisory Committee on Forest Products and as a member of the Agricultural Advisory Policy Committee.

Ms. Ann Barbara Wroblewski holds a bachelor's degree in Arts from Stephens College and is a Trustee Emeritus, having chaired the Board of Trustees of the College for six years.

She does not hold any shares in the Company.

Mr. Rampraveen Swaminathan

Mr. Rampraveen Swaminathan is a Commerce Graduate from St. Josephs Commerce College, Bengaluru with a Post Graduate Diploma in Industrial Management from T.A. Pai Management Institute, Manipal. He also attended an Executive Education program at Harvard Business School on 'Strategic Agility' in 2007. He assumed charge as Managing Director & CEO on March 2, 2012. Subsequent to the resignation of Mr. W. Michael Amick Jr. as Executive Chairman effective November 1, 2014, Mr. Rampraveen Swaminathan was appointed as Chairman & Managing Director effective November 1, 2014.

Mr. Rampraveen Swaminathan served as Executive Director, Power Systems Business in Cummins Inc, USA. In this role, he had global responsibility for Integrated Power Systems, Power Distribution and Power Projects. Mr. Rampraveen Swaminathan joined Cummins in 1999, and his prior roles in Cummins include leading the global Power Electronics Business, and leading the Power Generation Business in India. Prior to Cummins, he worked with the Tata Group, and was a member of the Tata Administrative Service.

Mr. Rampraveen Swaminathan is a director of EROEI Power Solutions Private Limited and IP Holding Asia Singapore Pte. Limited, Chairman of IP India Foundation, Managing Director of International Paper (India) Private Limited and Executive Committee Member of Federation of Indian Chambers of Commerce & Industry.

He does not hold any shares in the Company.

**By Order of the Board
For International Paper APPM Limited**



C. Prabhakar
Sr. Vice President (Corporate Affairs) &
Company Secretary

Registered Office:
Rajahmundry - 533 105
East Godavari District,
Andhra Pradesh
June 30, 2015

Statement as required in terms of Schedule V of the Companies Act, 2013 annexed to the Notice calling Annual General Meeting referred to in clause (iii) for approval of remuneration of Mr. Rampraveen Swaminathan, Chairman & Managing Director. (Please refer Resolution No.6 of the Notice dated June 30, 2015)

I. GENERAL INFORMATION

1. Nature of industry : Manufacture of pulp, paper and paper board.
2. Date or expected date of commencement of commercial production : Incorporation of Company on June 29, 1964.
Commencement of Business on July 10, 1964.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable
4. Financial performance based on given indicators : The key performance indicators of the Company during the previous three years are given below:

In ₹ Lakhs

Particulars	2012-13 (15 months)	2013-14 (12 months)	2014-15 (12 months)
Sales & other income	125,361.61	110,490.47	115,250.57
Earnings before interest, depreciation & taxation (EBIDTA)	13,876.67	7,397.62	10,615.93
Profit before depreciation & tax	8,340.42	3,059.02	94,018.71
Net Profit/(Loss)	(2,370.23)	(4,161.21)	24.78

Note: For further details, please refer to Annual Report.

5. Foreign investments or collaborators, if any, as on March 31, 2015 : Foreign Institutional Investors hold 363,294 equity shares of ₹10 each constituting 0.91% of the paid up capital of the Company and there is no foreign collaborator. The holding company viz., IP Holding Asia Singapore Pte. Limited holds 29,827,529 equity shares of ₹10 each aggregating to 75% paid up equity share capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE

1. Background details

Particulars	Mr. Rampraveen Swaminathan
i. Age	41 years
ii. Academic qualifications	Commerce Graduate with Post Graduate Diploma in Industrial Management.
iii. Experience	Mr. Rampraveen Swaminathan served as Executive Director, Power Systems Business in Cummins Inc, USA, where he had global responsibility for integrated power systems, power distribution and power projects. Mr. Rampraveen Swaminathan joined Cummins in 1999, and his prior roles in Cummins include leading the global power electronics business, and leading the power generation business in India. Prior to Cummins, Mr. Rampraveen Swaminathan worked with Tata Group, and was a member of the Tata Administrative Services.
iv. Particulars of previous employment as whole-time director	Executive Director, Power Systems Business in Cummins Inc, USA
v. Date of approval of last appointment	His appointment as Managing Director & CEO was approved by Members at the Annual General Meeting held on March 22, 2012.
vi. Approval for increase in remuneration, if any	The Members at the 49th Annual General Meeting held on August 6, 2013 revised the remuneration payable effective March 1, 2013.

2. Remuneration paid during the year ended March 31, 2015

	Particulars	In ₹ Lakhs
i.	Salary & allowances	219.23
ii.	Perquisites	0.56
iii.	Contribution to PF, superannuation fund and gratuity	10.92
	TOTAL	230.71

3. **Recognition or awards** : Under the leadership of Mr. Rampraveen Swaminathan, the Company received (a) **Parivartan Sustainability Leadership Award 2014** from Sustainability Outlook in recognition of the resource management leadership demonstrated by the organization; (b) **IPMA Environment Award 2013-14** from Indian Paper Manufacturers Association in recognition of maintenance of high standard of environment management at Rajahmundry Mill; (c) **Three-star rating** in recognition of its commitment to environment, health and safety practices and policies for the year 2014 at Rajahmundry mill at CII's Southern Region EHS awards function held on March 14, 2015 at Chennai.
4. Job profile and his sustainability : To oversee the Company's affairs and management, to implement the investment plans and devise strategy for improving the performance of the Company. He has the ability to get better results by encouraging innovative ideas.
5. Remuneration proposed : Please refer Notice and the Explanatory Statement attached thereto.
6. Comparative remuneration profile with respect to industry, size of the Company, Profile of the position and person : Considering the size of the Company, the profile of managerial personnel, responsibility shouldered by him and based on the industry benchmark, the remuneration set out in the explanatory statement is commensurate with the remuneration package paid to similar senior level appointees in other companies.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any : Mr. Rampraveen Swaminathan does not hold any equity shares in the Company. Except employment with the Company, he does not have any other pecuniary relationship directly or indirectly with the managerial personnel.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits : The Company earned a profit of ₹24.78 lakhs for the financial year ended March 31, 2015 and expects to improve its profitability in future years.
2. Steps taken or proposed to be taken for improvement : Keeping the overall scenario of the industry, the Company is performing reasonably well and has been expanding its operational efficiency across the segment to gain the competitive edge. The Company is strengthening its focus on supply chain management, quality control, captive production, strategic market alliances and expansions.
3. Expected increase in productivity and profits in measurable terms : Barring unforeseen circumstances, the overall outlook for the financial year 2015-16 seems to be positive and the management is optimistic of achieving improvements in the Company's performance. However, it is extremely difficult in present scenario to predict profits in measurable terms but the above initiatives are expected to improve productivity and profitability.

IV. DISCLOSURES

The required disclosures as to remuneration package etc. in respect of Mr. Rampraveen Swaminathan have been appropriately made in the Report on Corporate Governance annexed to and forming a part of Directors' Report.



PROGRESS

51st Annual Report 2015

INTERNATIONAL  PAPER

INTERNATIONAL PAPER APPM LIMITED

OUR VISION

To become the top performing and most respected paper company in India.

OUR VALUES

We fulfill our commitments with the highest ethical standards.

We are focused on superior results to create value for our shareholders.

We are responsible towards our environment and our community.

BUSINESS OBJECTIVES

Meet our financial objectives.

Become the preferred choice of customers.

Create a great place to work.

STRATEGIC PRINCIPLES

Achieve world class productivity.

Become the low cost producer.

Customer support excellence.

Grow in profitable segments.

Create a performance culture.

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International Paper APPM Limited is a group company of International Paper Company, USA, a world leader in the paper and pulp industry.

The fifty one year old Company is an integrated paper and pulp manufacturer with a total production capacity of 241,000 TPA. The Company produces a range of premium grade writing, printing, copier and industrial papers for domestic and export markets. Each of these products offer a differentiated proposition and is targeted to meet unique needs of discerning customers.

Headquartered in Hyderabad, India, the Company employs over 2,500 people. The manufacturing facilities comprise of two mills at Rajahmundry and Kadiyam, both located in the East Godavari District of Andhra Pradesh.

It is our mission to become one of the best and most respected companies in the country - as measured by our employees, our customers, our communities and our share owners. To achieve this goal, the Company is focused on excellence on its three drivers – **People, Customers and Operations**, while maintaining high standards of integrity and safety in everything we do.

Accelerating our Progress

THREE YEARS AGO, WE BEGAN A TRANSFORMATION PROCESS. DESPITE THE CHALLENGING BUSINESS ENVIRONMENT, 2014-15 HAS BEEN A YEAR OF TREMENDOUS PROGRESS. WE HAVE CONTINUED TO FOCUS ON OUR THREE KEY DRIVERS - PEOPLE, CUSTOMERS AND OPERATIONAL EXCELLENCE. CONCURRENTLY, WE HAVE CONTINUED TO DEPLOY THE IP CODE OF CONDUCT, INVESTED HEAVILY IN SAFETY IMPROVEMENTS AND IN OUR LOCAL COMMUNITIES.



DEAR SHAREHOLDERS AND EMPLOYEES,

Let me begin by saying how honored I am to be International Paper APPM (IP APPM)'s new Chairman & Managing Director. Over the past three years I have had the opportunity to learn about IP APPM, and I am proud of our 50-year history and the great work done every day by our team members. I am also thankful to Mr. Mike Amick Jr. for his leadership as Chairman of our company for the past two years. Mike led the Company during a period of transition and his leadership and support has been a catalyst in our ongoing transformation process.

During 2014-15, we continued to witness sluggish demand for paper and rising costs of raw materials. Despite these challenges, our sales & marketing team delivered higher off-take of premium papers by our customers, recording revenue growth of 3.7%. Customer service process improvements over the last two years were sustained in 2014-15, with On Time In Full (OTIF) deliveries of 85%.

We continued our focus on Operational Excellence through integrated initiatives in safety, reliability and overall

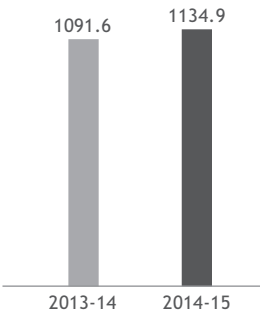
machine efficiency (OME). We registered a strong improvement in pulp production and paper production volume grew by 2.8% compared to the previous year. Continued focus on quality, cost reduction, conversion performance and power & fuel costs, drove strong margin recovery during the year. For the year under review, EBIDTA grew from 6.7% to 9.3%, a growth of 43.5%.

Beyond the numbers, there were several internal process improvements during the year which are institutionalizing our benchmarks at much higher levels. We have actively worked to lower the consumption of water, coal and energy while ensuring that stack emissions and waste discharge are below prescribed standards. Each element is being monitored daily to be further improved.

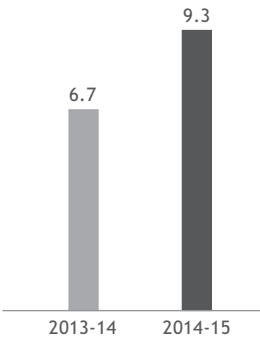
Our farm forestry and fiber sourcing initiatives are a key competency for the company. Over the past 30 years we have focused on expanding this program. In 2014-15, we have continued to expand the program to add more fiber species, added more distributed Clonal Propagation Centers (CPCs) and strengthened our R&D programs through internal initiatives and external collaborations with IPMA and IFGTB.

The people of IP APPM are our greatest asset. During the year we continued to focus on our training and development efforts. We launched a new program for developing our Front Line Leaders, continued our investment in global training and expanded our HR infrastructure through new introduction of SAP and a new Time & Attendance System. We have continued to develop our leadership bench, evidenced in the seamless transitions in the leadership team as well as the results of the Gallup Engagement Survey, which we undertake once

Revenue (Net)
₹ Crore



EBIDTA
%



in two years. In 2014-15, we were placed in the 68th percentile a result of the continued efforts in engagement, recognition and communication.

We have continued to make capital investments in improving productivity and environmental performance. Our new A4 sheeter investment has positioned us well to deliver better products to Indian and exports customers. We remain focused on driving capital productivity through the right mix of regulatory, cost reduction and strategic projects.

International Paper APPM has a strong history of supporting our local communities. The IP India Foundation has been initiating, encouraging and supporting several initiatives in the areas of environment and education. The company extended support to several impacted areas when coastal Andhra Pradesh was struck by Cyclone 'Hudhud'. I am also proud of the volunteering work undertaken by many of our employees in our local communities.

The progress in 2014-15 has positioned us well, but we need to continue to sustain these improvements. We must be agile and adapt ourselves to meet the emerging needs of all our stakeholders and improve our financial performance and cash flow so that we can strategically invest in our business. To achieve these we have identified four key levers which I would like to share with you.

First, we must be relentless in our focus on **Safety**. This is a core value for us and despite the progress we have made, we shall invest more on processes, infrastructure and demonstrating the leadership behaviors which will accelerate our journey towards zero incidents. Most importantly we must create a culture where every employee is a leader in creating a safe workplace - for themselves and others. Our goal is to be among the safest manufacturing companies in India.

Next we will continue to focus on **Customer Support Excellence**. We will identify and partner the right customers - who are growing and want us to grow with them. We need to ensure that we care for our customers and their success - delighting them with our product quality, customer service and innovation.

Continuous **Operational Excellence** is critical for us to deliver our long term goals. We will continue to focus on scaling up our manufacturing excellence initiatives to deliver sustainable, deliberate improvements and cost reduction. As part of International Paper, we have access to a range of global technologies and best practices. Integrating these practices with our operations, has and will continue to provide us significant leverage.

Lastly, and most importantly, we are focused on creating a **Performance Culture** where every team member is accountable and empowered to deliver superior results through employee engagement, training & development. We will continue to invest in creating a diverse and inclusive work culture, enabling us to attract and retain the best talent available.

I am excited about the year ahead. We have a well defined strategy, a strong integrated leadership team and committed employees. We remain committed in delivering value through improved execution, sustainable business practices and responsible citizenship.

Thank you for your continued support.



RAMPRAVEEN SWAMINATHAN
CHAIRMAN & MANAGING DIRECTOR

Recognitions

IPMA Environment Award 2013-14

IP APPM's Rajahmundry mill received the most coveted IPMA Environment Award 2013-14 for maintaining high standard of environment management. This award is constituted by Indian Paper Manufacturers Association (IPMA) - an industry body representing the resurgent and organized face of pulp & paper sector in India.



Parivartan Sustainability Leadership Awards

Sustainability Outlook felicitated IP APPM as a finalist in the industrial manufacturing segment of the Parivartan Corporate Sustainability Stewardship Awards 2014 in recognition of the resource management leadership demonstrated by the organization.

Three-star rating at CII EHS Award

IP APPM's Rajahmundry Mill won a three-star rating for the commitment to environment, health and safety practices and policies for the year 2014 at CII's Southern Region EHS awards. The awards function was held on the March 14, 2015 in Chennai.



Mr. Rampraveen Swaminathan addressing the participants during the CII EHS Award function.

Sustainable Forestry – Leading the Way

For almost three decades, our farm forestry program has made a difference to the lives of people in 9 districts of Andhra Pradesh: Visakhapatnam, Srikakulam, Vizianagaram, East Godavari, West Godavari, Krishna, Guntur, Prakasam and Sri Potti Sriramulu Nellore. By creating such a wide spread wood basket belt, the Company has contributed to the forest stewardship initiatives and made a difference to the lives of the farming community.

During the year 2014-15, the Company continued to focus on empowerment of farmers by expanding the clonal sapling program, education, research & development and community support. The Company provided quality saplings at highly subsidized cost to the farmers, offered advice to them on site preparation and on the number of

saplings that should be optimally planted per hectare, promoted appropriate farming practices with the help of demonstration plots, conducted farmer interactions, provided technical know-how from planting to post harvest stage etc.

By providing high yielding variety saplings, we are introducing fast growing trees to a fiber short market, creating employment opportunities and generating much needed incremental income for the farmers.

The Company's initiatives have made notable impact on the agrarian ecosystem, which are listed below:

Better yielding Casuarina Clonal saplings: Todate, we have enabled planting of over 1.49 billion saplings of





Subabul, Casuarina and Eucalyptus, which have benefitted over 54,500 farmers. In the process, there is increase in productivity per unit area through improved farm forestry techniques such as proper employment of species, better management of available site resources and genetically superior planting material.

Increase in green cover: The widespread success of the farm forestry program has resulted in a green cover of over 214,000 hectares;

Better eco-balance: Our afforestation program has greatly helped the ecological balance in the areas we work in, by way of sequestering carbon from the atmosphere thus supporting carbon mitigation and directly leading to reduction in Green House Gases.

Benefit to the agrarian economy: The involvement of landless laborers in farm forestry has generated a potential of over 107 million man-days so far through backward linkages which in turn has resulted in perceptible improvements in the social status and quality of life of the community.

During 2014-15, the Company continued to expand the program and its partnership with local farmer communities. The Company was able to source 100% requirement of pulpwood from Andhra and Telangana, primarily within a radius of 350 sq.kms. After three years of significant

increase in fiber costs, 2014-15 saw increased availability and price stability.

Approximately 220 million saplings were distributed covering an area of about 31,000 hectares under plantation. The Company expanded the Clonal Propagation Center (CPC) infrastructure and introduced new business practices to improve safety and productivity. We have gone closer to the farmers' doorsteps. We have enhanced our focus and stepped up the extension work in catchment areas nearer the mill, to generate logistics advantage.

Research and Development has been taken at a wider perspective through a collaborative project with Indian Paper Manufacturers Association (IPMA) and Institute of Forest Genetic & Tree Breeding (IFGTB), Coimbatore.

We are introducing more farmer-friendly demonstration plots and other cost reduction measures in qualitative and quantitative production processes. In addition, the initiatives with high yielding, short rotation planting stock will enhance raw material availability.

The Company's sustainable farm forestry program represents a strong competitive advantage and has become an economic driver for regeneration of forests, maximization of plantation productivity, improvement in the finances of farmers which in turn would augment the long-term raw material security of the mill.

Focus on sustainability

SAFETY IS A CORE VALUE IN THE COMPANY. WE STRIVE TO CREATE AN INCIDENT FREE WORKPLACE. WE RECOGNIZE THAT SAFETY PERFORMANCE IS AN IMPORTANT AND KEY INDICATOR OF THE QUALITY OF OPERATIONAL MANAGEMENT AND HENCE WE OPERATE OUR BUSINESS BY ADOPTING A STRONG SAFETY CULTURE AT EVERY LEVEL.

SAFETY

Across the organization, employee perception of the safety management process has been positively influenced. We encourage each individual to set a good example and be responsible for self and others. We continually communicate to keep the safety awareness level and are looking out for each other at a peak.

Employees and contractors are encouraged to seek safety as their individual responsibility. Each one is accountable for self and his team and has been empowered to report unsafe and unhealthy behavior and incidents and share insights. The learnings have helped mitigate the inherent hazards and occupational risks.

On safety, there is no distinction between our employees and contractors. Contractors have been sensitized to adhere to our safety standards.

During the training sessions held during the year, our people are made aware of the strong causal relationship with a reduction of injury rates. The ability to track and assess the leading indicators and spot early warning signs ensures that awareness levels are truly raised and integrated into day-to-day management processes. We have minimized repeat incidents.

For the year, the Total Incident Rate (TIR) was 0.07. In the previous year, this indicator stood at 0.30. Similarly, Lost Work Incident Rate (LWIR) during 2014-15 was 0.07, lower than 0.17 recorded in 2013-14.

We are working towards continuous, deliberate improvement. Our target is to work towards zero incident rate. There has been increased focus on the Company's Life-changing Injury and Fatality Elimination (LIFE) initiative.





SUSTAINABILITY

Our commitment to sustainability, and in particular to the environment, goes beyond air emissions and wastewater discharges. We see our responsibility right through the value chain from our farmer guidance and counseling programs, through distributing high yielding clonal saplings to procurement, material usage, operations and products. For us sustainability is living in harmony with our major stakeholders' communities, employees and customers and business associates.

We hold ourselves accountable for progress. We drive ourselves towards continuous improvement in our eco footprint, which in several ways contributes to the goal of reducing material usage, conserving natural resources and maintaining a healthy environment.

Our environmental strategy aims at using resources such as raw materials, chemicals, coal, fossil fuel and water in a sustainable manner to reduce its eco footprint, in line with International Paper's 2020 voluntary sustainability initiatives. We succeeded in reducing the usage of

resources, despite ramping up production volume. Our improvements in lowering energy and water consumption, minimizing air and water discharges had a positive impact on the environment as well as on our profitability.

In 2014-15, considerable care was taken to keep the air and water discharges lower than the regulatory norms. The mill's wastewater discharge of oxygen depleting substances (BOD & COD) was again reduced by 25% (BOD) & 20% (COD) over the previous year and reached less than 50% of the Pollution Control Board norms. Similarly, the stack emissions are under control and are less than 50 ppm. There was further reduction during the year in the criteria pollutant emissions SO_2 and NO_x and the results are again better than laid down norms. We took ownership and accountability for not only our products and services, but also for the society by ensuring most minimum eco impact.

As an organization, we are committed to always act responsibly as an integral part of the society and hence strictly improve on our compliance standards without ever compromising on safety.

Employees, Exceeding Expectations

OUR PEOPLE ARE AT THE HEART OF WHAT WE DO AND IN OUR JOURNEY TOWARDS A PERFORMANCE DRIVEN CULTURE, WE WANT TO OFFER ALL OUR TEAM MEMBERS AN OPPORTUNITY TO REACH THEIR FULLEST POTENTIAL.

International Paper distinguishes itself from the competition with the quality of its talented workforce which is one of the three drivers for success as an organization. We strive to have a diverse, highly motivated and engaged workforce. Though people development is everyone's responsibility, our HR professionals are committed to provide business driven talent solutions.

We strongly believe that creating a safe environment is our top most priority for oneself and also ensure others working either directly or indirectly in our premises are safe. We take safety seriously. Constant training, coaching, mentoring and monitoring various safety procedures and principles are undertaken to ensure that safety becomes part of our culture.

The Company is sensitive towards individual needs, their professional development and the aspiration to rise to their

full potential. Impact planning with an HR perspective is undertaken to ensure that the organizational culture makes for a stimulating work life.

We focus on creating an engaging environment that is actively and enthusiastically involved in making the workplace better for everyone - employees, customers, the community and shareholders. Engaged employees feel valued, are listened to and kept informed of aspects that impact their job, their business and their Company. All of these, have relevance to safety and business results.

Everyone, including supervisors and team leaders, has a role in creating a great work environment, and there are infinite possibilities to make a difference when we respect one another, listen, understand, communicate openly, get involved and value each others' contributions.



During 2014-15, we participated in the GALLUP Global Engagement Survey to assess employee engagement and satisfaction. The participation rate was 98.3%, the highest among all IP entities. In the survey, one of the key elements is inclusion of our third party contractors to participate, which demonstrated that IP as an organization respects everyone for their views and contributions, both direct and indirect. The overall satisfaction score was rated in 'good' quadrant at 65th percentile, making India rated as the best region within IP.

We believe that becoming a leader is a development process that requires commitment and active participation. The IP Way. It focuses on three essential development areas – **Character, Capability and Catalyst** – which are the three Cs of leadership. We believe that outstanding character is fundamental to building trusted relationships, and one of the best ways to earn the trust and respect of your team is to lead by example. Being truthful, treating everyone with dignity and respect, helping all to develop their own capabilities is part of the leadership trait.

As part of the philosophy, the Company is continuously investing in building leadership through development programs at the IP Leadership Institute. The First Line Leadership (FLL) Program, targeted at first time leaders and supervisory staff, was launched in August 2014. This will create the future leaders for the organization.

To augment operational excellence and learning we have launched manufacturing training programs as part of the Global Manufacturing System (GMS) initiative. This initiative is a 3 year global initiative which will bring world class standards in creating a common competency platform for our technical talent that is comparable across the globe.

We brought in International Paper's philosophy, culture, processes and systems to help adopt global transformational practices. Our priority is to create sustainable HR culture that enables people development, create inclusive programs to ensure that we have an engaged workforce and promote people practices that help future growth. All employees were helped to raise their safety compliance levels with a clear understanding that safety, of self and others, is non-negotiable.

As part of our HR transformation process, we implemented SAP-HR across all locations, integrated to our global



systems, to bring in efficiency, collaboration, ease in managing transactional HR activities and to ensure compliance to statutory and internal controls. In addition, we have created an HR shared services platform that focuses on employee experience, centralization of transactional processes and an SLA-based quality response system that will deliver a good employee experience.

Through the year, we witnessed a professional work culture that was driven towards high level of transparency, clear accountability with commitment to enhanced productivity and performance results.

We have introduced a companywide initiative for achieving manufacturing excellence through adoption of six sigma and related tools. In 2014, over 29 belts completed their certification and an additional 24 employees are undergoing certification.

As an organization, we stay aligned with what drives our employees and strive to retain and attract the best people. Recognition is a key driver of employee engagement. People seek to be acknowledged and admired for their performance. Adequate opportunities are provided to the employees to perform to their agreed targets and encouraged to exceed expectations.

Our HR transformation journey continues to make strong progress, focused on people, processes and infrastructure.

Serving our Communities

WE CONSIDER THAT THE COMMUNITIES IN WHICH WE OPERATE SHOULD BENEFIT DIRECTLY FROM OUR PRESENCE AND FROM THE TIME AND MONEY WE INVEST LOCALLY.

We want our people to work for good causes and we encourage their participation in the projects that the Company supports. Our employees have been volunteering to help the local causes with their time and effort.

It was another year of progress in social responsibility and engagement. The focus areas of the Company's CSR policy are education, environment and engagement. During the year, the Company's CSR initiatives included:

- Donation to AP Chief Minister's Relief Fund for Hudhud Disaster Relief;
- Construction of a check dam for water management in Tantikonda;
- Provision of drinking water to villages around the mill operations;
- Financial support to 62 students under IP Scholarship Program & Project Saathi;
- Continued distribution of solar lamps to the students in villages which enabled students to study during power cut time;
- Supporting rain water harvesting activities in five government schools;
- Construction of drains in Venkatanagaram Village; and
- Planting of trees in Visakhapatnam, affected by cyclone 'Hudhud'.

In addition to the financial commitments, the Company actively encouraged employees to volunteer in the local community. Our employees have logged over 3,500 hours, with some impressive results.





BOARD OF DIRECTORS



*Sitting (Left to right): Ms. Jayashree Satagopan, Ms. Ann Barbara Wroblewski, Ms. Ranjana Kumar, Ms. Shiela P. Vinczeller and Mr. Praveen P. Kadle.
Standing (Left to right): Mr. Rampraveen Swaminathan, Mr. Milind Sarwate, Mr. Thomas G. Kadien, Mr. Adhiraj Sarin and Mr. M.S. Ramachandran.*

Corporate Information

LEAD TEAM

(As on July 16, 2015)

Mr. C. Prabhakar

Senior Vice President (Corporate Affairs) &
Company Secretary

Mr. V.V.B. Vasantharao

Senior Vice President (Operations) &
Mill Manager

Mr. Atanu Chakrabarti

Senior Vice President (Sales & Supply Chain)

Mr. Mukund Menon

Head-Human Resources & Communications

Mr. Deepak Khare

Vice President (Forestry)

Mr. Badrinath Chellappa

Vice President & CFO

Mr. P. Sreenivas

Chief Information Officer

Mr. Yogesh Jain

Vice President (Purchasing)

Mr. Avtarsingh Matharu

Associate Vice President (Marketing)

Mr. Joseph Vinod Kumar K.

General Manager (Legal)

Registered Office

Rajahmundry - 533 105
East Godavari District
Andhra Pradesh, India
Phone: +91 883 247 1831 to 1834
Fax: +91 883 246 1764

Corporate Office

Krishe Sapphire Building,
8th Floor, 1-89/3/B40 to 42/KS/801,
Hi-tech City Main Road, Madhapur,
Hyderabad - 500 081
Telangana, India
Phone: +91 40 3312 1000
Fax: +91 40 3312 1010

Works

Unit:RAJAHMUNDRI

Rajahmundry - 533 105
East Godavari District,
Andhra Pradesh, India
Phone: +91 883 247 1831 to 1834
Fax: +91 883 246 1764

Unit:KADIYAM

Industrial Area, M R Palem - 533 126
Kadiyam Mandalam,
East Godavari District,
Andhra Pradesh, India
Phone: +91 883 245 4651
Fax: +91 883 245 3538

Auditors

Deloitte Haskins & Sells,
Chartered Accountants
Hyderabad

Cost Auditors

Narasimha Murthy & Co.
Cost Accountants
Hyderabad

Bankers

State Bank of India
Axis Bank
Citibank N.A.
Bank of America N.A.
BNP Paribas
JPMorgan Chase Bank N.A.
Royal Bank of Scotland

Website

www.ipappm.com

Board's Report

Dear Members,

Your Directors have pleasure in presenting the 51st Annual Report of the Company and the Audited Accounts for the year ended March 31, 2015.

Performance of the Company

During the financial year 2014-15, your Company recorded a significant improvement in business performance through strong operational performance, better revenue management and generating better cash flow. During the financial year ended March 31, 2015, the Company continued to execute initiatives for reducing the cost of production, improve the customer satisfaction, continued focus on safety environment and productivity. These efforts have helped the Company improve profitability, resulting in a nominal net profit of ₹24.78 lakhs as against a net loss of ₹4161.21 lakhs in the previous year. These initiatives will also create long-term value for the stakeholders and help position the Company as a leading supplier of premium grade products in the domestic market. The summary financial performance for the year is encapsulated below:

	In ₹ crore	
Financial Results	March 31, 2015	March 31, 2014
Sales and other income	1152.50	1104.16
Earnings before interest, depreciation & taxation (EBIDTA)	106.16	73.98
Less: Interest (including bank & finance charges)	44.60	43.39
Depreciation	69.00	87.01
Profit/(Loss) before exceptional items	(7.44)	(56.42)
Exceptional items	1.13	–
Profit/(Loss) before tax	(6.31)	(56.42)
Tax expense/(benefit)	(6.56)	(14.81)
Profit/(Loss) for the year	0.25	(41.61)

Sales & Marketing

Market demand for uncoated free sheet (UFS) paper remained sluggish during the year. We estimate that overall demand for paper grew by around 3% during the year. Demand was impacted by the weak economic environment, lower demand from government organization and substitution in some segments. Pricing was under

pressure during the year due to sluggish demand and increased supply of paper. In this market environment, the Company was able to make progress in sales growth in domestic and export markets.

Highlights of sales & marketing performance:

- Sales of 215,846 MT in the financial year 2014-15 as against 208,089 MT in the financial year 2013-14, a growth of 4%;
- Marked improvement in exports through entering new markets with annualized growth of over 70%. During the year, your Company expanded its geographical coverage and added new distribution partners in Africa and Latin America, and also introduced new cut-size products (under the HP brand) in the Middle East. The Company is well positioned to meet all its EPCG obligations;
- Your Company continues to be focused on delivering increased value to customers through improved products and customer service;
- The Company continued to increase penetration of new products launched with the International Paper brand last year. Sales of TruPrint, TruPrint Ultra, WriteChoice in the printing/notebook segment & Hammermill and HP in the cut-size segment registered strong growth during the year;
- On Time in Full (OTIF) delivery was improved during the year by 8%.

Raw Material Procurement

The Company's sustainable farm forestry program represents a strong competitive advantage. During 2014-15, your Company continued to expand the program and its partnership with local farmer communities. The Company was able to source 100% requirement of pulpwood from Andhra and Telangana, primarily within a radius of 350 sq.kms. After three years of significant increase in fiber costs, 2014-15 saw increased availability and price stability.

The Company continues to focus on empowerment of farmers by expanding the sapling program, education, research & development and community support.

During 2014 planting year, approximately 220 million saplings were distributed covering an area of 30,656

hectares under plantation. The Company expanded the clonal propagation center infrastructure and introduced new business practices to improve safety and productivity.

Research and Development has been taken at a wider perspective through a collaborative project with Indian Paper Manufacturers Association (IPMA) and Institute of Forest Genetic & Tree Breeding (IFGTB), Coimbatore. The Company is introducing more farmer-friendly demonstration plots and other cost reduction measures in qualitative and quantitative production processes. In addition, the initiatives with high yielding, short rotation planting stock will enhance raw material availability. These have created a pool of over 107 million man-days so far.

Information Technology

The Company's approach towards Information Technology (IT) is to enable business processes and systems through strategic adoption of IT. These cover all the operating areas including manufacturing, sales and marketing, human resources and forestry. During 2014-15, the Company implemented several IT systems and processes including an upgrade to the intranet, a new time & attendance system, automation of weighbridge operations, automation of accounts payable and label printing systems at Units: Rajahmundry and SN Palem. The Company is also in process of implementing an upgrade to the current SAP based ERP system. The project will automate and integrate our finance, control, purchasing and project management functions providing operational efficiency, cost reduction, improved controls and management information systems.

During the year, the Company also completed development of a Business Continuing Plan (BCP) to provide a framework and response plan in case of disasters. Implementation and monitoring of the BCP is an ongoing activity.

HR initiatives

Employee engagement and development are critical to the Company's long term success. During 2014-15, the Company implemented several initiatives to create a performance management culture and enable talent development. As part of the same, the Company has invested in providing managers training at the IP Leadership Institute. The First Line Leadership (FLL) Program targeted at first time leaders and supervisory staff

was launched in August 2014. The Company is in the process of launching manufacturing training programs as part of the Global Manufacturing System (GMS) initiative.

Long term collective bargaining wage settlement has been completed for Rajahmundry Mills and Section 12(3) agreement signed on January 7, 2015 as per the provisions of the Industrial Disputes Act. Industrial relations at both units are collaborative and focused on long-term development.

During 2014-15, the Company conducted the Global Engagement Survey to assess employee engagement and satisfaction. The participation rate was 98.37%, the highest among all IP entities. Overall employee engagement registered a strong improvement compared to prior surveys, with a specific improvement in communication and recognition.

CSR Initiatives

The Company has adopted CSR Policy which is placed on the Company's website. The Board of Directors has also constituted Corporate Social Responsibility Committee comprising of:

- a. Mr. M.S. Ramachandran (Independent Director) - Chairman
- b. Ms. Ranjana Kumar (Independent Director) - Member
- c. Mr. Rampraveen Swaminathan - Member

The focus areas of CSR Policy are education, environment and engagement. In view of past losses, the Company is not required to spend money on CSR activities as per Section 135 of the Companies Act, 2013. However, as a responsible corporate citizen, the Company incurred a sum of ₹55.14 lakhs supporting various CSR initiatives in our focus areas. During the year, the Company's CSR initiatives included:

- Donation to Andhra Pradesh Chief Minister's Relief Fund for Hudhud Disaster Relief;
- Construction of a check dam for water management in Tantikonda;
- Provision of drinking water to villages around the mill operations;
- Financial support to 62 students under IP Scholarship Program & Project Saathi;

- Continued distribution of solar lamps to the students in villages which enabled students to study during power cut time;
- Supporting rain water harvesting activities in five government schools;
- Construction of drains in Venkatanagaram Village;
- Planting of trees in Visakhapatnam, affected by cyclone 'Hudhud'.

In addition to the financial commitments, your Company has actively encouraged employees to volunteer in the local community. Our employees have logged over 3,500 hours, with some impressive results.

Awards/Recognitions

During 2014-15, the Company received the following recognitions:

- **IPMA Environment Award 2013-14** from Indian Paper Manufacturers Association in recognition of maintenance of high standard of environment management at Rajahmundry Mill;
- **Excellence Award and Udyog Rattan Award** from Institute of Economic Studies (IES), New Delhi;
- Finalist in **Parivartan Sustainability Leadership Award 2014** from Sustainability Outlook in recognition of the resource management leadership demonstrated by the organization;
- **Three-star rating** from CII Southern Region, in recognition of its commitment to environment, health and safety practices and policies for the year 2014 at Rajahmundry mill.

Related Party Transactions

All related party transactions that were entered into during the financial year under review were on arms length basis and were also in the ordinary course of business. There are no materially significant related party transactions by the Company with the promoters, directors, key managerial personnel which may have a potential conflict with the interests of the Company at large.

The Board of Directors approved a policy on related party transactions which was uploaded on the Company's website. The related party disclosures are given in note no.26 to the financial statements.

Remuneration Policy

The Company has adopted the Nomination and Remuneration Committee Charter which includes the Company's policy on directors' appointment and remuneration including criteria for determining the qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Companies Act, 2013.

Pursuant to Section 178(4) of the Companies Act, 2013, the Company also adopted remuneration policy relating to remuneration for the directors, key managerial personnel and senior executives in the rank of vice president and above. The remuneration policy is placed on Company's website.

Technology Absorption & Energy Conservation

Particulars of conservation of energy, technology absorption are given in the prescribed format under the Companies (Accounts) Rules, 2014. Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the Annexure-1 attached and forms part of this Report.

Risk Management

The Company has a robust business risk management framework to identify and evaluate business risks and opportunities. This framework aims to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The key business risks identified by the Company and its mitigation plans are as under:

a. Fiber Procurement

The Company spends more than 25% of its income on procurement of fiber viz. casuarina, subabul, mixed hard wood, eucalyptus etc. Keeping in view the criticality of this factor, the Company has been expanding farm forestry programme to secure fibre supply.

b. Competition Risk

The paper industry is becoming intensely competitive with the expansion of capacities by the existing players and lower import duties. To mitigate this risk,

the Company is leveraging on its expertise and experience by enhancing its brand equity/visibility and energy product portfolio.

c. Occupational Health & Safety (OH&S)

Safety of employees is of paramount importance to the Company. In order to inculcate safety culture in the Company, it has identified Occupational Health & Safety as one of its focus areas. Various training programs have been conducted at the plants and other locations. The accountability has been strengthened by integrating OH&S objectives into job descriptions with the introduction of management personnel and safety professionals.

Directors

a. Meetings of the Board

The Company prepares Calendar of Meetings with venue and circulates the same in advance to all the Directors.

During the year under review, four Board meetings and four Audit Committee meetings were held. The details of the meetings held are given in the Corporate Governance Report forming part of Annual Report.

During the year under review, (a) Mr. Kenneth P. Huelskamp resigned as Non-Executive Director with effect from July 14, 2014; (b) Mr. Michael Baymiller resigned as Non-Executive Director with effect from December 1, 2014 and (c) Mr. W. Michael Amick Jr. resigned as Whole-time Director designated as Executive Chairman from the close of office hours of October 31, 2014. However, he continued as Non-Executive Director effective November 1, 2014.

Mr. Rampraveen Swaminathan was appointed as Chairman & Managing Director with effect from November 1, 2014. Subsequently, Mr. W. Michael Amick Jr. resigned as Non-Executive Director with effect from January 19, 2015, and Mr. M. K. Sharma resigned as Independent Director with effect from January 22, 2015. Ms. Jayashree Satagopan resigned as Non-Executive Director with effect from April 24, 2015.

The Board placed on record its appreciation for the valuable advice and guidance received from Mr. Kenneth P. Huelskamp, Mr. Michael Baymiller,

Mr. W. Michael Amick Jr., Mr. M.K. Sharma and Ms. Jayashree Satagopan.

Ms. Ann Barbara Wroblewski was appointed as Additional Director under the category of Non-Executive Director effective April 23, 2015 and she will hold office upto the date of ensuing Annual General Meeting. The Company had received requisite notice in writing under Section 160 of the Companies Act, 2013 proposing her candidature.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Ms. Shiela P. Vinczeller will hold office up to the forthcoming Annual General Meeting and being eligible offer herself for re-appointment.

b. Independent Directors

The Members at the 50th Annual General Meeting held on August 27, 2014 appointed the existing Independent Directors viz. Mr. Praveen P. Kadle, Mr. Adhiraj Sarin, Ms. Ranjana Kumar, Mr. Milind Sarwate and Mr. M.S. Ramachandran under the Companies Act, 2013 each for a term of five years with effect from August 27, 2014.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the stock exchanges.

c. Key Managerial Personnel

Mr. C. Badrinath was appointed as Chief Financial Officer with effect from May 1, 2014 in the place of Ms. Jayashree Satagopan.

d. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration, Corporate Social Responsibility Committees and Stakeholders Relationship Committee.

A separate exercise was carried out to evaluate the performance of individual directors including the

Chairman & Managing Director who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interests of the Company and its minority shareholders etc. The performance evaluation of independent directors was carried out by entire Board with the help of an outside agency viz. Egon Zehnder. The performance evaluation of Chairman & Managing Director and non-independent directors was carried out by Independent Directors.

e. Board Training and Induction

At the time of appointing a Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the compliances required from him/her under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and his/her affirmation taken with respect to the same. Details of familiarization of directors are disclosed on the website of the Company.

f. Audit Committee

The Audit Committee comprises of Mr. Milind Sarwate as Chairman and Messrs Praveen P. Kadle, Adhiraj Sarin, Thomas G. Kadien and Rampraveen Swaminathan as other Members. All the recommendations made by Audit Committee were accepted by the Board.

Extract of Annual Return

The extract of Annual Return as on financial year ended March 31, 2015 as required under sub-section 3 of Section 92 of the Companies Act, 2013 in Form No. MGT 9 is attached as Annexure-2.

Particulars of Employees

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the

Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary at the registered office in this regard.

Vigil Mechanism

The Company has adopted Whistle Blower Policy to deal with instance of fraud or any unethical or improper practices. A copy of this policy is also posted on the website of the Company.

Internal Financial Controls

The Company has an internal financial control system commensurate with the size, scale and complexity of its operations. Internal audit function is jointly controlled by in-house department and E&Y LLP. The main function of Internal Audit is to monitor and evaluate adequacy of internal control system in the Company, its compliances with the operating systems, accounting procedures and policies at all locations in the Company. Based on the report of internal audit function, process owners take corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions are reported to the Audit Committee.

Statutory Auditors

The Members at the Annual General Meeting held on August 27, 2014 appointed Messrs Deloitte Haskins & Sells, Chartered Accountants, Hyderabad, as Auditors of the Company for a period of five years to hold office from the conclusion of 50th Annual General Meeting to the conclusion of the fifth consecutive annual general meeting subject to ratification of the appointment by the Members at every subsequent annual general meetings. Messrs Deloitte Haskins & Sells, Chartered Accountants have confirmed their eligibility and willingness to accept office, if re-appointed.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs D. Hanumanta Raju & Co., a firm of Company Secretaries in Practice to undertake the secretarial audit of the Company. Secretarial

Audit Report under Section 204(1) of the Companies Act, 2013 issued by Messrs D. Hanumanta Raju & Co., Practising Company Secretaries is attached as Annexure-3.

Cost Auditors

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, the Board at their meeting held on April 23, 2015 appointed Messrs Narasimha Murthy & Co., Cost Accountants as Cost Auditors of the Company at a remuneration of ₹6.15 lakhs (excluding service tax) plus reimbursement of travelling and out of pocket expenses on the recommendation of Audit Committee at their meeting held on April 22, 2015 for the financial year ending March 31, 2016 and their remuneration shall be ratified by the Members at the forthcoming Annual General Meeting.

Cost Accounting Records

Cost accounting records for the financial year under review were maintained as per the Companies (Cost Accounting Records) Rules. M/s. Narasimha Murthy & Co., Cost Accountants were appointed as Cost Auditors of the Company with the approval of Central Government to audit the cost accounts for the financial year ended March 31, 2015. The Cost Audit Report in XBRL form due for filing on September 27, 2014 for the financial year ended March 31, 2014 was filed with the Ministry of Corporate Affairs on August 15, 2014.

The report for the year ended March 31, 2015 will be filed on or before September 27, 2015.

Public Deposits

The Company had discontinued its public deposit scheme in the financial year 2012-13. Despite efforts to identify and repay unclaimed deposit, the amount of public deposit matured and remaining unclaimed with the Company as on March 31, 2015 was ₹0.65 lakhs. The Company has not accepted or renewed any deposit during the year from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014. During the year under review, there was no unclaimed deposit amount which is required to be transferred to Investor Education and Protection Fund.

Particulars of loans, guarantees or investments

No loans, guarantees and investments covered under the

provisions of Section 186 of the Companies Act, 2013 were given during the year under review.

Dividend

In view of accumulated losses, your Directors decided not to recommend payment of dividend on the equity shares for the financial year under review.

Subsidiary Company

The Company made an investment of ₹5 lakhs by way of share capital in IP India Foundation, a Section 25 company under the Companies Act, 1956 wherein the excess of income over expenditure will be applied for promoting its objectives. Accordingly, the accounts of IP India Foundation are not consolidated since the holding Company will not derive any economic benefit from its investment in IP India Foundation. During the financial year ended March 31, 2015, the Foundation recorded an excess of income over expenditure amounting to ₹3.95 lakhs.

The Company undertakes that annual accounts of IP India Foundation and the related information will be made available to the members of holding company seeking such information at any point of time. The annual accounts of IP India Foundation will be available on the Company's website www.ipappm.com and will also be available for inspection by any Member at the Registered Office of the Company during business hours on working days of the Company.

Statement containing salient features of the financial statement of IP India Foundation for the financial year ended March 31, 2015 is attached as Annexure-4.

Directors' Responsibility Statement

Your Directors hereby confirm and declare that:

- in the preparation of final accounts for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year ended March 31, 2015 and of the profit of the Company for the year;

- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they had prepared the accounts for the year ended March 31, 2015 on a 'going concern' basis;
- they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating efficiently;
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

General

- During the year under review, the Executive Directors of the Company have not received any remuneration or commission from the subsidiary company.
- There were no significant material orders passed by the regulators or courts which would impact the going concern status of the Company and its future operations.

- During the year under review, no complaints/cases were filed pursuant to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Acknowledgements

Your Directors wish to place on record their gratitude to the Central Government and Government of Andhra Pradesh, State Bank of India, Axis Bank Limited, Citibank N.A., BNP Paribas, JPMorgan Chase Bank, Royal Bank of Scotland and Bank of America N.A. for their continued support during the year.

Your Directors wish to convey their thanks to the valued customers and dealers for their continued patronage during the year and place on record their appreciation of the contribution made by all the employees, during the year.

For and on behalf of the Board



Hyderabad
June 15, 2015

Rampraveen Swaminathan
Chairman & Managing Director

Annexure-1

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report

A. Conservation of energy: The Company has implemented the following measures for energy conservation during the financial year ended March 31, 2015:

- Optimization of vacuum source in paper machine area resulted in savings of 130 KW of power;
- Optimization of refining energy in machines resulted in savings of 200 KW of power;
- Mill colony street lights changed to 40W LED bulbs from 70W Metal Halide resulted in savings of 5 KW;
- Stoppage of 2 air compressors after optimization resulted in savings of 150 KW;
- New energy efficient motor of 7.5 HP was put in place of 25 HP in RJ-5 for the 'Mark Save All' pump leading to saving of 13 KW.

B. Technology absorption

I. Efforts made towards technology absorption: Nil

II. Benefits derived like product improvement, cost reduction, product development or import substitution: Nil

Imported technology (imported during the last three years reckoned from the beginning of the financial year)

1.	a.	Details of technology imported	Cut size sheeter Line (Cheetah) - Support the growth plan of cut size market supplied by Beilomatic, Germany.
	b.	Year of import	2012
	c.	Whether the technology been fully absorbed	Technology has been fully absorbed.
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable.
2.	a.	Details of technology imported	Replacement of QCS & new Calcoil system in RJ#3: For better paper quality control for W&P & Maplitho grades. Existing obsolete PLCs are replaced with new centralized DCS for fine process control from Honeywell, Singapore.
	b.	Year of import	2013
	c.	Whether the technology been fully absorbed	Technology has been fully absorbed.
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable.
3.	a.	Details of technology imported	Addressing the unreliability of off-site beneficial use practices and the high cost of the alternative commercial landfill disposal by co-firing of ETP sludge in the boiler by installing Belt Press, an upgraded sludge dewatering system was imported from M/s. Gebr. Bellmer GmbH Maschinenfabrik, Germany to achieve a minimum 43% dewatered cake solids to feed in the boiler.
	b.	Year of import	2013-14
	c.	Whether the technology been fully absorbed	Technology has been fully absorbed.
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable.

4.	a.	Details of technology imported	Augmentation of existing diffused aeration tank with state of the art Turbo Blower of Godrej-Aerzen, Germany make. The specific consumption of power reduced from 28.29 W/M3-hr to 19.24 W/M3-hr. Also sustainable ETP discharge performance noticed in achieving COD <100 & BOD <15 as against PCB norms of COD < 250 & BOD < 30 respectively.
	b.	Year of import	2014
	c.	Whether the technology been fully absorbed	Technology has been fully absorbed.
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable.
5.	a.	Details of technology imported	Installation of Bellmer Press: Sludge dewatering machine from M/s Bellmer, Germany. Compliance with reference to hazard waste (M, H, T & M) rules. Scientific approach in management of ETP sludge disposal through burning in boiler and hence improved site compliance with respect to storage & handling of ETP sludge and no dependency on external agencies for its disposal.
	b.	Year of import	2014
	c.	Whether the technology been fully absorbed	Technology has been fully absorbed.
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable.
6.	a.	Details of technology imported	New 5.75 MW generator - Replacement of old turbine generator for sustainable power resource, as it was observed that rotor's winding overhang binding insulation is deteriorating. The generator was supplied by TD Power Systems Limited, Bangalore and the technology was imported from TDPS, Japan.
	b.	Year of import	2014
	c.	Whether the technology been fully absorbed	Technology has been fully absorbed.
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable.
7.	a.	Details of technology imported	Installation of ambient air quality system as per APPCB Norms. The system was supplied by M/s. Thermo Fisher Scientific India Private Limited, Chennai and the technology was imported from M/s. Thermo Environmental Instruments Inc, Franklin, MA, USA.
	b.	Year of import	2014
	c.	Whether the technology been fully absorbed	Technology has been fully absorbed.
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable.

8.	a.	Technology imported	As part of replacement of center press roll for KA3 Bi-Nip press in the existing worn out roll position, new roll was imported from M/s. MWN Maschinenfabrik, Germany with 'Pressrok Xtreme' covering for the bare roll and M/s. Stowe Woodward, Germany for covering to achieve superior sheet release properties, superior abrasion resistance, high temperature stability, good resistance against chemicals and agents, etc. for reliability.
	b.	Year of import	2013 -14
	c.	Whether the technology been fully absorbed	Technology has been fully absorbed.
	d.	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable.

Research & Development (R&D)

1.	a.	Specific areas in which R&D carried out by the Company	<ul style="list-style-type: none"> - New product development; - Product quality improvement; - Process optimization studies; - Identification of functional additives and plant trials for cost reduction/quality improvement; - Evaluation of new fibrous raw materials.
	b.	Benefits derived as a result of the above R&D	<ul style="list-style-type: none"> - New products developed as per market demand; - Modification of products for customer satisfaction; - Identification of additives for quality improvement and cost reduction; - Identification of alternate fibrous raw materials.
	c.	Future plan of action	<ul style="list-style-type: none"> - New product development; - Evaluation of alternate fibrous raw materials; - Process optimization studies; - Identification of functional additives/chemicals for product development, process/quality improvement and cost reduction.
2.	a.	Specific areas in which R&D carried out by the Company	We have excelled to enhance our species diversity from a mono to attain heterogeneity in case for our prime pulpwood species like subabul and eucalyptus too, thus, partnering with IFGTB. For the said purpose import of Euca seeds from IP-Brazil and execution of an IPMA sponsored rapid genetic improvement projects are other milestones of our R&D projects. Bio-productivity enhancement per unit area of land is being managed by the induction of casuarina junghuhniana candidate plus tree selection.

b. Benefits derived as a result of the above R&D	Managing wider genetic variability in our FF program would ensure us against any unexpected pest & disease resistance cum enhance our approach towards wider categories Edaphic conditions. Improvised AgF Modeling would enable IP-India to access wider category of the tree growers operating under different agro-climatic cum socio-economic conditions. Bio-productivity enhancement per unit area of land intends to enhance higher fiber availability in the shortest possible gestation period.
c. Future plan of action	<p>Managing an induction of hydroponics & sand bed technology to be integrated with our casuarina - eucalyptus clonal development program is to be aimed at the reduced cost of clonal production with better and assured genetic purity.</p> <p>Establishing eucalyptus tree breeding trials in collaboration with IFGTB, Coimbatore and IP Brazil with improved variety of eucalytus seeds imported from IP Brazil.</p> <p>Establishment of the permanent clonal testing area for casuarina jhunghuniana in varied agro-climatic conditions to attain availability of successful and performing clones for all the agro climatic zones in our farm forestry program.</p>

C. Expenditure incurred on Research and Development (In ₹ lakhs)

Capital	:	16.40
Recurring	:	20.00
Total	:	36.40

D. Foreign exchange earnings and outgo

Foreign exchange earned in terms of actual inflows	:	14,352.95
Foreign exchange outgo in terms of actual outflows	:	7,972.26

Annexure-2

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM No. MGT-9

I. Registration and other details

i.	CIN	L21010AP1964PLC001008
ii.	Registration Date	June 29, 1964
iii.	Name of the Company	International Paper APPM Limited
iv.	Category/sub-category of the Company	Category : Public Company Sub-category : Subsidiary of foreign company & having share capital
v.	Address of the Registered Office and contact details	Rajahmundry - 533 105 East Godavari District, Andhra Pradesh, India Phone : +91 883 247 1831 to 1834 Fax : +91 883 246 1764 Email : prabhakar.cherukumudi@ipaper.com
vi.	Whether shares listed on recognized stock exchanges	Yes
vii.	Name, address and contact details of the Registrar and Transfer Agent, if any:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Telangana, India Phone : +91 40 6716 1500 Fax : +91 40 2342 0814 Email : einward.ris@karvy.com

II. Principal business activities of the Company (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S.No.	Name and description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1.	Uncoated paper, paper & board pulp (Manufacture of paper)	1701	100

III. Particulars of holding, subsidiary and associated companies

S.No.	Name and address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	IP Holding Asia Singapore Pte. Limited 9, Battery Road, #15-01 Straits Trading Building, Singapore 049910.	Not applicable	Holding	75.00	2(46)
2.	IP India Foundation Krishe Sapphire Building, 8th Floor, 1-89/3/B40 to 42/KS/801, Hi-tech City Main Road, Madhapur, Hyderabad - 500 081 Telangana, India.	U80301TG2013NPL088489	Subsidiary	100.00	8

IV. Shareholding pattern (Equity share capital break-up as percentage of total equity)

i. Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
1. Indian									
a. Individual/HUF	–	–	–	–	–	–	–	–	–
b. Central Government	–	–	–	–	–	–	–	–	–
c. State Government(s)	–	–	–	–	–	–	–	–	–
d. Bodies corporate	–	–	–	–	–	–	–	–	–
e. Banks/FI	–	–	–	–	–	–	–	–	–
f. Any other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1)	–	–	–	–	–	–	–	–	–
2. Foreign									
a. NRIs - Individuals	–	–	–	–	–	–	–	–	–
b. Other - Individuals	–	–	–	–	–	–	–	–	–
c. Bodies corporate	29,827,529	–	29,827,529	75.00	29,827,529	–	29,827,529	75.00	–
d. Banks/FI	–	–	–	–	–	–	–	–	–
e. Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	29,827,529	–	29,827,529	75.00	29,827,529	–	29,827,529	75.00	–
Total shareholding of promoter (A)=(A)(1)+(A)(2)	29,827,529	–	29,827,529	75.00	29,827,529	–	29,827,529	75.00	–
B. Public shareholding									
1. Institutions									
a. Mutual Funds	127,625	200	127,825	0.32	–	200	200	–	(0.32)
b. Banks/FI	32,964	1,680	34,644	0.09	30,924	1,680	32,604	0.09	–
c. Central Government	–	–	–	–	–	–	–	–	–
d. State Government(s)	–	–	–	–	–	–	–	–	–
e. Venture Capital Funds	–	–	–	–	–	–	–	–	–
f. Insurance companies	1,190,853	200	1,191,053	2.99	1,190,853	200	1,191,053	2.99	–
g. FIs	606,879	–	606,879	1.53	363,294	–	363,294	0.91	(0.62)
h. Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i. Others - Foreign banks	–	200	200	–	–	150	150	–	–
Sub-total (B)(1)	1,958,321	2,280	1,960,601	4.93	1,585,071	2,230	1,587,301	3.99	(0.94)
2. Non-Institutions									
a. Bodies corporate									
i. Indian	3,519,734	4,219	3,523,953	8.86	3,261,203	3,760	3,264,963	8.21	(0.65)
ii. Overseas	–	–	–	–	–	–	–	–	–
b. Individuals									
i. Individual shareholders holding nominal share capital upto ₹1 lakh	2,197,311	341,776	2,539,087	6.38	2,713,883	334,886	3,048,769	7.67	1.29
ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,785,990	10,365	1,796,355	4.52	1,719,708	10,365	1,730,073	4.35	(0.17)
c. Others									
i. Non-Resident Indians	35,746	221	35,967	0.09	190,275	221	190,496	0.48	0.39
ii. Clearing members	67,215	–	67,215	0.17	89,276	–	89,276	0.22	0.05
iii. Trusts	19,332	–	19,332	0.05	20,232	–	20,232	0.05	–
iv. Foreign nationals	–	–	–	–	11,400	–	11,400	0.03	0.03
Sub-total (B)(2)	7,625,328	356,581	7,981,909	20.07	8,005,977	349,232	8,355,209	21.01	0.94
Total public shareholding (B)=(B)(1) + (B)(2)	9,583,649	358,861	9,942,510	25.00	9,591,048	351,462	9,942,510	25.00	–
C. Shares held by custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	39,411,178	358,861	39,770,039	100.00	39,418,577	351,462	39,770,039	100.00	–

ii. Shareholding of promoter

Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
IP Holding Asia Singapore Pte. Limited	29,827,529	75.00	–	29,827,529	75.00	–	–

iii. Change in promoters' shareholding

	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	29,827,529	75.00	29,827,529	75.00
Datewise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	There is no change			
At the end of the year	29,827,529	75.00	29,827,529	75.00

iv. Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs)

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year (April 1, 2014)		Increase/decrease in shareholding			Cumulative shareholding during the year (April 1, 2014 to March 31, 2015)	
		No. of shares	% of total shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the Company
1.	The Oriental Insurance Company Limited (DPID: IN300812, Client ID:10000560)	684,706	1.72				684,706	1.72
				March 31, 2015			684,706	1.72
2.	TMT Viniyogan Limited (DPID: IN300693, Client ID: 10061803)	502,907	1.26				502,907	1.26
				March 31, 2015			502,907	1.26
3.	The New India Assurance Company Limited (DPID: IN300812, Client ID:10001728)	424,319	1.07				424,319	1.07
				March 31, 2015			424,319	1.07
4.	Lakshmi Niwas Bangur (DPID:43200, Client ID: 1204320000029492) & (DP ID: IN300360 Client ID: 20140264)	350,153	0.88				350,153	0.88
				March 20, 2015	-4,950	Transfer	345,203	0.87
				March 31, 2015			345,203	0.87

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year (April 1, 2014)		Increase/decrease in shareholding			Cumulative shareholding during the year (April 1, 2014 to March 31, 2015)	
		No. of shares	% of total shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the Company
5.	Nippon Investment and Finance Company Private Limited (DPID: 63900, Client ID: 1206390000000213)	296,818	0.75				296,818	0.75
				August 1, 2014	-11,393	Transfer	285,425	0.72
				August 8, 2014	-14,308	Transfer	271,117	0.68
				August 22, 2014	-96,671	Transfer	174,446	0.44
				August 29, 2014	-927	Transfer	173,519	0.44
				September 5, 2014	-2,939	Transfer	170,580	0.43
				September 12, 2014	-56,986	Transfer	113,594	0.29
				September 19, 2014	-63,594	Transfer	50,000	0.13
				September 30, 2014	-50,000	Transfer	–	–
				March 31, 2015			–	–
6.	DH Securities Private Limited (DPID: 57700, Client ID: 1205770000000634)	180,150	0.45				180,150	0.45
				May 23, 2014	3,000	Transfer	183,150	0.46
				June 13, 2014	-38,000	Transfer	145,150	0.36
				June 20, 2014	-12,000	Transfer	133,150	0.33
				July 11, 2014	-11,000	Transfer	122,150	0.31
				February 6, 2015	-150	Transfer	122,000	0.31
				March 27, 2015	-3,000	Transfer	119,000	0.30
				March 31, 2015			119,000	0.30
7.	Payal Commercial Company Limited (DPID: IN300360, Client ID: 22640968)	167,986	0.42				167,986	0.42
				June 6, 2014	-25,000	Transfer	142,986	0.36
				December 19, 2014	-17,986	Transfer	125,000	0.31
				March 20, 2015	-25,000	Transfer	100,000	0.25
				March 27, 2015	-64,912	Transfer	35,088	0.09
				March 31, 2015			35,088	0.09
8.	Hitesh Satishchandra Doshi (DPID: IN300126, Client ID: 10936068)	166,046	0.42				166,046	0.42
				April 4, 2014	3,002	Transfer	169,048	0.43
				April 11, 2014	189	Transfer	169,237	0.43
				April 25, 2014	2,000	Transfer	171,237	0.43
				May 9, 2014	1000	Transfer	172,237	0.43
				January 9, 2015	450	Transfer	172,687	0.43
				March 31, 2015			172,687	0.43
9.	GHI LTP Limited (DPID: IN300167, Client ID: 10106965)	155,767	0.39				155,767	0.39
				June 13, 2014	-2,002	Transfer	153,765	0.39
				June 20, 2014	-28,444	Transfer	125,321	0.32
				June 30, 2014	-125,321	Transfer	–	–
				March 31, 2015			–	–
10.	Atyant Capital Management Limited A/c. Atyant Capital India Fund I (DPID: IN300142, Client ID: 10655026)	147,219	0.37				147,219	0.37
				June 13, 2014	-115,179	Transfer	32,040	0.08
				June 20, 2014	-1,784	Transfer	30,256	0.08
				June 30, 2014	-30,256	Transfer	–	–
				March 31, 2015			–	–

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year (April 1, 2014)		Increase/decrease in shareholding			Cumulative shareholding during the year (April 1, 2014 to March 31, 2015)	
		No. of shares	% of total shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the Company
11.	Religare Finvest Limited (DPID: IN301774, Client ID: 10567245)	29,626	0.07				29,626	0.07
				April 11, 2014	1,200	Transfer	30,826	0.08
				April 18, 2014	-27,766	Transfer	3,060	0.01
				April 25, 2014	3,985	Transfer	7,045	0.02
				May 30, 2014	-6,985	Transfer	60	0.00
				November 21, 2014	1	Transfer	61	0.00
				November 28, 2014	2	Transfer	63	0.00
				December 12, 2014	1	Transfer	64	0.00
				December 19, 2014	3	Transfer	67	0.00
				December 31, 2014	-2	Transfer	65	0.00
				January 9, 2015	-1	Transfer	64	0.00
				January 16, 2015	-1	Transfer	63	0.00
				January 23, 2015	165,000	Transfer	165,063	0.42
				January 30, 2015	45,000	Transfer	210,063	0.53
				February 6, 2015	19,471	Transfer	229,534	0.58
				February 13, 2015	134,772	Transfer	364,306	0.92
				February 27, 2015	12,154	Transfer	376,460	0.95
				March 13, 2015	-2	Transfer	376,458	0.95
				March 31, 2015	33,602	Transfer	410,060	1.03
				March 31, 2015			410,060	1.03
12.	MV SCIF Mauritius (DPID: IN300167, Client ID:10081087)	114,072	0.29				114,072	0.29
				April 4, 2014	2,554	Transfer	116,626	0.29
				April 11, 2014	8,932	Transfer	125,558	0.32
				May 2, 2014	2,552	Transfer	128,110	0.32
				May 9, 2014	8,932	Transfer	137,042	0.34
				May 16, 2014	21,702	Transfer	158,744	0.40
				May 23, 2014	2,552	Transfer	161,296	0.41
				May 30, 2014	8,943	Transfer	170,239	0.43
				June 6, 2014	8,904	Transfer	179,143	0.45
				June 13, 2014	33,072	Transfer	212,215	0.53
				June 20, 2014	17,319	Transfer	229,534	0.58
				June 30, 2014	-23,744	Transfer	205,790	0.52
				July 4, 2014	7,680	Transfer	213,470	0.54
				July 11, 2014	-1,281	Transfer	212,189	0.53
				July 18, 2014	-6,405	Transfer	205,784	0.52
				July 25, 2014	6,400	Transfer	212,184	0.53
				August 8, 2014	-5,128	Transfer	207,056	0.52
				August 12, 2014	-6,410	Transfer	200,646	0.50
				August 14, 2014	-1,283	Transfer	199,363	0.50

(Contd.)

Shareholding pattern of top ten shareholders (Contd.)

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year (April 1, 2014)		Increase/decrease in shareholding			Cumulative shareholding during the year (April 1, 2014 to March 31, 2015)	
		No. of shares	% of total shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the Company
				August 22, 2014	-8,981	Transfer	190,382	0.48
				September 30, 2014	-12,263	Transfer	178,119	0.45
				October 10, 2014	-11,736	Transfer	166,383	0.42
				October 17, 2014	-5,216	Transfer	161,167	0.41
				October 24, 2014	-7,836	Transfer	153,331	0.39
				October 31, 2014	-436	Transfer	152,895	0.39
				November 14, 2014	891	Transfer	153,786	0.38
				November 21, 2014	-471	Transfer	153,315	0.39
				December 05, 2014	2,691	Transfer	156,006	0.39
				December 12, 2014	1,294	Transfer	157,300	0.40
				December 19, 2014	-10,681	Transfer	146,619	0.37
				December 31, 2014	-18,489	Transfer	128,130	0.32
				January 2, 2015	3,530	Transfer	131,660	0.33
				February 13, 2015	3,228	Transfer	134,888	0.34
				March 27, 2015	-5,759	Transfer	129,129	0.32
				March 31, 2015	1,088	Transfer	130,217	0.33
				March 31, 2015			130,217	0.33
13.	Bang Equity Broking Private Limited (DPID: IN301604, Client ID:10045767)	-	-	April 1, 2014	-	-	-	
				March 27, 2015	111,584	Transfer	111,584	0.28
				March 31, 2015			111,584	0.28
14.	Edelweiss Securities Limited (DPID: IN303719, Client ID:10121510)	-	-	April 1, 2014	-		-	-
				December 12, 2014	101	Transfer	101	0.00
				December 19, 2014	1,401	Transfer	1,502	0.00
				December 31, 2014	-1,000	Transfer	502	0.00
				January 9, 2015	-497	Transfer	5	0.00
				January 16, 2015	295	Transfer	300	0.00
				January 23, 2015	-300	Transfer	-	-
				January 30, 2015	1,695	Transfer	1,695	0.00
				February 6, 2015	-1,375	Transfer	320	0.00
				February 13, 2015	34,273	Transfer	34,593	0.09
				February 20, 2015	11,639	Transfer	46,232	0.12
				February 27, 2015	20,129	Transfer	66,361	0.17
				March 6, 2015	378	Transfer	66,739	0.17
				March 13, 2015	1,860	Transfer	68,599	0.17
				March 20, 2015	11,461	Transfer	80,060	0.20
				March 27, 2015	22,223	Transfer	102,283	0.26
				March 31, 2015	105	Transfer	102,388	0.26
				March 31, 2015			102,388	0.26

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year (April 1, 2014)		Increase/decrease in shareholding		Shareholding at the end of the year (or on the date of separation, if separated during the year) (March 31, 2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Mahendra Kumar Sharma, Director (Ceased to be a Director with effect from January 22, 2015)	10,000	0.025	–	–	10,000	0.025
2.	Mr. Adhiraj Sarin, Director (Sold all the 2,000 shares on February 13, 2015)	2,000	0.005	-2,000	-0.005	–	–
3.	Mr. C. Prabhakar, Company Secretary	258	–	–	–	258	–

V. Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹)

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	1,233,653,347	4,402,949,504	4,550,923	5,641,153,774
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	9,864,749	10,916,272	770,584	21,551,605
Total (i+ii+iii)	1,243,518,096	4,413,865,776	5,321,507	5,662,705,379
Change in Indebtedness during the financial year				
*Addition	–	425,418,873	–	425,418,873
*Reduction	1,046,134,542	–	5,232,861	1,051,367,403
Net change	1,046,134,542	425,418,873	5,232,861	625,948,530
Indebtedness at the end of the financial year				
i. Principal amount	191,996,255	4,831,301,063	88,646	5,023,385,964
ii. Interest due but not paid	–	–	–	–
iii. Interest accrued but not due	5,387,299	7,983,585	–	13,370,884
Total (i+ii+iii)	197,383,554	4,839,284,648	88,646	5,036,756,848

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ Lakhs)

Sl. No.	Particulars of remuneration	Mr. Rampraveen Swaminathan, Chairman & Managing Director
1.	Gross salary	
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	189.37
	b. Value of perquisites under Section 17(2) of the Income Tax Act, 1961	0.55
	c. Profits in lieu of salary under Section of the 17(3) Income Tax Act, 1961	—
2.	Stock option	—
3.	Sweat equity	—
4.	Commission - as % of profit	—
	- others	—
5.	Others	—
	Total	189.92
	Ceiling as per the Act	Governed by Special Resolution passed by Members on August 6, 2013 in terms of notification no.GSR 534 (E) dated July 14, 2011 read with clarification dated August 16, 2012 issued by Ministry of Corporate Affairs.

B. Remuneration to other directors

(₹ Lakhs)

Sl. No.	Particulars of remuneration	Name of Directors						Total amount
		Mr. M.S. Ramachandran	Ms. Ranjana Kumar	Mr. M.K. Sharma	Mr. Adhiraj Sarin	Mr. Milind Sarwate	Mr. Praveen P. Kadle	
1.	Independent Directors							
	Fee for attending board/committee meetings	3.95	3.70	4.65	5.45	5.65	4.65	28.05
	Commission	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—
	Total (1)	3.95	3.70	4.65	5.45	5.65	4.65	28.05
2.	Other Non-Executive Directors	Mr. Thomas G. Kadien	Mr. W. Michael Amick Jr.	Mr. Kenneth P. Huelskamp	Ms. Shiela P. Vinczeller	Ms. Jayashree Satagopan		
	Fee for attending board/committee meetings	—	—	—	—	—		—
	Commission	—	—	—	—	—		—
	Others	—	—	—	—	—		—
	Total (2)	—	—	—	—	—		—
	Total managerial remuneration (1+2)							28.05
	Overall ceiling as per the Act	Within the ceiling as per Section 197(5) of the Companies Act, 2013						

C. Remuneration to Key Managerial Personnel other than MD/manager/whole-time director (₹ Lakhs)

Sl. No.	Particulars of remuneration	Key Managerial Personnel		
		Mr. C. Prabhakar Company Secretary	Mr. Badrinath Chellappa Chief Financial Officer	Total
1.	Gross salary			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	46.86	60.88	107.74
	b. Value of perquisites under Section 17(2) of the Income Tax Act, 1961	1.63	0.11	1.74
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock option	—	—	—
3.	Sweat equity	—	—	—
4.	Commission	—	—	—
5.	Others	—	—	—
	Total	48.49	60.99	109.48

VII. Penalties/punishment/compounding of offences

Type	Section of the Companies Act	Brief description	Details of penalty/ punishment/ compounding fees imposed	Authority [RD/NCLT/ court]	Appeal made, if any
A. Company	NIL				
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

Form No. MR-3 SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2015
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

The Members,
International Paper APPM Limited
(Formerly the Andhra Pradesh Paper Mills Limited)
Rajahmundry - 533 105
East Godavari District
Andhra Pradesh

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **International Paper APPM Limited** (hereinafter called the 'Company'). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- vi. Other laws specifically applicable to the Company include:
 1. Forest (Conservation) Act, 1980;
 2. Chemical Accidents (Emergency Planning Preparedness and Response) Rules, 1996;
 3. Indian Boilers Act, 1923;
 4. The Biological Diversity Act, 2002;
 5. The Environment (Protection) Act, 1986;
 6. The Essential Commodities Act, 1955;
 7. The Wildlife (Protection) Act, 1972.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India;
- ii. The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the act, rules, regulations, guidelines, standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting Board members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Company has subscribed to an Online Compliance Management System whereby computer generated

reports are submitted quarterly to the members of the Board about any non-compliance and delayed compliance with respect to all laws and rules that are applicable to the Company. The Board in their meetings take note of this report and suggests corrective action if deemed necessary.

We further report that during the audit period the Company has no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For **D. HANUMANTA RAJU & Co**
COMPANY SECRETARIES



CS D. HANUMANTA RAJU

PARTNER

Hyderabad

April 13, 2015

FCS: 4044, CP NO: 1709

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

The Members,
International Paper APPM Limited
(Formerly the Andhra Pradesh Paper Mills Limited)
Rajahmundry - 533 105
East Godavari District
Andhra Pradesh

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness and with which the management has conducted the affairs of the Company.

For **D. HANUMANTA RAJU & Co**
COMPANY SECRETARIES



CS D. HANUMANTA RAJU

PARTNER

Hyderabad

April 13, 2015

FCS: 4044, CP NO: 1709

Annexure-4

Form AOC-I

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part 'A': Subsidiaries

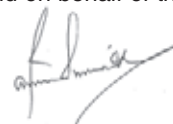
(Information in respect of each subsidiary to be presented in Rupees)

Name of the subsidiary	IP India Foundation
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	From April 1, 2014 to March 31, 2015
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
Share capital	₹ 500,000
Reserves & surplus	₹ 278,250
Total assets	₹ 921,509
Total liabilities	₹ 921,509
Investments	₹ 75,000
Turnover	₹ 2,233,018
Excess of income over expenditure before taxation	₹ 394,962
Provision for taxation	₹ Nil
Excess of income of over expenditure after taxation	₹ 394,962
Proposed dividend	Not applicable
% of shareholding	100

There is no other subsidiary company except IP India Foundation.

Hyderabad
June 15, 2015

For and on behalf of the Board



Rampraveen Swaminathan
Chairman & Managing Director

Management Discussion & Analysis

ECONOMIC SCENARIO

Initial estimates for financial year ended March 31, 2015 show that economic growth accelerated to 7.4%. Amongst sectoral indices, agriculture growth slipped to 1.1%, largely because the monsoon was erratic, in particular affecting the summer crop. After growing by 4.5% in 2013-14, industrial growth accelerated to 5.9% in 2014-15, helped by a 6.8% expansion in manufacturing. These estimates may be a tad optimistic, however, as they assume manufacturing growth to have exceeded 10% in the final quarter of 2014-15. Monthly industrial production estimates however, indicate a more modest upturn. While several initiatives were taken to propel the economy, the on-ground situation remained subdued.

The GDP data remained inconsistent with numerous other indicators that point to continued sluggishness in the economy. The economy's positive headline numbers did not reconcile with dismal corporate earnings, weak industrial activity and an elusive recovery in bank credit.

Consumer demand did not pick up while manufacturing sector did not add to production capacity. In several industries, the capacity utilization remained low and there was lower credit growth. The situation was compounded with banks unable to lend with downgrades in credit rating and lower quality assets amongst borrowers. Inflationary pressures remained tempered.

In 2015-16, growth in the gross domestic product is expected to accelerate to 7.8% on improved performance in both industry and services, as policy addresses structural bottlenecks and external demand improves.

Growth is expected to edge up helped by a supportive monetary policy in 2015, as inflation continues to trend lower and by a pickup in capital expenditure. Increase in credit growth, unlocking of stalled infrastructure projects, recapitalization of commercial banks and a few other policy related reforms are expected to step up consumer demand. There is hence, an undertone of optimism as the economy enters 2015-16.

PAPER INDUSTRY SCENARIO

Across the globe, approximately 400 million metric tons of pulp, paper and board are produced. The largest producer countries, US, China, Japan and Canada, make up more than half of the world's production. Global annual per capita paper & board consumption is about 56 kgs. Paper consumption is forecasted to increase to 490 million metric tons by 2020.

Asia Pacific is turning dominant in the industry due to improvement in changing lifestyle of consumers, rapid urbanization, and rise in disposable income. A combination of factors such as demographic and economic conditions, and environmental regulations has had a significant impact on the industry dynamics.

54% of the paper and board produced globally is used for packaging. Writing & printing paper makes the second largest market for paper at 27%. Half the global paper is consumed in Europe and North America.

Paper is made from renewable resources, primarily from cellulose tree fiber, by dicing and pounding wood, and treating it with water, chemicals, heat, and mechanical beaters to dissociate the fibers. The wood pulp is spread onto large moving screens to drain, flattened by rollers, dried, and collected in large rolls. Several varieties, types and thicknesses of paper are produced according to the raw wood used, the pulping process, the additive chemicals used and the rolling process.

Recycled fiber and other sources such as agricultural residue are also becoming more commonly used in pulp and paper making.

Recent trend shows, several global pulp and paper companies are moving their production to the southern hemisphere due to lower production costs and proximity to fast growing pulpwood plantations. Adoption of responsible pulpwood plantation practices is another dynamic that is getting the attention of producers. Pulp and paper production often provides well needed jobs in many areas where other employment opportunities are limited.

Responsibly produced and used paper has many advantages over non-renewable alternative materials, minimizing harmful impact on forests, climate and water. The industry in general has been in the forefront of stewardship to bring about sustainable forestry, clean pulp and paper manufacturing, and promote responsible paper consumption.

Prices for wood pulp can fluctuate sharply from year to year. The end prices tend to reflect not only demand for paper, but also the dynamics of the raw material trends. Several manufacturers have been able to distinguish their products with strong quality and brand identity in what is otherwise a commodity market. These manufacturers have been able to reduce the significance of pricing in the competitive equations.

The pulp and paper industry priorities across the globe can be summarized as follows:

- Wood fiber is grown, sourced and re-used in a responsible way. Maximizing the use of recycled fibers and sourcing virgin fiber from credibly certified natural forests and plantations is tending to reduce paper's ecological footprint.
- With the use of clean technology, the manufacturing process does minimize pulp and paper products' impact on climate change and water. Carbon dioxide emissions from the manufacturing process is being reduced by investing in new plants, retrofitting existing plants, heat recovery and increased paper recycling.
- Sustainable consumption practices help to reduce the environmental impact of paper.

INDIAN PAPER INDUSTRY

The first Indian paper mill is known to have been established way back in 1867. According to an estimate, the paper industry has over 800 units engaged in the manufacture of paper, paperboards and newsprint across the country. The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption. There is near self-sufficiency with the indigenous production of most varieties of paper and paperboards. Certain varieties of specialty papers are however, imported.

The industry grew with the rising level of literacy, improving well-being of the people and surging aspiration levels. Paper usage has increased over the years. Yet, the per capita consumption in the country is estimated to be barely 10 kgs compared with 75 kgs in China, 158 kgs each in European Union, Korea, Taiwan, Hong Kong, Singapore & Malaysia, 218 kgs in Japan, 224 kgs in North America, and the global average itself is a healthy 56 kgs.

India has 17% of the world's population yet accounts for only about 3% of the world's production of paper and paperboard. The estimated turnover of the industry is approximately ₹50,000 crore, contributes ₹4,500 crore to the exchequer and provides employment to more than 0.5 million people directly and 1.5 million people indirectly.

Most of the paper mills have been in existence for a long time and hence present technologies fall in a wide spectrum ranging from oldest to the most modern. The mills use a variety of raw material viz. wood, bamboo, recycled fiber, bagasse, wheat straw,

rice husk, etc.; approximately 31% are based on chemical pulp, 47% on recycled fiber and 22% on agro-residues.

India's wood resources suitable for paper production are inadequate. Cost of wood is hence much higher in comparison to the rest of the world. Since there is conspicuous absence of enabling policies favoring corporate plantation or farming, securing future wood supplies will be the industry's biggest challenge. Wood based segment of the paper industry meets its current requirements mainly through social/farm forestry and supplements it with purchases from the state forest development corporations. A few manufacturers have even explored import of raw wood from neighboring countries.

The geographical spread of the industry as well as market is mainly responsible for regional balance of production and consumption. The operating capacity of the industry is estimated at 12.75 million metric tons. Domestic production is estimated to be 11.38 million metric tons. As per industry estimates, over all paper consumption has now touched 13.10 million metric tons and per capita consumption is pegged at 10 kg. Demand growth for paper has been hovering around 8% for some time. So far, the growth in paper industry has mirrored the growth in GDP.

The paper industry in India is majorly categorized into writing and printing (W&P), paperboard and newsprint segments. Paperboards constitute approximately 46% of the demand volume, while W&P accounts for approximately 31%. Newsprint makes for another 18%.

Major varieties of W&P are creamwove, maplitho, copier and coated paper. Recent trends indicate higher quality paper segments such as copier and coated varieties have been gaining volumes, while creamwove has a stable market. Maplitho, copier and coated paper command higher realizations, while creamwove is a volume runner. According to industry estimates, creamwove commands 44% of the W&P market, maplitho occupies 22% and copiers constitute the balance 34%.

Paperboard, primarily used for industrial purposes, consists of kraft paper board, virgin board and recycled board. Kraft paper is produced in several varieties generally differentiated by properties of strength and grammage. Paperboard varieties include coated/uncoated duplex, chromo and triplex boards.

Cost competitiveness has differentiated the performance of paper mills, largely affected by location of the mills. Successful mills have been located near source of raw material i.e. wood as well as near source of coal, water and skilled labor. Availability and cost of power had also had a bearing on the performance of paper mills.

Demand is driven by general commercial activity and population growth. The profitability of individual companies depends on efficient operations, as products are sold mainly based on price. Big companies have advantages in distribution and can supply large customers. There are few economies of scale in manufacturing; large and small producers operate the same kinds of plants -- large producers just have more of them. Small companies can compete successfully by making specialty products or serving a small geographical market.

India is the fastest growing market for paper globally and it presents an exciting scenario; the operating capacity of the industry currently stands at 12.75 million metric tons. Of these, paperboard production is about 5.9 million metric tons, W&P constitutes 4.1 million metric tons and newsprint makes for 2.5 million metric tons. Amongst W&P, uncoated paper accounts for 84% or about 3.45 million metric tons (including creamwove 1.78 million metric tons; maplitho 0.90 million metric tons and copier

0.77 million metric tons) and the balance 16% is made up of coated paper (art board, art paper and chrome paper).

Paper consumption is poised for a big leap forward in sync with growing emphasis on education and literacy, along with the expected resurgence in the economy and is estimated to touch 13.95 million metric tons by 2017-18. While W&P is expected to reach 5.2 million metric tons, robust growth is expected in the copier variety which is likely to climb from the present 0.77 million metric tons to 1.25 million metric tons. Similarly, paperboard production is estimated to increase from the present 5.9 million metric tons to 7.6 million metric tons by 2017-18 with improved FMCG sales, wider reach of organized retail, penetration of healthcare into the rural economy, sustained demand for packaged products in line with rising aspiration levels and changing lifestyles.

It is estimated by industry experts that an increase in consumption by one kg per capita on a 100 basis point increase in GDP, would lead to an increase in demand of 1 million metric ton. With growth in GDP and increase in literacy, paper consumption in India is bound to go up. In fact, consumption in India is estimated to double by 2020.

THREATS & OPPORTUNITIES

For the Indian paper industry, strong economic growth has been accompanied by equally robust demand for paper. The demand drivers and growth triggers have come from a combination of factors:

- Rising level of national income;
- Growing per capita disposable income;
- Improving aspiration levels of the people;
- Expanding population;
- Widening spread of education and literacy throughout the country; and
- Increasing size of the service industry, higher level of industrial activity and corporate spending.

There is therefore enormous potential for the paper industry in the country. Yet, this is accompanied by serious challenges, primarily from rising raw material cost. Wood prices have shot up by over 200% in the past 24 months. Worse, supplies tended to dry up, with the result several paper producers have had to import expensive fiber/raw wood.

Given the wood resources and availability are limited across the country, cost of wood is much higher in India as compared to elsewhere in the globe. The official policies do not permit corporate farming which hampers securing wood and hence is a major challenge for the paper producers.

While the upstream companies with their integrated manufacturing facilities are able to partially shield themselves, non-integrated manufacturers are facing the brunt of the steep rise in pulp prices.

A major cost component of production is energy which has become a challenge for the manufacturers. The Government of India has withdrawn the core sector status hitherto enjoyed by the paper industry, which has made coal availability more challenging. Cost of coal is escalating and prospect of availability of quality coal is diminishing. This has escalated production costs of mills which are dependent on coal for generation of steam/power. Availability of power (quantity & quality), consistency in quality production and its costs add to the sensitivities of the industry, adversely impacting margins.

The paper and board industry has been determined to overcome the challenges such as enhancing competitiveness to face global competition, economies of scale, modernization of mills, building new capacities, meeting incremental demand of paper, productivity/quality improvement, creation of robust raw material base and environmental upgradation and green technologies. Until these constraints are overcome, manufacturers in the industry will find it difficult to compete with external threat or the supply overhang that persists in the paper and paperboard industry.

COMPANY PERSPECTIVE

International Paper APPM Limited (formerly known as The Andhra Pradesh Paper Mills Limited), is one of the largest integrated paper and pulp manufacturers in India.

Incorporated in 1964, the Company produces writing, printing and copier papers for foreign and domestic markets and offers a wide range of superior quality specialty grade products that are custom engineered to suit specific and diverse range of applications. These products are designed to provide outstanding converting performance, functional excellence and exceptional finish quality.

The well-known cut size papers of the Company offer a wide range of office documentation and multipurpose papers, from economy to premium grades, ideal for both home and commercial use. The papers are available in best-in-class brightness and produced with elemental chlorine free (ECF) pulp technology. The range is perfect for high volume photocopying and high-quality color printing needs and engineered to run flawlessly on all types of photocopiers, laserjet and inkjet printers, fax machines and multi functional devices.

The production facilities at Rajahmundry and Kadiyam (includes a recycle unit) have a total production capacity of 241,000 TPA. The Company employs around 2,500 employees and is headquartered at Hyderabad.

In 2011, the Andhra Pradesh Paper Mills Limited was acquired by International Paper (IP), a USD 24 billion American pulp and paper company founded in 1898. In the first significant domestic acquisition by a foreign paper company, IP bought 75% stake in the Company. IP, headquartered in Memphis, Tennessee, USA is the largest pulp and paper company in the world, with approximately 58,000 employees across 24 countries.

In December 2013, the Company was renamed as International Paper APPM Limited. The name change was intended to recognize the parentage of International Paper, while maintaining the link to the history and positioning of the Andhra Paper brand. This is also to ensure that future investments in brand-building are directed around the IP brand leveraging the Group's global presence and technology.

IP APPM is focused on people safety, efficiency enhancements and social and community programs backed up with its own pioneering work in raw material generation through social farm forestry. Across the Company, there is a strong strategic focus to drive future growth through building on the organization strengths to produce the highest in quality, ramping up of volumes and be a cost effective producer of paper.

The Company has always been conscious of its corporate responsibilities and follows a strict environmental policy. Investments continue to be made in achieving ambitious benchmarks to remain ahead of all compliance standards. Such efforts have helped protect and regenerate the natural resources, conserve energy and water, improve productivity and set a good environmental track record at the mills.

IP APPM has hugely improved its competitive strength and presently has the ability to overcome the pressure points that confront the industry. Several initiatives undertaken have improved the organizational capabilities, a few of which include: continued access to pulp of the highest quality, revamped processes incorporating the latest in production technology, enhanced manufacturing capacity, reduced use of fossil fuel, increased recovery process to recycle chemicals and water, improved productivity and quality of products, upgraded environmental technologies, all of which are leading to the production facilities becoming cost-competitive in manufacturing economics.

IP APPM is one of the largest integrated pulp & paper manufacturers in India and has done pioneering work in several areas in the pulp and paper industry in India. The Company holds ISO 14001, ISO 9001 & OHSAS 18001 certifications as well as the Forest Stewardship Council (FSC) Chain of Custody (COC) certification.

The Company's manufacturing units are briefly described below:

Unit:Rajahmundry is an integrated wood based paper mill with a rated capacity to produce 174,000 MT of finished paper and 181,500 MT of bleached pulp annually.

The unit manufactures uncoated writing and printing paper - mainly copiers, industrial papers and posters using Casuarina and Subabul as main source of pulp woods.

Unit:Kadiyam, the second manufacturing unit, has a rated capacity to produce 67,000 MT per annum of finished paper such as cream wove, azurelaid, colored copiers, kraft liner using recycled fiber and purchased pulp as base raw materials.

The paper industry is capital intensive with a large gestation period. Payback is partly earned through better product characteristics and value realization and partly by improving productivity. In its endeavor to match global standards, IP APPM has invested heavily in environment friendly technologies that facilitate increasing the overall quality of products and demonstrating productivity gains.

Over the past few years, IP APPM invested in certain key equipments and processes which include the following:

- A chipper line which enables more homogenous chips which in turn help produce good quality pulp;
- A continuous digester that works on low solid and low temperature cooking of chips;
- A two-stage oxygen delignification plant followed by an elemental chlorine free bleaching plant;
- A non-condensable gas burning system suitable for high volume and low concentration gases;
- A chemical recovery system based on high steam economy evaporation and crystallization technology for higher solids concentration;
- A recausticizing plant;
- A rotary lime kiln;
- A 34 MW turbine with a power boiler to supplement captive power; and,
- A diffused aeration system with cooling tower to improve the efficiency of the effluent treatment plant.

These plants and processes ensure consistent pulp quality with high strength properties, low consumption of utilities and chemicals and offer economies of scale. The Company

has improved the economics of production in the mill and exceeded current environmental norms applicable in the country.

The Company has been striving to produce higher grade varieties of paper that are in demand in the addressable markets. During the past two years, several newer and high-end writing and printing varieties were introduced.

In the copier and graphic papers, 90+ brightness paper was launched. For all grades, marketing and distribution is done primarily through a network of dealers. Some large consumers are also being catered to directly and the Company participates in government tenders. IP APPM products are exported to Middle East, North Africa and Latin America.

RAW MATERIAL

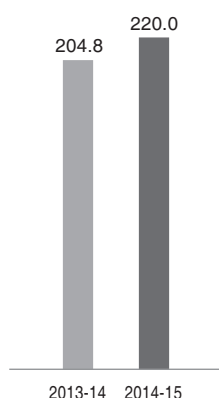
The Company has been in the forefront of pioneering work in raw material generation through social farm forestry. Indeed, IP APPM is becoming a driving force in sustainability in the paper manufacturing arena through focused social and community programs.

Starting from 1989, IP APPM has been the first to recognize the need to actively promote agro forestry with private land holders/farmers to meet its raw material needs in a sustainable manner. IP APPM has done path breaking work to develop its unique model of farm forestry that has helped the Company not only to create adequate supplies of wood in the catchment area but also develop a sustainable source of pulpwood for the future. The Company sells saplings, at concessional rate, from its nurseries and counsels farmers on the best methods to grow them thereby conserving natural resources and creating a healthier environment.

In 2014-15, IP APPM could source all its requirement of pulpwood within a radius of 350 kms (primarily within Andhra Pradesh and Telangana) and as in the past several years, majority of the procurement was obtained from the Company's own farm forestry initiative. The farm forestry program is based on developing massive plantations on marginal and degraded farm lands.

As in the past, the Company ensures that it gets majority of its requirement of pulpwood from its farm forestry efforts. While doing so, IP APPM supports farmer welfare programs and champions the cause of an ecofriendly environment. The clonal saplings distributed by the Company have started yielding results and the farmers have reported more than 100% improvement in yield per acre of wood produced.

Saplings distributed
Million



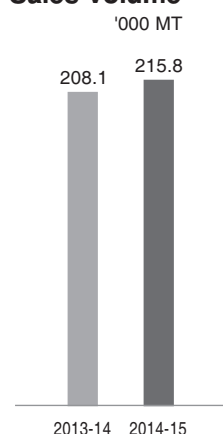
During 2014 planting year, approximately 220 million quality saplings were distributed covering an area of 30,656 hectares under plantation, as against development and distribution of 204.8 million saplings covering an extent of 28,019 hectares during the previous 2013 planting year. Research on clonal development has resulted in introduction of high yielding, disease resistant clones that are versatile to a wide variety of agro-climatic conditions in inland and coastal areas.

The initiatives taken with high yielding, short rotation planting stock will enhance raw material availability, spread over 214,000 hectares. These have generated a potential of over 107 million man-days especially in rural areas, so far.

The Company's sustainable farm forestry program represents a strong competitive advantage and has become an economic driver for regeneration of forests, maximization of plantation productivity, improvement in the finances of farmers which in turn would augment the long-term raw material security of the mill.

PERFORMANCE REVIEW

Sales volume



As in the earlier years, the focus of the Company has been to do everything that International Paper stands for: the way we operate our business, the way we serve our customers, and the way we lead, develop and grow our people. The essential element of our long-term value creation strategy is to be one of the best respected companies in India. Throughout the year, all aspects of the business continued to be centred on safety, people, customers, operational excellence, sustainability and thereby become profitable and generate a free cash flow.

In a bid to ensure long-term sustainable growth, the endeavor of the Company has been to adopt strategic principles that enhance overall performance. The Company strived to become the low cost producer; fine tune customer support processes and systems to add excellence in delivery; and expand in printing and writing segments to be a leading supplier of premium grade products in the Indian market.

Despite a challenging environment, sales volume was 215,846 MT as compared to 208,089 MT in 2013-14. 14% of the revenues were from exports (previous year 8%) with domestic sales accounting for the balance 86%.

In a highly competitive market, upward price revisions across all grades were made and together with a change in the product mix, the Company earned 1.5% higher Net Sales Realization per MT over that recorded in the previous year.

IP APPM produced 216,619 MT of paper in the year ended March 2015 as against 210,584 MT in 2013-14. Capacity utilization climbed to 90.2% during the year, from 87.7% in the previous year. With higher thru'put at the pulp mill, productivity and overall machine efficiency (OME) was enhanced.

Continuous efforts were made to become a low cost producer, with raising the operating efficiencies and optimizing material consumption. Power consumption per ton of paper produced was lower by 1.6% as compared to 2013-14. Power cost for the year was hence lower at ₹86.1 crore while it was ₹87.7 crore in 2013-14. Coal consumption came down by 11.5% even as the paper production was stepped up by 2.9%. Water intake was about 8% lower than the laid down norms. With larger thru'put, chemical usage came down, while the recovery percentage was maintained at 97.8% during 2014-15, almost identical to the recovery rate in the previous year. Control on overhead expenses also yielded results.

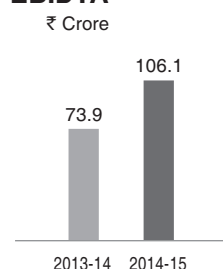
Improving the manufacturing reliability was an aggressive initiative with better planning and scheduling as well as focused machine wise product strategy to secure continuous runs and lower downtime. This strategy helped raise the on-time-in-full (OTIF) performance by 8%.

The net revenue from operations was 3.9% higher at ₹1134.95 crore compared to ₹1091.65 crore in the previous year. The EBIDTA margin was higher, up by 43.5% at ₹106.1 crore as compared to ₹73.9 crore in the previous year. EBIDTA as percentage of revenue increased to 9.3% in 2014-15 from 6.7% in 2013-14.

Debt was reduced by repayment of ₹62 crore with the result the debt-equity ratio was lower at 1.21:1 as against 1.37:1 at the beginning of the year. Interest cost as a percentage of both volume sold and revenue came down.

The Company generated ₹130.0 crore cash from operations in the year under review as compared to ₹20.3 crore in 2013-14. The net profit for the year was ₹0.25 crore while the previous year had ended at a loss of ₹41.61 crore.

EBIDTA



The year hence witnessed a remarkable turnaround despite the challenges of a sluggish market and firmness in raw material cost.

INTERNAL FINANCIAL CONTROL

IP APPM understands that financial risks can distort the financial reporting and disclosures. IP APPM recognizes that such risks, if not managed well, can affect its customers, employees, shareholders and other stakeholders. To manage these risks, the Company has designed various controls around its key financial processes and carries out periodical assessments of the adequacy and effectiveness of such controls.

Such controls are tailor made keeping the business and operation environment and dynamics of IP APPM. A comprehensive control design and assessment framework has been prepared to see through the risks and periodic changes are made in line with emerging complexities and business needs. Impact of the financial risks and Company's exposures are managed optimally without hampering the business growth and opportunities. The systems are aligned to deliver safe, reliable and a compliance focused business practices.

The rigorous internal financial control policies and procedures facilitate orderly and efficient conduct of business, enable adherence to corporate policies, safeguard assets, prevent and detect frauds and errors and ensure timely preparation of accurate, complete and reliable financial statements.

The controls and procedures are designed to provide adequate disclosure including deviations from control systems; enable evaluation of the effectiveness of the laid down systems; and offer reasonable assurance about the disclosure and reporting practices.

INFORMATION TECHNOLOGY

The Company's approach towards Information Technology (IT) is to enable business processes and systems through strategic adoption of IT. These cover all the operating areas including manufacturing, sales and marketing, human resources and forestry. During 2014-15, the Company implemented several IT systems and processes including an upgrade to the intranet, a new time & attendance system, automation of weighbridge operations, automation of accounts payable and label printing systems at Rajahmundry and SN Palem. The Company is also in the process of implementing an upgrade to the current SAP based ERP system. The project will automate and integrate finance, control, purchasing and project management functions providing operational efficiency, cost reduction, improved controls and management information systems.

During the year, the Company also completed development of a Business Continuing Plan (BCP) to provide a framework and response plan in case of disasters. Implementation and monitoring of the BCP is an ongoing activity.

HUMAN RESOURCES

People are fundamental to our business success. While pursuing best-in-class performance, the Company is significantly increasing its investment in its employees with training and development. There is a continuous effort to improve the working environment with focus on employee well-being and capability building to enable them to perform at their best for the Company. We develop leaders at global platforms at regular intervals as a part of our commitment to engage and retain talent. We offer robust leadership development efforts to hone employee skills and help keep the Company ahead of the curve.

IP APPM invests in training and knowledge at all levels in order to align employees with market needs, technology upgradation, process improvements, innovation and behavioral competencies. As a responsible organization, the Company strongly advocates cultural diversity by rotating talent across the globe within International Paper and nurtures them through best-in-class training & development facilities.

Post-training, participants have been able to demonstrate a different attitude and add significant value at work. A delegated authority structure has further improved the Company performance as the knowledge base is well spread within the organization leading to dynamic benchmarking amongst departmental teams. The performance management system is administered as an enabling tool to help associates achieve both short term and longer term goals. Overall, employee engagement levels stand elevated.

In order to achieve planned growth, each team member is encouraged to perform to potential. The Company embraces flexibility, open mindedness and innovation with the result individuals and teams find new paper solution, an innovative logistics answer or a bold marketing idea.

There has been a visible qualitative improvement with change in approach and thought process. In a positive work environment, the operating teams have been able to promise and perform to meet expectations.

The decentralized professional management structure is fully empowered. The Company stands revitalized today and the employees remain encouraged with the market opportunities and ready for business challenges.

Training in safety practices, enhancing operations and providing practical proposals have gone a long way towards improving occupational safety. IP APPM strives to achieve a zero incident rate since it attaches great importance to safety of its employees. Potential risks have been identified by critical task observation and suitable control measures developed.

OUTLOOK

Over the past few years, we have continuously improved and the entire team at IP APPM is committed to making sure that the present momentum is maintained in the future as well.

Considerable up-gradation has been done to the systems and processes to enhance productivity, performance and accountability; significant investment has been made in people development, operational excellence, customer contact and sustainable solutions; increased employee engagement; considerable work done to become a very low cost producer; improved manufacturing reliability levels; and overall created a winning organization. All of these, are being put together to make IP APPM the most competitive company in the industry.

The results are beginning to show. The Company is performing better on all fronts and has been expanding its operational efficiency across the value chain to gain the competitive edge. The focus continues to be on safety, customer support excellence, product development, supply chain management, quality control, OME, strategic market alliances and volume expansion.

Management of Risks

Risks and uncertainties are an inherent part of every business, and yet it is important to identify the risks and take proactive steps to mitigate and minimize them. IP APPM identifies and evaluates risks as early as possible and limits business losses by taking suitable measures. The Company aims to avoid risks that pose a threat to its sustainable growth.

IP APPM understands that risks can negatively impact fruition of both short-term operational and long-term strategic goals. Risk management is a part of the Company's business planning and controlling process.

The Company operates a framework created in line with its parent organization, customizing to fit into the local requirement, through which financial risks have been identified based on their severity. These risks are identified on a continuous basis through business process studies, internal audits, financials reviews etc. IP APPM understands certain inherent financial risks which are imperative due to the environment in which it operates.

Depending on the dynamics and severity, risks are documented and prioritized for assessment of their impact. Various financial risks such as credit risks, treasury risks, finance transactional risks, reporting risks are measured vis-à-vis regulatory risks, compliance risks are embedded into IP APPM's overall enterprise risk framework depending on their severity and are reviewed for their impact on the business objectives of the Company.

IP APPM proactively manages finance risks to maintain prudent operations. These risks are classified as short to medium to long depending upon their impact and remedial options. They are reported and reviewed at appropriate managerial level. Depending upon severity of such risks, they are further reported to the Audit Committee and Board of Directors as applicable. IP APPM effectively uses management reporting tools such as legatrix, QR-16 to report material financial risks at appropriate levels.

The following factors are considered for determining the materiality:

- Some events may not be material individually but may be found material collectively;
- Some events may have material impact qualitatively instead of quantitatively;
- Some events may not be material at present but may have material impact in future.

The industry specific risks are broadly discussed below:

RAW MATERIALS

The paper industry requires a sustainable supply of wood to survive and flourish. Wood accounts for approximately 40% of the cost of production. Any threat in supplies would adversely affect the survival of the paper industry.

At IP APPM, the availability of raw material is given foremost priority. Every possible effort is made to encourage land owners in the vicinity of the mill to grow more than twice the number of trees than that are required. They are also counseled on nurturing the trees so that availability is guaranteed.

Subabul and casuarina are the two varieties majorly used by IP APPM as raw materials for paper production. Both are natural resources, and therefore not taken for granted.

The quality of products and customers' acceptance depends on the quality of raw materials and IP APPM's ability to deliver in a timely manner and it is imperative that availability is ensured, in the required quantities, of the specified quality/standard/specification for uninterrupted production processes.

The risk is being mitigated by encouraging environment friendly farm forestry practices and assisting land owners to cultivate trees on fallow wastelands.

For over two decades now, IP APPM has catalyzed the generation of raw materials in its catchment area through farm/social forestry. The Company ensures conservation and regeneration of natural resources, helps farmers to create sustainable income streams and in the process, protects adequate availability of quality raw materials for paper manufacture. These arrangements have been working satisfactorily in the past and IP APPM has been procuring the required raw material in sufficient quantities at competitive rates.

The Company endeavors to ensure raw material security while enabling the farmers to avail remunerative prices, thus creating a sustainable future.

GENERAL ECONOMIC FACTORS

Adverse business developments could have a negative effect on the demand for paper products, financial conditions and results of operation. The paper industry has a positive correlation to economic development and lower GDP growth could affect business fortunes.

Global pressures notwithstanding, the Indian economy is expected to grow much higher than the world average and report a GDP growth of around 7.8% in 2015-16. The paper industry will benefit from the stimulus packages and investment in education being made by the Union Government. Higher literacy and aspiration levels of the people are expected to further increase the rate at which the paper industry is growing.

CYCLICALITY OF INDUSTRY

Cyclical demand for paper could have an adverse impact on sales. The reduction in sale prices will affect IP APPM's operations. The cyclical nature of the business could depress margins or growth.

Demand for paper is cyclical. The industry's performance depends on the global pulp and paper demand-supply situation. IP APPM derives its revenue from sale of quality paper and has de-risked its business by being an integrated manufacturer. This ensures that the production costs are competitive.

More significant, IP APPM has continuously rationalized and strived to improve efficiencies to lower its costs, added to its scale of operations and stepped up its volume of value-enhancing products. Efforts are being made to lower the fixed costs per ton of product to protect margins.

HEIGHTENED COMPETITION IN THE INDUSTRY

There is increased competition from manufacturers and addition to capacities by many of them will add to pressures in the market. It's a highly competitive field with several peers seeking to improve their market presence.

Paper consumption would continue to increase with the GDP. The paper industry experience shows increase in consumption by one kg per capita would lead to an increase in demand of 1 million metric ton. Demand increase can benefit all industry participants, although there is no assurance that the gains will be shared by all the players equally.

IP APPM has grown into one of the most competitive producers of pulp and paper, and with its product development, investment in quality and branding, the Company retains a significant competitive edge in the market. IP APPM has been recognized for the branding and quality of its grades and the newly introduced varieties have been received well by the market. Leadership positions in terms of product quality have been earned over the decades in some of the key segments such as copiers and high-grade writing and printing papers and the Company is rated amongst the top three in terms of quality in almost all its product segments.

PRODUCT SUBSTITUTION

Paper enjoys a unique position with as a recyclable, renewable, low cost product with really no low cost substitution threat. However, the electronic medium has reduced the archiving needs that were met by lower grades of paper which could impact demand pull within the Cream wove category.

Per capita consumption of paper in India currently stands at 10 kgs. This is low compared to global standards and can only grow as knowledge and literacy levels increase and aspiration and quality of life improves.

Growth in demand and consumption of both lower and high-grade writing and printing papers has outpaced the threats with higher usage in the copier and stationery segments. IP APPM sees no threat in the short and medium term within its product categories since all of them are growing, especially given the low base in paper usage and consumption.

TECHNOLOGY

The best in the industry use state-of-the-art technology and achieve multiple objectives including enhanced productivity, high-end quality and compliance with environmental norms. This initiative will remain the industry standard to stay globally competitive. Failure to keep pace with production technology can lower the competitive edge indigenously and globally.

As an International Paper owned company, IP APPM believes in conserving natural resources and benchmarks itself with the best in the global paper industry. Efforts are ongoing to enhance its processes and optimize on resources to meet the needs of the market. The Company is committed to consistently reduce its cost of production by adopting the latest in technology while improving the quality of its end product.

UTILITIES

The paper industry needs large quantities of power, fuel and water to operate. Lack of availability of any of these utilities can add to the cost sensitivities of the industry.

IP APPM has minimized its risk by investing in a recovery boiler, a coal fired boiler and a 34MW turbine that supplements the power drawdown from the grid. Availability and quality of coal supplies have improved. The Company salvages the residual lignin in wood in its pulping process to fire the boiler and hence uses every part of the wood. IP APPM has considerably reduced its need for fossil fuels and made adequate plans to protect its needs.

There is adequate availability of coal for IP APPM as the Company has ties with producers such as Singareni Collieries and Mahanadi Coalfields Limited for uninterrupted supplies.

Unit: Rajahmundry is adjacent to the River Godavari which has copious availability of water. Yet, the mill has invested in suitable processes to recycle water and strives to conserve use of precious natural resource. As far as possible, the Company recycles water and, more important, minimizes wastages. Over the years, IP APPM has been consistently reducing energy and water costs per MT of product manufactured.

EXCHANGE RATE

Currency exchange rates could undergo changes with the Indian rupee turning volatile for most part of the year. This could have a potential impact on the export earnings of the Company.

IP APPM is conscious and watchful of the rupee's movements. Hedging is done wherever necessary and forward covers are taken to protect the Company's interests. The Company is also conservative in booking the unfavorable impact of exchange fluctuations as soon as the impact is determined. Prudential accounting norms are followed in line with the Accounting Standards.

INTEREST RATE

The Company's operations are subject to high working capital requirements. Inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, could adversely affect operations, financial condition and profitability. Interest rate risk resulting from changes in prevailing market rates can cause an impact on the financials of the Company.

IP APPM's financial instruments comprise borrowings, cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from operations. The principal risk arising from the Company's financial instruments is liquidity and interest rate risk.

Risks from cash flow fluctuations are recognized in a timely manner as part of the liquidity planning. Receivables from customers as at March 31, 2015 were under control at 19 days. The current ratio was 0.64:1 and the debt:equity ratio was 1.21 as at the balance sheet date on March 31, 2015.

On an on-going basis, the Company finances its operations through a mix of retained profits and borrowings from financial institutions and banks.

Borrowings are at both fixed and floating rates of interest. The Company's operations are principally financed by floating rate borrowings whereas significant investments are generally financed through fixed rate borrowings.

Although interest rates have hardened, IP APPM is conscious of the dynamics of the market, and has taken effective steps to not only reduce costs and improve margins but also be in a position to report higher post tax profits. Generating free cash flow will remain a priority.

ENVIRONMENT

The pulp and paper industry has a commitment to the environmental protection, and it would be essential to remain sensitive to the needs of the planet.

As a responsible corporate citizen, IP APPM has hugely minimized the impact of mill operations by taking a proactive role. The Company encourages planting twice the number of trees than it harvests and reduces water consumption year after year.

The latest technology has been adopted for elemental chlorine-free bleaching of pulp and recycling of water.

Efficiency of the effluent treatment plant has been improved with diffused aeration system and by installing a cooling tower.

IP APPM installed a Non-Condensable Gases (NCG) system, both for the collection and incineration of high volume low concentration and low volume high concentration gases. This has made the mill and surrounding environment odor free. IP APPM also installed high efficiency ESPs to contain suspended particulate matter to less than 50 ppm.

Several such initiatives have been taken to ensure IP APPM meets high standards much before the standards are laid down or implemented by all regulatory authorities.

Report on Corporate Governance

1. Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of the business and to meet its obligations to the stakeholders. The Company firmly believes that practice of Corporate Governance inter alia should aim at meeting the aspirations of the stakeholders and the expectations of the society at large. Accordingly, the Company believes in and has consistently practiced good Corporate Governance. In pursuance of this philosophy, the management adheres to transparency, professionalism and accountability in performance of its role.

2. Board of Directors

Composition of Board

- As on March 31, 2015, the Company has 9 Directors with one Chairman & Managing Director. Of the 9 Directors, 5 are Non-Executive Independent Directors, 3 are Non-Executive Non-Independent Directors and one Executive Director. The Composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreements.
- None of the Independent Directors is director in more than seven listed companies. No Executive Director serves as an independent director in more than three listed companies. None of the Directors on the Board is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he/she is a director.

Meetings of the Board

- During the financial year four meetings of Board of Directors were held on April 22, 2014; July 22, 2014; October 17, 2014 and January 22, 2015.
- The maximum gap between two meetings was less than 120 days as stipulated under the Clause 49 of the Listing Agreement.
- Board Meetings/AGM - Attendance and Directorships/Committee Memberships:

Attendance of each Director at the meetings of Board of Directors held during the financial year, last Annual General Meeting (AGM) and the number of other Boards and Board Committees in which he/she is a member or chairperson:

Name	Category of Directorship	Attendance Particulars		No. of other directorships ¹	Committee Membership(s) ²	
		No. of Board Meetings	Last A.G.M.		Member	Chairman
EXECUTIVE DIRECTORS						
Mr. Rampraveen Swaminathan ³	Chairman & Managing Director	4	Yes	—	—	—
NON-EXECUTIVE DIRECTORS						
Mr. W. Michael Amick Jr. ⁴	Director	3	Yes	—	—	—
Mr. Thomas G. Kadien	Director	4	No	—	—	—
Mr. Kenneth P. Huelskamp ⁵	Director	1	NA	—	—	—
Mr. Michael Baymiller ⁶	Director	3	No	—	—	—
Ms. Shiela P. Vinczeller	Director	4	No	—	—	—
Ms. Jayashree Satagopan ⁷	Director	2	No	—	—	—
Mr. M.S. Ramachandran	Independent Director	4	No	5	3	—
Ms. Ranjana Kumar	Independent Director	3	No	4	1	1
Mr. M.K. Sharma ⁸	Independent Director	3	No	9	7	1
Mr. Adhiraj Sarin	Independent Director	4	Yes	—	—	—
Mr. Milind Sarwate	Independent Director	4	Yes	4	—	4
Mr. Praveen P. Kadle	Independent Director	3	No	9	3	1

¹ Excluding foreign companies, private limited companies, companies having license under Section 8 of the Companies Act, 2013 and alternate directorships.

² Memberships/chairmanships of only the Audit Committee and Stakeholders Relationship Committee have been considered.

³ Change in designation from Managing Director & CEO to Chairman & Managing Director with effect from November 1, 2014.

⁴ Resigned from the Board of Directors as Executive Chairman with effect from October 31, 2014 and continued as Non-Executive Director with effect from November 1, 2014. Resigned from the Board of Directors as Director with effect from January 19, 2015.

⁵ Resigned from the Board of Directors with effect from July 14, 2014.

⁶ Resigned from the Board of Directors with effect from December 1, 2014.

⁷ Appointed as Non-Executive Director with effect from July 22, 2014.

⁸ Resigned from the Board of Directors with effect from January 22, 2015.

- Note: 1. A separate meeting of Independent Directors was held on January 22, 2015 and all independent directors except Mr. Praveen P. Kadle attended the meeting.
2. The Company formulated familiarization programme for the Independent Directors and the same was displayed on the Company's website viz. www.ipappm.com.

3. Audit Committee

Terms of reference

Brief description of terms of reference of Audit Committee as per the Charter approved by the Board:

- a. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure accuracy and correctness;
- b. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d. Discussion and review, with the management and auditors, of the annual/quarterly financial statements before submission to the Board, with particular reference to the following:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report;
- e. Review the functioning of the whistle blower mechanism;
- f. Evaluation of internal financial controls and risk management systems.

Composition and Meetings

- i. As at April 1, 2014, the Audit Committee comprised of five members viz., Mr. Milind Sarwate (Chairman), Mr. M.K. Sharma, Mr. Praveen P. Kadle (Non-Executive Independent Directors) and Mr. Thomas G. Kadien (Non-Executive Director) and Mr. W. Michael Amick Jr. (Executive Director).

The following changes took place in the composition of the Audit Committee during the year:

Mr. W. Michael Amick Jr. ceased to be a Member of Audit Committee consequent upon his resignation as Executive Chairman with effect from October 31, 2014.

The Board at its meeting held on October 17, 2014 reconstituted the Committee by appointing Mr. Rampraveen Swaminathan as Member on the Audit Committee with effect from November 1, 2014.

Mr. M.K. Sharma ceased to be a Member of Audit Committee consequent upon his resignation from the Board with effect from January 22, 2015.

The Board at its meeting held on January 22, 2015 reconstituted the Audit Committee by appointing Mr. Adhiraj Sarin as Member on the Audit committee.

The composition of Audit Committee as on March 31, 2015 is as follows:

Name	Designation
Mr. Milind Sarwate	Chairman
Mr. Praveen P. Kadle	Member
Mr. Adhiraj Sarin	Member
Mr. Thomas G. Kadien	Member
Mr. Rampraveen Swaminathan	Member

All the above members are Independent Directors except Mr. Thomas G. Kadien and Mr. Rampraveen Swaminathan. All members of Audit Committee are financially literate and Mr. Milind Sarwate and Mr. Praveen P. Kadle have accounting and related financial management expertise.

- ii. During the financial year, Audit Committee met on April 21, 2014; July 22, 2014; October 17, 2014 and January 21, 2015

The details of the meetings attended by the Members are given below:

Name	Number of Meetings held	Number of Meetings attended
Mr. Milind Sarwate	4	4
Mr. M.K. Sharma	4	2
Mr. Praveen P. Kadle	4	4
Mr. Thomas G. Kadien	4	4
Mr. W. Michael Amick Jr.	3	3
Mr. Rampraveen Swaminathan	1	1
Mr. Adhiraj Sarin*	NA	—

*Mr. Adhiraj Sarin was appointed as Member at the Board Meeting held on January 22, 2015.

The maximum gap between two meetings was less than four months as stipulated under Clause 49 of the Listing Agreement.

Mr. C. Prabhakar, Sr. Vice President (Corporate Affairs) & Company Secretary acts as the Secretary to the Committee.

4. Nomination and Remuneration Committee

Brief description of terms of reference of Nomination and Remuneration Committee as per the Charter approved by the Board:

Terms of reference

- Identifying the persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance;
The expression 'Senior Management' means the personnel of the Company who are members of its Core Management Team excluding the Board of Directors, comprising all members of management one level below the Executive Directors including the functional heads;
- Formulating criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Devise a policy on Board diversity;
- Recommending the remuneration of managerial personnel viz. Managing Director or Whole-time Director.

Composition and Meetings

As at April 1, 2014 Remuneration Committee comprised of 3 independent Directors viz. Mr. M.S. Ramachandran (Chairman); Mr. M.K.Sharma (Member) and Mr. Adhiraj Sarin (Member).

Pursuant to Section 178 (1) of Companies Act, 2013, the Board at their meeting held on April 22, 2014, constituted Nomination and Remuneration committee with the following Members and Remuneration Committee constituted earlier was superseded:

Name	Designation
Mr. Adhiraj Sarin	Chairman
Mr. M.K.Sharma	Member
Ms. Shiela P. Vinczeller	Member

The following changes took place in the composition of the Nomination and Remuneration Committee during the year:

The Board at its meeting held on October 17, 2014 reconstituted the Committee by appointing Mr. Rampraveen Swaminathan as Member on Nomination and Remuneration Committee.

Mr. M.K. Sharma ceased to be a Member of the Nomination and Remuneration Committee consequent upon his resignation from the Board with effect from January 22, 2015.

The Board at their meeting held on January 22, 2015 reconstituted the Committee by appointing Mr. M.S. Ramachandran as Member on Nomination and Remuneration Committee.

The composition of Nomination and Remuneration Committee as on March 31, 2015 is follows:

Name	Designation
Mr. Adhiraj Sarin	Chairman
Mr. M.S. Ramachandran	Member
Ms. Shiela P. Vinczeller	Member
Mr. Rampraveen Swaminathan	Member

All the above members are Non-executive Directors except Mr. Rampraveen Swaminathan. Mr. Adhiraj Sarin and Mr. M.S. Ramachandran are Independent Directors.

During the financial year, Nomination and Remuneration Committee met on July 15, 2014; October 17, 2014 and January 21, 2015.

The details of the meetings attended by the Members are given below:

Name	Number of Meetings held	Number of Meetings attended
Mr. Adhiraj Sarin	3	3
Mr. M.K. Sharma	3	2
Ms. Shiela P. Vinczeller	3	3
Mr. Rampraveen Swaminathan	1	1
Mr. M.S. Ramachandran*	N.A	—

* Mr. M.S. Ramachandran was appointed as Member at the Board Meeting held on January 22, 2015

i. Remuneration to Executive Director

- The details of remuneration paid to Mr. Rampraveen Swaminathan, Chairman & Managing Director during the financial year ended March 31, 2015 is given below:

In ₹ Lakhs

Salary & allowances	Perquisites	Contribution to provident fund, superannuation fund and gratuity	Total
219.23	0.56	10.92	230.71

- The contracts with Executive Directors are terminable by giving six months notice on either side.

ii. Payments to Non-Executive Directors and Criteria for making payments

- The details of sitting fees paid to the Non-Executive Directors during the financial year ended March 31, 2015 were as follows:

Name	In ₹ Lakhs*
Mr. M.S. Ramachandran	3.95
Ms. Ranjana Kumar	3.70
Mr. M.K. Sharma	4.65
Mr. Adhiraj Sarin	5.45
Mr. Milind Sarwate	5.65
Mr. Praveen P. Kadle	4.65
TOTAL	28.05

*The amount is exclusive of Service Tax

The Board of Directors at its meeting held on July 22, 2014 approved to pay Non-Executive Directors a sitting fees of ₹100,000 per meeting for attending the Board Meeting and ₹75,000 per meeting for attending the Committees of Board Meetings with effect from July 1, 2014.

b. Shareholding of Non-Executive Directors

None of the Non-Executive Directors holds equity shares of the Company.

5. Stakeholders Relationship Committee

As at April 1, 2014 Investors' Grievance Committee comprised of one independent Director and two Executive Directors viz. Ms. Ranjana Kumar (Chairperson); Mr. W. Michael Amick Jr. (Member) and Mr. Rampraveen Swaminathan (Member)

Pursuant to the provisions of Section 178(5) of Companies Act, 2013 and revised Clause 49 of Listing Agreement, the Board at their meeting held on April 22, 2014, had renamed Investors' Grievance Committee as Stakeholders Relationship Committee.

During the financial year, the Stakeholders Relationship Committee met on July 15, 2014 and all the Members viz. Ms. Ranjana Kumar, Chairperson, Mr. Rampraveen Swaminathan and Mr. W. Michael Amick Jr. attended the meeting.

Mr. W. Michael Amick Jr. ceased to be a member of Stakeholders Relationship Committee consequent upon resignation from the Board with effect from October 31, 2014.

The Board at its meeting held on October 17, 2014 reconstituted the Stakeholders Relationship Committee by appointing Ms. Jayashree Satagopan as Member of the Stakeholders Relationship Committee with effect from November 1, 2014.

The composition of Stakeholders Relationship Committee as on March 31, 2015 is as follows:

Name	Designation
Ms. Ranjana Kumar	Chairperson
Mr. Rampraveen Swaminathan	Member
Ms. Jayashree Satagopan	Member

The Committee has been constituted to look into the redressal of shareholders and investors' complaints like non-receipt of share certificates sent for transfer, non-receipt of balance sheet, non-receipt of declared dividends, etc. The Committee also approves issue of duplicate share certificates and oversees the matters connected with the transfer of securities.

The Board designated Mr. C. Prabhakar, Sr. Vice President (Corporate Affairs) & Company Secretary as Compliance Officer.

The details of the status of complaints received from the shareholders during the financial year ended March 31, 2015 are furnished below:

Pending as on April 1, 2014	Nil
Received during the financial year	12
Redressed during the financial year	12
Pending as on March 31, 2015	Nil

6. Risk management

The risks faced by the paper industry and the Company along with risk mitigation measures are elaborately discussed in Management Discussion & Analysis forming part of the Annual Report.

7. General Body Meetings

- i. The location and time of the last three Annual General Meetings held:

Year ended	Date and time	Venue
December 2011	March 22, 2012 at 3.00 p.m.	Cherukuri Subbarao Gannemma Udyana Kalyanavedika, Jawaharlal Nehru Road, Rajahmundry - 533 103
March 2013	August 6, 2013 at 11.30 a.m.	Cherukuri Subbarao Gannemma Udyana Kalyanavedika, Jawaharlal Nehru Road, Rajahmundry - 533 103
March 2014	August 27, 2014 at 11.30 a.m.	Cherukuri Subbarao Gannemma Udyana Kalyanavedika, Jawaharlal Nehru Road, Rajahmundry - 533 103

- ii. Special Resolutions passed in the previous three Annual General Meetings:

Date	Description of Special Resolutions passed
March 22, 2012	1. Re-designation of Mr. Paul Brown as Executive Chairman; 2. Waiver of recovery of excess remuneration paid to Executive Directors.
August 6, 2013	1. Appointment of Mr. W. Michael Amick Jr. as a Director & Executive Chairman; 2. Payment of minimum remuneration to Mr. Rampraveen Swaminathan, Managing Director & CEO; 3. Payment of minimum remuneration to Mr. P.K Suri, former Director (Operations).
August 27, 2014	1. Borrowing of moneys in excess of the aggregate of the paid up share capital and free reserves of the Company; 2. Creation of mortgage and/or charge and/or hypothecation on movable and/or immovable properties of the Company.

- iii. No special resolution was passed through postal ballot during the financial year ended March 31, 2015. However, all resolutions were passed through E-voting and physical ballot at the 50th Annual General Meeting of the Company held on August 27, 2014.
- iv. At present no special resolution is proposed to be passed through postal ballot. The procedure laid down in the Companies (Management and Administration) Rules, 2014 would be followed as and when necessary.

8. Disclosure on materially significant related party transactions

During the financial year, there were no materially significant related party transactions that have potential conflict with the interests of the Company at large.

9. Details of non-compliance by the Company

There were no penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

10. Code of Conduct for Directors and members of senior management

The Company adopted a Code of Business Conduct and Ethics for its Directors and members of senior management. The Code has also been posted on the Company's website: www.ipappm.com. The Chairman & Managing Director has given a declaration that all the Directors and members of senior management have affirmed compliance with the Code of Conduct.

11. CEO/CFO Certification

A certificate duly signed by Chairman & Managing Director and CFO relating to financial statements and internal controls and internal control systems for financial reporting as per the format provided in Clause 49 of the Listing Agreement was placed before the Board and was taken on record.

12. Whistle Blower Policy

The Company has formulated Whistle Blower Policy and established a mechanism for directors and employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism provides for adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy is displayed on the Company's website viz., www.ipappm.com.

13. Means of Communications

Quarterly, half-yearly and annual financial results are usually published in Business Line (English Version) and vernacular regional newspaper viz. Andhra Prabha. Results are displayed on the Company's website: www.ipappm.com

Official news releases, detailed presentations are proposed to be made to media, analysts, institutional investors etc.

The Management Discussion & Analysis forms part of the Annual Report.

14. General Shareholder Information

	Date & time	Venue
51st Annual General Meeting	August 27, 2015 at 11.30 a.m.	Cherukuri Subbarao Gannemma Udyana Kalyanavedika, Jawaharlal Nehru Road, Rajahmundry - 533 103, East Godavari District, Andhra Pradesh, India

15. Financial calendar (Tentative and subject to change)

Financial year: April 1, 2015 to March 31, 2016

Particulars	Period ended	On or before
Unaudited financial results for the quarter ending	June 30, 2015	August 14, 2015
Unaudited financial results for the quarter ending	September 30, 2015	November 14, 2015
Unaudited financial results for the quarter ending	December 31, 2015	February 14, 2016
Audited financial results for the year ending	March 31, 2016	May 30, 2016
Annual General Meeting for the year ending	March 31, 2016	September 30, 2016
Details of Book Closure	August 21, 2015 to August 27, 2015 (both days inclusive)	

16. Listing on stock exchanges

BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	National Stock Exchange of India Limited (NSE) 'Exchange Plaza' Bandra-Kurla Complex Bandra (East), Mumbai - 400 051
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The Company paid the annual listing fees for the financial year 2015-16 in April 2015 to BSE and NSE.

17. Stock code

BSE	502330
NSE	Symbol: IPAPPM Series: EQ
ISIN (for Dematerialization)	INE435A01028

18. The details of monthly high and low quotations of the equity shares of the Company traded on the stock exchanges are given below:

a. BSE

Month		Share price ₹		BSE Sensex	
		High	Low	High	Low
2014	April	268.90	227.70	22939.31	22197.51
	May	261.65	225.70	25375.63	22277.04
	June	285.50	236.00	25725.12	24270.20
	July	307.95	241.25	26300.17	24892.00
	August	327.00	275.50	26674.38	25232.82
	September	394.50	287.40	27354.99	26220.49
	October	327.85	280.00	27894.32	25910.77
	November	314.80	242.00	28822.37	27739.56
	December	274.00	221.45	28809.64	26469.42
2015	January	297.00	233.80	29844.16	26776.12
	February	278.00	246.55	29560.32	28044.49
	March	389.00	255.00	30024.74	27868.21

b. NSE

Month		Share price ₹		S & P CNX NIFTY	
		High	Low	High	Low
2014	April	269.00	227.00	6869.85	6650.40
	May	261.90	230.05	7563.50	6638.55
	June	283.10	240.30	7700.05	7239.50
	July	307.85	242.10	7840.95	7422.15
	August	327.00	278.30	7968.25	7540.10
	September	394.00	286.55	8180.20	7841.80
	October	327.30	280.05	8330.75	7723.85
	November	315.00	241.15	8617.00	8290.25
	December	273.90	221.30	8626.95	7961.35
2015	January	297.40	234.55	8996.60	8065.45
	February	278.45	245.55	8941.10	8470.50
	March	389.70	255.00	9119.20	8269.15

19. Registrar and Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Serilingampally
Hyderabad - 500 032
Toll Free No. (India) 1800 4250 999
Phone : +91 40 6716 1500
Fax : +91 40 2342 0814
Email : einward.ris@karvy.com
Contact Person: Mr. M.S. Madhusudhan - General Manager
Mr. R. Chandra Sekher - Senior Manager (Registrar in Securities)

20. Share transfer system

The share transfers are being approved by the authorized persons as per the delegation of powers by the Board once in every 10 days. The average time taken for registering the share transfers is approximately 10 days from the date of receipt of request.

21. Distribution of equity shareholding as on March 31, 2015

Nominal value of equity shares ₹	Shareholders		Value	
	Number	%	₹	%
1 - 5000	10,821	87.80	11,794,570	2.97
5001 - 10000	677	5.49	5,231,770	1.31
10001 - 20000	361	2.93	5,361,820	1.35
20001 - 30000	133	1.08	3,411,740	0.86
30001 - 40000	58	0.47	2,064,020	0.52
40001 - 50000	48	0.39	2,236,420	0.56
50001 - 100000	109	0.89	7,708,060	1.94
100001 and above	117	0.95	359,891,990	90.49
TOTAL	12,324	100.00	397,700,390	100.00

Category of equity shareholders as on March 31, 2015

Category	No. of shares held	%
A. Foreign promoter	29,827,529	75.00
B. Public shareholdings		
1. Institutional investors		
a. Mutual funds, financial institutions, banks and insurance companies	1,223,857	3.08
b. Foreign institutional investors	363,294	0.91
c. Foreign banks	150	0.00
Sub-total	1,587,301	3.99
2. Non-Institutions		
a. Bodies corporate	3,264,963	8.21
b. Indian public	4,778,842	12.02
c. Non-Resident Indians	190,496	0.48
d. Trusts	20,232	0.05
e. Clearing members	89,276	0.22
f. Foreign nationals	11,400	0.03
Sub-total	8,355,209	21.01
Total public shareholding (1+2)	9,942,510	25.00
TOTAL (A+B)	39,770,039	100.00

22. Dematerialization of shares as on March 31, 2015

Depository name	No. of shares dematerialised	Percentage on equity share capital
National Securities Depository Limited	37,128,823	93.36
Central Depository Services (India) Limited	2,289,754	5.76
Total dematerialized shares	39,418,577	99.12

23. No GDRs, ADRs/Warrants have been issued by the Company during the year.

24. Transfer of amount to Investor Education and Protection Fund

A sum of ₹107,286 representing dividend on equity shares of the Company for the financial year 2006-07 which remained unclaimed for seven years has been transferred on November 5, 2014 to the Investor Education and Protection Fund established by Central Government.

25. Equity shares in the Unclaimed Shares Demat Suspense Account

In terms of Clause 5A.II of the Listing Agreement, the Company opened a demat account and dematerialized the unclaimed shares. The Company is maintaining the details of shareholding of each individual allottee whose shares are credited to the Unclaimed Shares Demat Suspense Account.

The particulars of shares in 'International Paper APPM Limited - Unclaimed Shares Demat Suspense Account' as on March 31, 2015 are as follows:

	Number of shareholders	No. of equity shares
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Demat Suspense Account at the beginning of the year	5	121
Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Shares Demat Suspense Account during the year	—	—
Number of shareholders to whom shares were transferred from the Unclaimed Shares Demat Suspense Account during the year	—	—
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Shares Demat Suspense Account as on March 31, 2015	5	121

The voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owners of such shares claim the shares.

26. Adoption of mandatory and non-mandatory requirements of Clause 49

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement.

The Company has also adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement:

- a. **Shareholder Rights:** Half-yearly and other quarterly financial statements are published in newspapers and also uploaded on Company's website www.ipappm.com.
- b. **Audit Qualifications:** The Company is already in the regime of unqualified financial statements. Auditors have raised no qualification on the financial statements of the current financial year;
- c. **Reporting of Internal Auditor:** External consultancy firm was appointed as Internal Auditor of the Company which has direct access to the Audit Committee.

27. Plant locations

Unit:Rajahmundry	Unit:Kadiyam
Rajahmundry - 533 105 East Godavari District Andhra Pradesh	Industrial Area, M.R.Palem - 533 126 Near Kadiyam Railway Station, Kadiyam Mandal, East Godavari District, Andhra Pradesh

28. Address for correspondence from shareholders

Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad - 500 032	Secretarial Department International Paper APPM Limited Rajahmundry - 533 105 East Godavari District, Andhra Pradesh
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29. E-mail IDs for investor grievance redressal:

1. ashok.yaramaneni@ipaper.com
2. srinivas.korupolu@ipaper.com

The Assistant Manager (Secretarial) will register the complaints and take necessary follow up action.

Declaration by the Managing Director & CEO

The Members of
International Paper APPM Limited

In compliance with the requirements of Clause 49 of the Listing Agreement with the stock exchanges relating to Corporate Governance, I confirm that, on the basis of confirmations/declarations received, all the Directors and senior management personnel of the Company have complied with the Code of Business Conduct and Ethics framed by the Company for the financial year ended March 31, 2015.

Hyderabad
April 23, 2015


Rampraveen Swaminathan
Chairman & Managing Director

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

Certificate

To the Members of
International Paper APPM Limited
(Formerly The Andhra Pradesh Paper Mills Limited)


We have examined the compliance of conditions of Corporate Governance by International Paper APPM Limited (Formerly known as The Andhra Pradesh Paper Mills Limited) ("the Company"), for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **D.HANUMANTA RAJU & CO**
Company Secretaries


CS D. HANUMANTA RAJU
Partner
FCS: 4044, CP NO: 1709

Hyderabad,
April 23, 2015

Independent Auditors' Report

TO THE MEMBERS OF
INTERNATIONAL PAPER APPM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **International Paper APPM Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors)

Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 23(A)(i) to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 008072S)



Ganesh Balakrishnan
Partner
(Membership No. 201193)

Hyderabad
April 23, 2015

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the management is in the process of carrying out the physical verification and reconciling the same with the book records. Material discrepancies, if any, between the book records and the physical verification would be dealt with on completion of such reconciliation.
- (ii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of the Section 148 of the Companies Act, 2013 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of income tax, sales tax, wealth tax, service tax, custom duty and excise duty which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ Lakhs)
Income Tax Act, 1961	Tax	Commissioner of Income Tax (Appeals), Rajahmundry	2010-11	4.64
		Commissioner of Income Tax (Appeals), Visakhapatnam	2011-12	12.70
		Deputy Commissioner of Income Tax (TDS), Hyderabad	2009-10	19.96
		High Court of Andhra Pradesh	2001-02	5.48
			2002-03	4.99
			2003-04	2.17
		Income Tax Appellate Tribunal, Hyderabad	2001-02	14.26
			2008-09	40.08
		Income Tax Office, TDS, Rajahmundry	2008-09	2.12
			2010-11	1.78
	Interest	High Court of Andhra Pradesh	1979-80	24.96
Central Sales Tax Act, 1956	Tax	Appellate Deputy Commissioner, Visakhapatnam	2006-07	8.45
			2007-08	4.33
			2008-09	21.54
			2009-10	18.67
		High Court of Andhra Pradesh	1989-90 & 1991-92	5.70
		Sales Tax Appellate Tribunal, Visakhapatnam	2005-06	16.91
Andhra Pradesh General Sales Tax Act, 1957 & Central Sales Tax Act, 1956	Tax	Sales Tax Appellate Tribunal, Visakhapatnam	1995-96 to 1999-2000	27.41
Andhra Pradesh General Sales Tax Act, 1957	Tax	High Court of Andhra Pradesh	1987-88	0.19
			1990-99, 2000-01 to 2004-05	126.78
		Sales Tax Appellate Tribunal, Hyderabad	1991-96	57.63
		Sales Tax Appellate Tribunal, Visakhapatnam	1996-97	6.57
AP Value Added Tax Act, 2005	Penalty	Assistant Commissioner, LTU, Kakinada	2009-10 to 2011-12	1.77
	Tax	Appellate Deputy Commissioner, Visakhapatnam	2009-10 to 2011-12	2.67
Madhya Pradesh Value Added Tax Act, 2002	Tax	High Court, Madhya Pradesh	1997-98	15.00
Orissa Entry Tax Act, 1999	Tax	Deputy Commissioner of Commercial Taxes	2006-10	2.72
			2006-10	0.68
West Bengal Value Added Tax, 2005	Tax	Additional Commissioner of Commercial Taxes	2006-07	1.20
			2009-10	1.78

Contd.

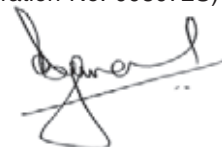
Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ Lakhs)
Central Excise Act, 1944	Duty	Customs, Excise & Service Tax Appellate Tribunal, Bangalore	2009-10 & 2010-11	0.40
			2002-03	3.00
			2005-06	5.46
			2005-06 to 2008-09	22.72
			2004-05 to 2010-11	596.02
		Commissioner of Central Excise (Appeals), Visakhapatnam	2006-07 to 2009-10	14.47
			2008-09 & 2009-10	1.86
		High Court of Andhra Pradesh	1994-95	37.02
			February 1994	0.36
			1996-97 & 1997-98	10.90
			1995-96 to 2000-01	1,517.68
			2004-05	0.10
		Supreme Court	2000-01 to 2002-03	256.92
			2003-04 & 2004-05	684.51
			2000-01 to 2006-07	45.39
	Duty & Penalty	Customs, Excise & Service Tax Appellate Tribunal, Bangalore	2001-02 to 2010-11	43.28
			2003-04 to 2006-07	11.05
			2005-06 & 2006-07	1.10
			2006-07	140.36
			2005-06	10.23
			2004-05 & 2005-06 & 2006-07 to 2007-08	97.97
			2008-09	894.38
			2008-09 & 2009-10	37.28
			2008-09 to 2010-11	1,482.80
			March 2011 to December 2012	46.06
		Commissioner of Central Excise (Appeals), Visakhapatnam	2006-07 to 2008-09	1.10
			2007-08 & 2008-09	5.68
			April 2010 to October 2011	22.40
			October 2010 to September 2011	1.41
			October 2011 to March 2012	1.30
			April 2012 to September 2012	3.30
			April 2011 to December 2012	0.23
			2013-14	10.41
			2013	0.79
			2014	4.97
		High Court of Andhra Pradesh	2000-01 to 2006-07	6.94
			2004-05 & 2005-06	274.19
			2005-06	110.96
			2006-07 & 2007-08	0.87
		Supreme Court	2006-07 & 2007-08	1.51
			2003-04 to 2006-07	5.33

Contd.

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ Lakhs)
Finance Act, 1994	Penalty	Customs, Excise & Service Tax Appellate Tribunal, Bangalore	2003-04 to 2010-11	531.22
	Tax	High Court of Andhra Pradesh	2004-05 & 2005-06	34.90
			2004-05 & 2005-06	91.60
	Tax & Penalty	Commissioner of Central Excise (Appeals), Visakhapatnam	2004-05 to 2009-10	83.21
			2005-06	5.47
			2005-06 to 2009-10	199.99
			2008-09 to January 2012	10.09
			2010-11 to 2011-12	6.74
			March 2012	36.31
			February 2012 to September 2012	0.24
			2011-12 & 2012-13	11.30
		Customs, Excise & Service Tax Appellate Tribunal, Bangalore	2004-05 & 2005-06	45.64
			April 2005 to July 2008	157.16
			March 2012	105.11

- (d) There are no amounts pending to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- (viii) The accumulated losses of the Company at the end of the financial year are less than fifty per cent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 008072S)



Ganesh Balakrishnan
Partner
(Membership No. 201193)

Hyderabad
April 23, 2015

Balance Sheet as at March 31, 2015

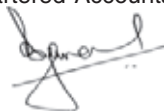
(In ₹ Lakhs)	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,977.00	3,977.00
Reserves and surplus	4	37,428.08	37,543.07
		41,405.08	41,520.07
Non-current liabilities			
Long-term borrowings	5A	23,727.30	38,850.50
Deferred tax liabilities (Net)	6	10,141.54	10,869.21
Other long-term liabilities	7A	0.49	23.84
		33,869.33	49,743.55
Current liabilities			
Short-term borrowings	5B	9,132.47	10,763.30
Trade payables	8	15,693.02	14,580.93
Other current liabilities	7B	24,494.79	14,876.13
		49,320.28	40,220.36
TOTAL		124,594.69	131,483.98
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9A	82,989.00	87,279.01
Intangible assets	9B	322.30	382.77
Capital work-in-progress		1,584.21	979.42
Non-current investments	10	1,543.37	1,543.37
Long-term loans and advances	11A	6,595.17	6,211.12
Other non-current assets	12A	14.44	13.33
		93,048.49	96,409.02
Current assets			
Inventories	13	20,121.15	20,764.33
Trade receivables	14	6,385.99	5,835.46
Cash and cash equivalent	15	422.89	1,577.80
Short-term loans and advances	11B	4,401.26	6,643.04
Other current assets	12B	214.91	254.33
		31,546.20	35,074.96
TOTAL		124,594.69	131,483.98

Corporate information & significant accounting policies 1 & 2
See accompanying notes forming part of the financial statements

In terms of our report attached

For International Paper APPM Limited

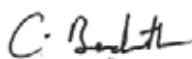
For Deloitte Haskins & Sells
Chartered Accountants



Ganesh Balakrishnan
Partner

Hyderabad
April 23, 2015

Rampraveen Swaminathan
Chairman & Managing Director

Badrinath Chellappa
Vice President & CFO



C. Prabhakar
Senior Vice President
(Corporate Affairs) &
Company Secretary

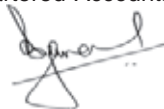
Statement of Profit and Loss for the year ended March 31, 2015

(In ₹ Lakhs)	Note	Year ended March 31, 2015	Year ended March 31, 2014
INCOME			
Revenue from operations (Gross)	16	120,447.67	115,967.76
Less: Excise duty		6,952.76	6,802.57
Revenue from operations (Net)		113,494.91	109,165.19
Other income	17	1,755.66	1,250.87
TOTAL REVENUE		115,250.57	110,416.06
EXPENSES			
Cost of materials consumed	18	45,886.49	46,509.97
Purchases of stock-in-trade (traded goods)		—	716.11
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(475.06)	(3,157.69)
Employee benefits expense	20	12,011.56	10,816.60
Finance costs	21	4,459.50	4,338.60
Depreciation and amortization expense	9C	6,900.04	8,701.49
Other expenses	22	47,211.65	48,133.45
TOTAL EXPENSES		115,994.18	116,058.53
Profit/(Loss) before exceptional items and tax		(743.61)	(5,642.47)
Exceptional items (Refer Note 40)		112.92	—
Profit/(Loss) before tax		(630.69)	(5,642.47)
Tax expense/(benefit)			
Current tax expense		0.23	—
Short/(Excess) provision for tax relating to prior years		—	81.16
Net current tax expense		0.23	81.16
Deferred tax		(655.70)	(1,562.42)
Net tax expense/(benefit)		(655.47)	(1,481.26)
Profit/(Loss) for the year		24.78	(4,161.21)
Earnings per share (Face value of ₹10 each) Basic & Diluted	28	0.06	(10.46)
Corporate information & significant accounting policies 1 & 2 See accompanying notes forming part of the financial statements			

In terms of our report attached

For International Paper APPM Limited


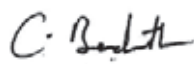
For Deloitte Haskins & Sells
Chartered Accountants



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Partner

Hyderabad
April 23, 2015

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Badrinath Chellappa
Vice President & CFO



C. Prabhakar
Senior Vice President
(Corporate Affairs) &
Company Secretary

Cash Flow Statement for the year ended March 31, 2015

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash flow from operating activities		
Loss before tax	(630.69)	(5,642.47)
<i>Adjustments for:</i>		
Depreciation and amortization expense	6,900.04	8,701.49
Profit on sale of fixed assets (Net)	(134.01)	(2.65)
Loss on discarded fixed assets	0.40	35.03
Finance costs	4,459.50	4,338.60
Interest income	(32.65)	(77.43)
Gain on sale of long-term investments	—	(21.35)
Rental income from operating leases	(8.81)	(8.39)
Bad trade receivables and advances written-off	26.57	33.55
Liabilities/provisions no longer required written back	(340.20)	(436.24)
Provision for doubtful trade receivables and advances (Net)	21.26	12.70
Exceptional item	112.92	—
Net unrealized exchange (gain)/loss	(123.63)	56.63
	10,881.39	12,631.94
Operating profit before working capital changes	10,250.70	6,989.47
Changes in working capital:		
<i>Adjustments for (increase)/decrease in operating assets:</i>		
Inventories	643.18	(6,285.02)
Trade receivables	(552.53)	(1,316.74)
Short-term loans and advances	2,195.95	(1,308.69)
Long-term loans and advances	(561.15)	(170.35)
Other current assets	34.28	(156.22)
<i>Adjustments for increase/(decrease) in operating liabilities:</i>		
Trade payables	1,112.09	4,184.57
Other current liabilities	(133.06)	361.81
Other long-term liabilities	(23.35)	(34.83)
Long-term provisions	—	(18.51)
	2,715.41	(4,743.98)
Cash generated from operations	12,966.11	2,245.49
Net income tax paid	40.78	(208.93)
Net cash flow from operating activities (A)	13,006.89	2,036.56
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(3,660.06)	(9,118.16)
Proceeds from sale of fixed assets	235.49	60.47
Bank balances not considered as cash and cash equivalents		
Placed	—	(12.62)
Matured	61.33	43.49
Purchase of long-term investments - Subsidiary	—	(5.00)
Proceeds from sale of long-term investments - Others	—	85.62
Interest received	36.68	75.03
Rental income from operating leases	8.81	8.39
	(3,317.75)	(8,862.78)
Net cash flow used in investing activities (B)	(3,317.75)	(8,862.78)

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
C. Cash flow from financing activities		
Share application money received/(refunded)	(0.05)	(0.03)
Proceeds from long-term borrowings	5,747.95	13,859.26
Proceeds from short-term borrowings	4,250.00	3,250.01
Net increase/(decrease) in working capital borrowings	(1,919.54)	2,284.40
Repayment of long-term borrowings (including current maturities of the same)	(10,045.04)	(7,808.69)
Repayment of short-term borrowings	(3,900.00)	–
Repayment of deferred payment liabilities	(329.32)	(133.16)
Repayment of public deposit	(44.55)	(303.60)
Finance cost	(4,539.73)	(4,352.84)
Dividends paid (including for earlier years)	(1.22)	(2.12)
Tax on dividend	– (10,781.50)	– 6,793.23
Net cash flow from/(used in) financing activities (C)	(10,781.50)	6,793.23
Net decrease in cash and cash equivalents (A+B+C)	(1,092.36)	(32.99)
Cash and cash equivalents at the beginning of the year	1,462.28	1,495.27
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		
Cash and cash equivalents at the end of the year (Refer Note 15)	369.92	1,462.28
See accompanying notes forming part of the financial statements		

In terms of our report attached

For International Paper APPM Limited

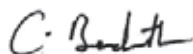
For Deloitte Haskins & Sells
Chartered Accountants



Ganesh Balakrishnan
Partner

Hyderabad
April 23, 2015

Rampraveen Swaminathan
Chairman & Managing Director



Badrinath Chellappa
Vice President & CFO



C. Prabhakar
Senior Vice President
(Corporate Affairs) &
Company Secretary

Notes forming part of the Financial Statements

1. Corporate Information

International Paper APPM Limited ('IP APPM'/the Company') is an integrated pulp and paper manufacturer. IP APPM was incorporated on June 29, 1964 in pursuance of an agreement dated May 13, 1964 between Government of Andhra Pradesh (GOAP) and Mr. G.D. Somani. By an agreement dated February 10, 1966, Mr. G.D. Somani transferred all his rights, powers and authorities contained in the agreement dated May 13, 1964 in favour of The West Coast Paper Mills Limited (WCPM). By an agreement dated April 16, 1981, WCPM assigned to Digvijay Investments Limited (DIL) all its rights and obligations under the agreement dated February 10, 1966.

Consequent upon disinvestment of its entire shareholding in favour of DIL in December, 2003, GOAP and DIL agreed by an agreement dated December 12, 2003 that all subsisting rights and obligations of GOAP and DIL arising out of the above agreements dated February 10, 1966 and April 16, 1981 stand terminated with effect from December 18, 2003. In October 2011, IP Holding Asia Singapore Pte. Limited has acquired controlling stake of 75% of paid up share capital in the Company from the then promoters and public shareholders. Pursuant to such acquisition, IP Holding Asia Singapore Pte. Limited became the Holding Company of International Paper APPM Limited (formerly The Andhra Pradesh Paper Mills Limited) and International Paper Company, USA, being the ultimate holding company.

The Company owns and operates two manufacturing units located in the State of Andhra Pradesh, India, one at Rajahmundry and the other at Kadiyam in East Godavari District.

2. Significant accounting policies

a. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ('the 2013 Act')/Companies Act, 1956 ('the 1956 Act'), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year, except for the change in accounting policy for depreciation as more fully described in Note 36.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialize.

c. Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

The methods of determining cost of various categories of inventories are as follows:

Raw materials	Weighted average method.
Stores and spares and packing materials	Weighted average method.
Work-in-process and finished goods (manufactured)	Weighted average method and including an appropriate share of applicable overheads. Excise duty is included in the value of finished goods.

Raw material and packing material held for use in the production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost.

d. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

e. Depreciation and amortization

Tangible assets

Depreciation on plant and machinery situated at Rajahmundry and Kadiyam Units and buildings located at Kadiyam Unit are provided on straight line method as per useful life prescribed in Schedule II of the Companies Act, 2013.

Leasehold improvements are amortized over the primary period of lease or the estimated useful life of such assets, whichever is shorter.

Freehold land is not depreciated.

Depreciation on other tangible fixed assets has been provided on written down value method as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Depreciation is calculated from the first day of the month based on the capitalization date.

Intangible assets

Goodwill arising on amalgamation is amortized over a period of 10 years.

Software is amortized over a period of three years or estimated useful life, whichever is shorter.

Individual assets costing less than or equal to ₹15,000 are depreciated in full in the year of acquisition.

f. Revenue recognition

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from sale of goods is inclusive of excise duty and exclusive of returns, sales tax and applicable trade discounts and allowances.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on a time proportionate method using underlying interest rates.

Export entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Insurance and other claims/refunds are accounted for as and when admitted by appropriate authorities.

Income from sale of Certified Emission Reduction points (CERs) granted by UNFCCC on energy efficient measures are accounted for as and when sold to customers.

g. Fixed assets

Tangible/intangible assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes the cost of acquisition/construction, non-refundable taxes, duties, freight, borrowing costs attributable to acquisition of the qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses related to the acquisition and installation of the respective assets. Exchange differences arising on restatement/settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Capital work-in-progress

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing costs.

h. Employee benefits

Defined Contribution Plans

Employee benefits in the form of provident fund, superannuation, employee's state insurance fund and labour welfare fund are considered as defined contribution plans and the contributions are charged to the statement of profit and loss during the year when the contributions to the respective funds are due as and when services are rendered by employees.

Provident fund

Eligible employees receive benefits from a provident fund. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Rajahmundry unit of the Company makes the contributions to 'The Employee's Provident Fund of The Andhra Pradesh Paper Mills Limited' trust maintained by the Company. The rate at which the annual interest is payable to the beneficiaries by the trust is administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate to the Regional Provident Fund Commissioner, a statutory authority. The Company has no further obligations.

Superannuation

Certain employees of the Company are participants in the superannuation plan ('the Plan') which is a defined contribution plan. The Company contributes all ascertained liabilities to the superannuation fund maintained with Life Insurance Corporation of India.

Defined Benefit Plans

The Company's liabilities towards gratuity and compensated absences are determined based on actuarial valuation carried out by an independent actuary using the projected unit credit method as on the date of the balance sheet.

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the gratuity fund maintained with Life Insurance Corporation and Birla Sun Life Insurance. The Company recognizes the net obligation of the Gratuity Plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, 'Employee Benefits.' The Company's overall expected long-term rate of return on asset has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the government securities yield. Actuarial gain or losses arising from experience adjustments and changes in actuarial assumptions are recognized in statement of profit and loss in the period in which they arise.

Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The Company fully contributes all ascertained liabilities to the superannuation fund maintained with Birla Sun Life Insurance. The expected cost of accumulating compensated absences is

determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

i. Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the statement of profit and loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets.

j. Foreign currency transactions

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.

The exchange differences arising on settlement/restatement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortized over the maturity period/up to the date of settlement of such monetary items, whichever is earlier. The unamortized exchange difference is carried in the Balance Sheet as 'Foreign currency monetary item translation difference account' net of the tax effect thereon, where applicable.

In respect of forward contracts entered into to hedge risks associated with foreign currency fluctuation on its existing assets and liabilities, the premium or discount at the inception of the contract is amortized as income or expense over the period of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or expense in the period in which such cancellation or renewal is made.

k. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease payments under operating lease are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

l. Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

m. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rate and the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realizability.

n. Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

o. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset/ cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and such reversal of impairment is recognized in the statement of profit and loss.

p. Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

q. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received and when there is reasonable certainty in availing/utilizing the credits.

r. Operating cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. Share capital

(In ₹ Lakhs)	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of ₹10 each	40,000,000	4,000.00	40,000,000	4,000.00
Redeemable cumulative preference shares of ₹100 each	500,000	500.00	500,000	500.00
TOTAL	40,500,000	4,500.00	40,500,000	4,500.00
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	39,770,039	3,977.00	39,770,039	3,977.00
TOTAL	39,770,039	3,977.00	39,770,039	3,977.00

Notes

i. Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount	Number of shares	Amount
As at beginning of the year	39,770,039	3,977.00	39,770,039	3,977.00
Changes during the year	—	—	—	—
As at end of the year	39,770,039	3,977.00	39,770,039	3,977.00

ii. Rights, preferences and restrictions attached to the equity shares

The Company has only one class of issued, subscribed and paid up equity shares having a par value of ₹10 each per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

iii. Equity shares held by the holding company

Name of the shareholder	As at March 31, 2015	As at March 31, 2014
	Number of shares	Number of shares
IP Holding Asia Singapore Pte. Limited [#]	29,827,529	29,827,529

[#] The ultimate holding company is International Paper Company, USA.

iv. Details of shares held by each shareholder holding more than 5% of the aggregate shares in the Company

Name of the shareholder	As at March 31, 2015		As at March 31, 2014	
	Number of shares	%	Number of shares	%
IP Holding Asia Singapore Pte. Limited	29,827,529	75.00	29,827,529	75.00

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
4. Reserves and surplus		
Capital redemption reserve	598.00	598.00
Securities premium account	18,211.13	18,211.13
General reserve		
Opening balance	29,016.06	29,016.06
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax of ₹71.97 lakhs) (Refer Note 36)	(139.77)	–
Closing balance	28,876.29	29,016.06
Surplus/(deficit) in Statement of Profit and Loss		
Opening balance	(10,282.12)	(6,120.91)
Add: Profit/(loss) for the year	24.78	(4,161.21)
Amount available for appropriation	(10,257.34)	(10,282.12)
Closing balance	(10,257.34)	(10,282.12)
TOTAL	37,428.08	37,543.07

5A. Long-term borrowings*

Secured (Refer Note 1(a) below)

Term loans from banks	–	3,720.19
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Unsecured

Term loans from banks (Refer Note 2 below)	16,124.00	25,825.00
Deferred payment liabilities (Refer Note 5 below)	2,602.90	2,885.31
Loan from a related party (Refer Note 7 below)	5,000.40	6,420.00
TOTAL	23,727.30	38,850.50

*Current maturities of long-term debts are disclosed under Note 7B - 'Other current liabilities'.

5B. Short-term borrowings

Secured

Loans repayable on demand from banks (Refer Note 3 below)	1,919.98	2,584.73
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Unsecured

Loans repayable on demand from banks (Refer Note 4 below)	7,212.49	8,134.82
Fixed deposits from public (Refer Note 6 below)	–	43.75
TOTAL	9,132.47	10,763.30

Notes

- Term loans availed from various banks aggregating to ₹Nil (March 31, 2014: ₹9,062.55 lakhs) are secured by a *pari passu* first charge on all the movable and immovable properties of the Company situated at Rajahmundry, Kadiyam and Serinarasannapalem.
 - Term loans from other parties represents term loans availed from foreign financial institutions, aggregating ₹Nil (March 31, 2014: ₹2,796.27 lakhs) is availed at six month Libor plus 250 basis points and is included under the head 'Current maturities of long-term debts' disclosed under 7B - Other current liabilities.
- The Company has availed unsecured term loans from banks aggregating to ₹30,657.00 lakhs (March 31, 2014: ₹25,825.00 lakhs) and are secured by Letter of Comfort from International Paper Company, USA, the ultimate holding company, at interest rates ranging from 9.00% to 11.00%. These term loans are repayable as under:

- a. Term Loan I: ₹6,825.00 lakhs (March 31, 2014: ₹6,825.00 lakhs) has a maturity of 36 months and is due in the financial year 2015-16. Further, it is subject to put/call option at the end of 18 months.
 - b. Term Loan II: ₹10,000.00 lakhs (March 31, 2014: ₹10,000.00 lakhs) is payable in 3 unequal installments at the end of 24th, 30th and 36th months.
 - c. Term Loan III: ₹9,000.00 lakhs (March 31, 2014: ₹9,000.00 lakhs) has a tenor of 18 months, which is renewable automatically for a successive period of 18 months, subject to consent of both the parties.
 - d. Term Loan IV: ₹4,832.00 lakhs (March 31, 2014: ₹Nil) is payable in 8 equal quarterly installments after completion of 12 months (i.e. August 2015).
3. The Company has availed working capital demand loans/cash credit facilities/buyers credit from certain banks, at interest rates ranging from 9.50% to 12.00% during the year. The outstanding as at the Balance Sheet date aggregates ₹1,919.98 lakhs (March 31, 2014: ₹2,584.73 lakhs). These are secured by hypothecation of current assets along with second charge on the fixed assets of the Company situated at Rajahmundry, Kadiyam and Serinarasannapalem and a Letter of Comfort from International Paper Company, USA, the ultimate holding company.
 4. The Company has unsecured short-term loans/working capital demand loans/cash credit facilities/buyers credit from certain banks, at interest rates ranging from 9.00% to 11.50% during the year. The outstanding as at the Balance Sheet date aggregates ₹7,212.49 lakhs (March 31, 2014: ₹8,134.82 lakhs).
 5. Deferred payment liabilities represent sales tax deferral loan availed by the Company, from the Government of Andhra Pradesh and is repayable after a period of 14 years from the end of the financial year of its availment. These are interest free loans. An amount of ₹340.02 lakhs (March 31, 2014: ₹386.93 lakhs) is due within next twelve months and is included under the head 'Current maturities of long-term debts' disclosed under Note 7B - Other current liabilities.
 6. The Company has accepted public deposits at 10% to 10.92% interest rates, depending on the tenure of the fixed deposits. The total outstanding amount as at the Balance Sheet date aggregates ₹0.65 lakhs (March 31, 2014: ₹45.20 lakhs) of which ₹Nil (March 31, 2014: ₹Nil) is repayable beyond one year and ₹Nil (March 31, 2014: ₹43.75 lakhs) is repayable within next twelve months and is included under the head 'Unpaid matured deposits and interest accrued thereon' disclosed under Note 7B - Other current liabilities.
 7. During the year, the foreign currency loan outstanding from IP Holding Asia Singapore Pte Limited amounting to ₹6,934.40 lakhs (USD 12 million) as on December 31, 2014 has been assigned to International Paper Investments (Luxembourg) S.a.r.l. Consequently, all subsequent repayments/availments have been made to/from International Paper Investments (Luxembourg) S.a.r.l.. The loan outstanding as on March 31, 2015 aggregates to ₹7,500.60 lakhs (March 31, 2014: ₹7,490.00 lakhs) at Libor plus 250 basis points. Loan is repayable in six half yearly installments commencing from June 30, 2015.

(in ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
6. Deferred tax liabilities (Net)		
Deferred tax liabilities		
On account of depreciation	14,965.30	15,289.19
Others	109.25	104.72
	15,074.55	15,393.91
Deferred tax assets		
Disallowances under Section 43B of the Income Tax Act, 1961	399.66	217.76
Unabsorbed depreciation	4,047.89	4,052.32
Others	485.46	254.62
	4,933.01	4,524.70
TOTAL	10,141.54	10,869.21

7A. Other long-term liabilities

Others*	0.49	23.84
TOTAL	0.49	23.84

*Includes retention monies payable towards fixed assets purchase

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
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7B. Other current liabilities

Current maturities of long-term debts		
Secured (Refer Note 5 for details of security)	–	5,342.36
Unsecured	17,373.22	1,456.93
Interest accrued but not due on borrowings	133.71	215.52
Advance rent received	–	34.83
Unclaimed dividends	5.66	6.88
Application money received for allotment of securities and due for refund and interest accrued thereon	0.75	0.80
Unpaid matured deposits and interest accrued thereon	0.89	1.76
Other payables		
Trade/security deposits received	2,081.36	1,902.79
Statutory remittances (Contributions to PF and ESIC, withholding taxes, excise duty, VAT, service tax, etc.)	801.98	933.54
Payables on purchase of fixed assets	1,065.12	1,576.10
Contractually reimbursable expenses	223.50	452.73
Advances from customers	160.22	128.48
Others	2,648.38	2,823.41
TOTAL	24,494.79	14,876.13

8. Trade payables

Acceptances	5,377.91	–
Other than acceptances		
Dues to micro and small enterprises (Refer Note 35)	113.06	100.42
Due to others	10,202.05	14,480.51
TOTAL	15,693.02	14,580.93

9. Fixed assets

(In ₹ Lakhs)

Description	Gross Block				Accumulated Depreciation				Net Block		
	As at April 1, 2014	Additions	Disposals	As at March 31, 2015	As at April 1, 2014	Depreciation for the year	Adjustments/ Disposals	Adjustment recorded against Reserves (Refer Note 36)	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
A. Tangible											
Land - Freehold	298.33	–	1.03	297.30	–	–	–	–	–	297.30	298.33
	<i>298.33</i>	–	–	<i>298.33</i>	–	–	–	–	–	<i>298.33</i>	
Buildings – Own use	11,796.26	490.70	–	12,286.96	4,462.14	786.15	–	64.35	5,312.64	6,974.32	7,334.12
	<i>8,828.03</i>	<i>3,081.64</i>	<i>113.41</i>	<i>11,796.26</i>	<i>3,979.58</i>	<i>582.33</i>	<i>99.77</i>	–	<i>4,462.14</i>	<i>7,334.12</i>	
Lease hold	3.12	–	–	3.12	3.08	–	–	–	3.08	0.04	0.04
	<i>3.12</i>	–	–	<i>3.12</i>	<i>3.07</i>	<i>0.01</i>	–	–	<i>3.08</i>	<i>0.04</i>	
Plant and Equipment	131,136.27	2,206.21	278.44	133,064.04	53,043.54	5,443.90	248.50	135.33	58,374.27	74,689.77	78,092.73
	<i>121,586.14</i>	<i>10,713.61</i>	<i>1,163.48</i>	<i>131,136.27</i>	<i>46,615.11</i>	<i>7,541.02</i>	<i>1,112.59</i>	–	<i>53,043.54</i>	<i>78,092.73</i>	
Furniture and Fixtures	546.96	10.96	0.02	557.90	229.47	91.29	0.02	0.36	321.10	236.80	317.49
	<i>378.02</i>	<i>207.86</i>	<i>38.92</i>	<i>546.96</i>	<i>133.59</i>	<i>129.22</i>	<i>33.34</i>	–	<i>229.47</i>	<i>317.49</i>	
Vehicles	660.90	–	134.17	526.73	312.65	99.79	65.09	–	347.35	179.38	348.25
	<i>641.82</i>	<i>114.14</i>	<i>95.06</i>	<i>660.90</i>	<i>266.75</i>	<i>118.76</i>	<i>72.86</i>	–	<i>312.65</i>	<i>348.25</i>	
Office equipment	1,064.05	95.60	0.72	1,158.93	566.67	331.19	0.62	11.65	908.89	250.04	497.38
	<i>860.70</i>	<i>204.67</i>	<i>1.32</i>	<i>1,064.05</i>	<i>378.83</i>	<i>188.62</i>	<i>0.78</i>	–	<i>566.67</i>	<i>497.38</i>	
Leasehold improvements	459.99	10.36	–	470.35	69.32	39.68	–	–	109.00	361.35	390.67
	<i>439.02</i>	<i>20.97</i>	–	<i>459.99</i>	<i>36.69</i>	<i>32.63</i>	–	–	<i>69.32</i>	<i>390.67</i>	
TOTAL	145,965.88	2,813.83	414.38	148,365.33	58,686.87	6,792.00	314.23	211.69	65,376.33	82,989.00	87,279.01
	<i>133,035.18</i>	<i>14,342.89</i>	<i>1,412.19</i>	<i>145,965.88</i>	<i>51,413.62</i>	<i>8,592.59</i>	<i>1,319.34</i>	–	<i>58,686.87</i>	<i>87,279.01</i>	
B. Intangible											
Goodwill	1,933.97	–	–	1,933.97	1,933.97	–	–	–	1,933.97	–	–
	<i>1,933.97</i>	–	–	<i>1,933.97</i>	<i>1,933.97</i>	–	–	–	<i>1,933.97</i>	–	–
Computer software	735.95	49.35	5.13	780.17	353.18	108.04	3.40	0.05	457.87	322.30	382.77
	<i>709.94</i>	<i>26.01</i>	–	<i>735.95</i>	<i>244.28</i>	<i>108.90</i>	–	–	<i>353.18</i>	<i>382.77</i>	
TOTAL	2,669.92	49.35	5.13	2,714.14	2,287.15	108.04	3.40	0.05	2,391.84	322.30	382.77
	<i>2,643.91</i>	<i>26.01</i>	–	<i>2,669.92</i>	<i>2,178.25</i>	<i>108.90</i>	–	–	<i>2,287.15</i>	<i>382.77</i>	

Previous year figures in italics.

C. Depreciation/amortization for the year

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Tangible assets	6,792.00	8,592.59
Intangible assets	108.04	108.90
TOTAL	6,900.04	8,701.49

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
10. Non-current investments		
(At cost, unless otherwise stated)		
A. Trade (Unquoted)		
Investments in equity instruments of other entities		
Andhra Pradesh Gas Power Corporation Limited		
1,340,000 (March 31, 2014: 1,340,000) equity shares of ₹10 each	1,538.37	1,538.37
Total trade - A	1,538.37	1,538.37
B. Other investments		
Investments in subsidiary (unquoted)		
IP India Foundation		
50,000 (March 31, 2014: 50,000) equity shares of ₹10 each	5.00	5.00
TOTAL (i)	5.00	5.00
Investments in equity instruments of other entities (unquoted)		
Somar Granites Private Limited		
30,000 (March 31, 2014: 30,000) equity shares of ₹10 each	3.00	3.00
Less: Provision for diminution in value of investments	3.00	3.00
Kedia Distillery Limited		
212,800 (March 31, 2014: 212,800) equity shares of ₹10 each	61.71	61.71
Less: Provision for diminution in value of investments	61.71	61.71
TOTAL (ii)	—	—
Total Other Investments - B - (i + ii)	5.00	5.00
Total (A + B)	1,543.37	1,543.37
Aggregate cost of unquoted investments	1,608.08	1,608.08
Aggregate amount of provision made	64.71	64.71

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
11A. Long-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
Capital advances	185.40	321.49
Security deposits	859.09	419.45
Loans and advances to employees	50.24	11.69
Prepaid expenses	48.55	78.90
Advance income tax [Net of provision for ₹1,473.25 lakhs (March 31, 2014: ₹1,473.02 lakhs)]	1,437.47	1,478.48
MAT credit entitlement	2,942.85	2,942.85
Balances with government authorities	1,071.57	958.26
TOTAL	6,595.17	6,211.12
11B. Short-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
Security deposits		
Considered good	1.00	12.31
Considered doubtful	8.38	8.38
	9.38	20.69
Less: Provision for doubtful deposits	8.38	8.38
	1.00	12.31
Loans and advances to employees	339.10	160.38
Prepaid expenses	146.62	188.94
Balances with government authorities:		
CENVAT credit receivable	1,772.55	1,724.36
Service tax credit receivable	34.82	83.72
Customs receivable	0.17	0.17
VAT credit receivable	84.17	309.37
Advance to material supplier/contractors		
Considered good	1,140.74	3,223.79
Considered doubtful	31.31	63.77
	1,172.05	3,287.56
Less: Provision for other doubtful loans and advances	31.31	63.77
	1,140.74	3,223.79
Others	882.09	940.00
TOTAL	4,401.26	6,643.04

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
12A. Other non-current assets		
Margin money deposits with banks*	12.62	12.62
Interest accrued on margin money deposits with banks	1.82	0.71
TOTAL	14.44	13.33
* Represents margin money deposits with maturity of more than twelve months from the balance sheet date.		
12B. Other current assets		
Accruals		
Interest accrued on deposits	22.33	27.47
Others		
Other receivables	119.64	183.32
Fixed assets held for sale	72.94	43.54
	192.58	226.86
TOTAL	214.91	254.33
13. Inventories		
(At lower of cost and net realizable value)		
Raw material	4,026.32	5,909.46
Goods-in-transit	6.32	136.68
Work-in-progress	2,059.06	1,957.96
Finished goods (other than those acquired for trading)	5,096.43	4,722.47
Stock-in-trade	0.45	0.45
Stores and spares	8,875.67	8,029.63
Goods-in-transit	56.90	7.68
TOTAL	20,121.15	20,764.33
14. Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	76.90	13.47
Unsecured, considered good	27.50	–
Doubtful	87.66	78.59
	192.06	92.06
Less: Provision for doubtful receivables	87.66	78.59
	104.40	13.47
Other trade receivables		
Secured, considered good	1,425.06	1,516.74
Unsecured, considered good	4,856.53	4,305.25
Doubtful	2.49	9.55
	6,284.08	5,831.54
Less: Provision for doubtful receivables	2.49	9.55
	6,281.59	5,821.99
TOTAL	6,385.99	5,835.46

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
15. Cash and cash equivalents		
A. Cash and cash equivalents (as per AS 3 Cash Flow Statement)		
Cash on hand	0.49	0.78
Cheques, drafts on hand	—	2.01
Balances with banks		
in current accounts	187.31	323.68
in EEFC accounts	—*	1.01
in demand deposit accounts	—	475.00
Others - Remittance in transit	182.12	659.80
Total cash & cash equivalents (as per AS 3 Cash Flow Statement)	369.92	1,462.28
B. Other bank balances		
In earmarked accounts		
Balances held as margin money or security against guarantees and other commitments (Refer Note below)	47.31	108.64
Unpaid dividend accounts	5.66	6.88
Total other bank balances	52.97	115.52
TOTAL	422.89	1,577.80

* Less than a lakh.

Note: Margin money deposits amounting to ₹12.62 lakhs (As at March 31, 2014: ₹12.62 lakhs) which have a maturity of more than 12 months from the Balance Sheet date have been classified under other non-current assets [Refer Note 12 (A)].

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
16. Revenue from operations		
Revenue from sale of products	120,155.52	114,983.05
Revenue from sale of traded goods	—	809.95
Other operating revenue		
Sale of saplings	292.15	174.76
Revenue from operations (Gross)	120,447.67	115,967.76
Less: Excise duty*	6,952.76	6,802.57
TOTAL	113,494.91	109,165.19

* Excise Duty related to opening and closing stocks has been disclosed in Note 22.

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
17. Other income		
Interest income	35.33	79.69
Scrap and other sales	922.21	582.99
Profit on sale of fixed assets (Net)	134.01	2.65
Insurance and other claims	104.87	51.30
Gain on sale of long term investments	—	21.35
Exchange differences (Net)	43.56	—
Liabilities/provision no longer required written back	340.20	436.24
Miscellaneous income	175.48	76.65
TOTAL	1,755.66	1,250.87
18. Cost of materials consumed		
Opening stock	5,909.46	3,692.44
Add: Purchases	44,003.35	48,726.99
	49,912.81	52,419.43
Less: Closing stock	4,026.32	5,909.46
TOTAL	45,886.49	46,509.97
19. Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening work-in-progress	1,957.96	1,016.54
Opening finished goods and stock-in-trade	4,722.92	2,506.65
	6,680.88	3,523.19
Closing work-in-progress	2,059.06	1,957.96
Closing finished goods and stock-in-trade	5,096.88	4,722.92
	7,155.94	6,680.88
Net (increase)/decrease	(475.06)	(3,157.69)
TOTAL	(475.06)	(3,157.69)
20. Employee benefits expense		
Salaries, wages & bonus	10,412.21	9,074.91
Contribution to provident and other funds	394.29	578.08
Workmen & staff welfare expenses	1,205.06	1,163.61
TOTAL	12,011.56	10,816.60
21. Finance costs		
Interest expense on		
Borrowings	4,151.47	4,010.69
Deposits	148.66	161.04
Others	57.35	18.50
Bank and finance charges	102.02	148.37
TOTAL	4,459.50	4,338.60

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
22. Other expenses		
Consumption of stores, spares and chemicals	20,847.03	22,714.66
Consumption of packing materials	3,358.44	2,900.71
Increase/(decrease) of excise duty on inventories	(47.74)	96.31
Power and fuel	8,616.94	8,774.00
Repairs and maintenance		
Buildings	375.66	302.35
Plant and machinery	2,900.25	3,278.58
Others	259.39	302.56
Processing charges	397.19	447.37
Commission and discount on sales	3,679.44	3,778.79
Forwarding, transportation and other sales expenses	1,492.61	568.37
Rates and taxes	519.90	365.42
Royalty	124.57	—
Rent	400.95	328.02
Insurance	391.62	396.33
Legal and professional charges	1,992.32	2,089.62
Provision for doubtful trade receivables and advances (Net)	21.26	12.70
Bad trade receivables and advances written-off	26.57	33.55
Payment to auditors	51.66	62.59
Directors' sitting fees	28.05	7.40
Exchange differences (Net)	—	157.37
Loss on discarded fixed assets	0.40	35.03
Miscellaneous expenses	1,775.14	1,481.72
TOTAL	47,211.65	48,133.45

23. Contingent liabilities and commitments

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
Contingent liabilities (to the extent not provided for)		
i. Matters under litigation		
a. Pending decisions on various appeals made by the Company and by the Department		
- Income tax matters	133.14	120.44
- Excise matters	7,709.55	7,539.16
- Sales tax matters	357.52	372.95
- Other matters	357.65	330.24
b. Vacant land tax	470.72	435.85
c. Electricity duty (L levy of electricity duty towards consumption of energy generated by captive power unit)	4,983.22	4,154.72
d. Demand raised by Eastern Power Distribution Corporation of Andhra Pradesh Limited for surplus power supplied by APGPCL disputed by the Company. The appeal filed by APTRANSCO is pending before A.P. High Court in which other companies similarly placed are made respondents.	87.66	87.66
ii. Guarantees and Letters of Credit		
a. Guarantees issued by banks	1,838.09	1,651.81
b. Letters of credit outstanding	731.42	446.51
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	739.03	1,134.34
Export Commitment under the Export Promotion Capital Goods (EPCG) Scheme	26,567.16	42,107.96

24. Employee benefit plans

- a. The following table sets out the status of the gratuity plan of the Company and the amounts recognized in the Balance Sheet and Statement of Profit and Loss:

Defined benefit plans

i. Opening and closing balances of the present value of the defined benefit obligation

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Opening defined benefit obligation	2,477.05	2,504.78
Current service cost	151.09	98.04
Interest cost	209.79	164.32
Benefits paid	(393.45)	(327.45)
Actuarial losses/(gain)	(195.47)	37.36
Obligations at the end of the year	2,249.01	2,477.05

ii. Change in plan assets

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
Opening fair value of plan assets	2,482.54	2521.03
Expected return on plan assets	174.74	179.23
Actuarial gain/(losses)	118.75	44.73
Contribution by employer	88.19	65.00
Benefits paid	(393.45)	(327.45)
Closing fair value of plan assets	2,470.77	2,482.54

iii. Amount recognized in Balance Sheet

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
Present value of funded obligations	2,249.01	2,477.05
Fair value of plan assets	2,470.77	2,482.54
Net asset/(liability)	221.76	5.49

iv. Expenses recognized in the Statement of Profit and Loss

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Current service cost	151.09	98.04
Interest on defined benefit obligation	209.79	164.32
Expected return on plan assets	(174.74)	(179.23)
Net actuarial losses/(gains) recognized	(314.22)	(7.37)
Amount included in 'Employee benefits expense'	(128.08)	75.76

v. Investment details

		As at March 31, 2015	As at March 31, 2014
Insurance managed funds	%	100.00	100.00
TOTAL	%	100.00	100.00

vi. Summary of actuarial assumptions

		As at March 31, 2015	As at March 31, 2014
Discount rate	%	7.80	9.20
Estimated rate of return on plan assets	%	7.50	7.50
Salary escalation rate	%	Senior staff - 7.00% Junior staff & workers 1.00% for first 3 years 5.00% thereafter	7.00
Mortality rate		Indian Assured Lives Mortality (IALM) (2006-08) Ult. Modified	Indian Assured Lives Mortality (IALM) (2006-08) Ult. Modified
Attrition rate	%	Age Rate p.a.	Age Rate p.a.
		21-30 5	21-30 5
		31-40 3	31-40 3
		41 & above 2	41 & above 2

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered take into account inflation, seniority, promotion and other relevant factors.

vii. Experience adjustments

(In ₹ Lakhs)	March 31, 2015	March 31, 2014	March 31, 2013	December, 2011	March 31, 2011
Defined benefit obligation	2,249.01	2,477.05	2,504.78	2,055.02	1,915.64
Plan assets	2,470.77	2,482.54	2,521.03	1,937.44	2,142.50
Surplus/(deficit)	221.76	5.49	16.25	(117.58)	226.86
Experience gain/(loss) adjustment on plan liabilities	(83.06)	(275.57)	133.36	316.03	(1,724.68)
Experience gain/(loss) adjustment on plan assets	118.75	44.73	81.14	(185.31)	—
Actuarial gain/(loss) due to change in assumptions	278.53	238.21	—	—	—

b. Superannuation

The Company contributed ₹31.72 lakhs (Previous year: ₹33.52 lakhs) to the Superannuation fund maintained with Life Insurance Corporation of India during the year ended March 31, 2015.

c. Provident fund

The Company contributed ₹383.69 lakhs (Previous year: ₹365.23 lakhs) to the Provident Fund trust maintained by the Company and ₹106.96 lakhs (Previous year: ₹103.57 lakhs) to Regional Provident Fund Commissioner.

d. Compensated absences

The key assumptions, as provided by an independent actuary, used in the computation of compensated absences are referred in Sl. No. (vi) above.

25. Segment information

The Company is in the business of manufacture and sale of pulp, paper and paper board. Considering the core activities of the Company, the management is of the view that manufacture and sale of pulp, paper and paper boards is a single reportable business segment and hence information relating to primary segment is not required to be disclosed.

Information relating to secondary segments i.e. geographical segments - domestic and overseas is as follows:

(In ₹ Lakhs)	Domestic		Overseas*		Total	
	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
Segment revenue	103,534.11	107,273.28	16,913.56	8,694.48	120,447.67	115,967.76
Segment assets	123,253.82	130,886.38	1,340.87	597.60	124,594.69	131,483.98

* Overseas segment revenue includes export incentives received by virtue of exports.

Note: Capital expenditure incurred during the year ended are in respect of domestic segment.

26. Related party transactions

a. List of related parties and relationships:

i. Ultimate holding company

International Paper Company, USA

ii. Holding company

IP Holding Asia Singapore Pte. Limited

iii. Subsidiary company

IP India Foundation

iv. Fellow subsidiaries where transactions exist

International Paper (India) Private Limited

International Paper Inc. TN USA

International Paper procurement (Shanghai) Limited

International Paper Investment (Shanghai) Limited

International Paper USA

IP Singapore Holding Pte. Limited

International Paper Nordic Sales Company

International Paper Investments (Luxembourg) S.à.r.l.

v. Entity where the Company is in a position to exercise control

The Employee's Provident Fund of The Andhra Pradesh Paper Mills Limited

vi. Key Management Personnel

Name of the person	Relationship	Status
Mr. W. Michael Amick Jr.	Executive Chairman	From August 23, 2012 to October 31, 2014
Mr. Rampraveen Swaminathan	Managing Director & CEO	From March 2, 2012 to October 31, 2014
	Chairman & Managing Director	From November 1, 2014

vii. Non-Executive/Independent Directors

Name of the person	Relationship	Status
Mr. Praveen P. Kadle	Director	
Mr. Michael Baymiller	Director	Till November 30, 2014
Mr. Kenneth P. Huelskamp	Director	Till July 13, 2014
Mr. Thomas G. Kadien	Director	
Mr. M.S. Ramachandran	Director	
Ms. Ranjana Kumar	Director	
Mr. M.K. Sharma	Director	Till January 22, 2015
Mr. Adhiraj Sarin	Director	
Mr. Milind Sarwate	Director	
Ms. Shiela Pallerne Vinczeller	Director	
Ms. Jayashree Satagopan	Director	From July 22, 2014
Mr. W. Michael Amick Jr.	Director	From November 1, 2014 to January 18, 2015

b. Summary of significant related party transactions

(In ₹ Lakhs)	Name of the related party	Year ended March 31, 2015	Year ended March 31, 2014
Purchase of goods	International Paper, USA	47.66	1668.31
	International Paper Nordic Sales	460.36	179.29
	IP Singapore Holding Pte. Limited	—	285.65
	International Paper Inc TN USA	—	355.74
Consultancy services	International Paper USA	—	133.13
Service charges	International Paper Investment (Shanghai) Limited	—	30.79
	International Paper Procurement (Shanghai) Limited	—	305.04
Professional charges - Management contracts	International Paper (India) Private Limited	1,741.61	2,612.63
Royalty expenses	International Paper USA	124.57	—
Rent received	International Paper (India) Private Limited	38.00	38.00
Reimbursement of expenses	International Paper (India) Private Limited	—	201.23
Managerial remuneration	Key Management Personnel [Refer Note(i) below]	230.71	242.80
	Other Directors	28.05	7.40
Foreign currency loan received	IP Holding Asia Singapore Pte. Limited	299.75	2,859.26
	International Paper Investments (Luxembourg) S.à.r.l.	616.20	—
Foreign currency loan paid	IP Holding Asia Singapore Pte. Limited	1,264.55	—
Interest paid on foreign currency loan	IP Holding Asia Singapore Pte. Limited	234.45	228.90
Capital advance given	International Paper Procurement (Shanghai) Limited	—	136.34
Contribution towards provident fund	The Employees Provident Fund of APPM Limited	383.69	365.23
Contribution towards CSR expenses	IP India Foundation	16.00	—
Investment made	IP India Foundation	—	5.00

c. Amounts due from/due to related parties

(In ₹ Lakhs)	Name of the related party	As at March 31, 2015	As at March 31, 2014
Due from related parties			
Capital advances	International Paper Procurement (Shanghai) Limited	—	—
Advances	International Paper Nordic Sales Company	—	89.96
Advance receivable	International Paper (India) Private Limited	—	183.32
Due to related parties			
Advances received	International Paper (India) Private Limited	—	34.83
Interest payable on	IP Holding Asia Singapore Pte. Limited	—	54.30
Foreign currency loan	International Paper Investments (Luxembourg) S.à.r.l. [Refer Note (ii) below]	53.00	—
Foreign currency loan payable	IP Holding Asia Singapore Pte. Limited	—	7,490.00
	International Paper Investments (Luxembourg) S.à.r.l. [Refer Note(ii) below]	7,500.60	—
Trade payables	International Paper (India) Private Limited	1,011.38	1,273.56
	International Paper, USA	105.88	144.95
	IP Investment (Shanghai) Limited	—	30.79
	IP Procurement (Shanghai) Limited	—	23.22

Note

- i. Represents remuneration paid to Mr. Rampraveen Swaminathan (MD & CEO) and Mr. P.K Suri, Director - Operations (previous year) in compliance with the Notification No. G.S.R. 534 (E), dated July 14, 2011, by the Ministry of Corporate Affairs read along with Schedule XIII of the Companies Act, 1956. The remuneration was paid in their capacity as independent professionals appointed by the Company, who possess requisite professional qualifications with expert knowledge in their field of profession. Further, the Company's legal counsel also opined that no central government approval is required, as the managerial personnel meet the requirement of Notification No. G.S.R. 534 (E), dated July 14, 2011.
- ii. During the year, the foreign currency loan outstanding from IP Holding Asia Singapore Pte. Limited, amounting to ₹6,934.40 lakhs (USD 12,000,000) as on December 31, 2014 has been assigned to International Paper Investments (Luxembourg) S.a.r.l. Consequently, all subsequent repayments have been made to International Paper Investments (Luxembourg) S.a.r.l.

27. Leases

The Company's significant leasing arrangements are in respect of operating leases for premises (Offices, godowns, etc.) ranging from 3 years to 20 years. The aggregate lease rentals payable are charged as 'Rent' under Note 22.

With regard to the non-cancellable operating lease, the future minimum lease rentals are as follows:

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
Not later than 1 year	34.47	34.47
Later than 1 year and not later than 5 years	194.26	187.99
More than 5 years	413.58	454.31

28. Earnings per share

	Year ended March 31, 2015	Year ended March 31, 2014
Profit/(loss) for the year (In ₹ Lakhs)	24.78	(4,161.21)
Weighted average number of equity shares outstanding during the year (Nos.) - Basic and Diluted	39,770,039	39,770,039
Earnings per share (Face value ₹10 per share) Basic and Diluted (₹)	0.06	(10.46)

29. Raw materials consumed

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Hardwood	39,960.84	35,704.93
Waste paper cuttings, wood pulp, etc.	5,925.65	10,788.87
Others	—	16.17
TOTAL*	45,886.49	46,509.97

*Others include items, which do not individually exceed 10% of total consumption.

30. Details of imported and indigenous raw materials, spares and packing materials consumed

(In ₹ Lakhs)	Year ended March 31, 2015		Year ended March 31, 2014	
	₹	% of total consumption	₹	% of total consumption
Raw materials				
Imported	4,097.18	8.93	8,155.26	17.53
Indigenous	41,789.31	91.07	38,354.71	82.47
TOTAL	45,886.49	100.00	46,509.97	100.00
Stores, chemicals, spares & packing material				
Imported	2,918.83	12.06	3,696.61	14.43
Indigenous	21,286.64	87.94	21,918.76	85.57
TOTAL	24,205.47	100.00	25,615.37	100.00

31. CIF value of imports

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Raw materials	4,065.06	7,552.52
Stores and spares	3,141.02	4,217.74
Capital goods	342.36	5,419.48
Others	—	355.74
TOTAL	7,548.44	17,545.48

32. Earnings in foreign currency (on accrual basis)

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Exports on FOB basis	14,352.95	7,669.85
TOTAL	14,352.95	7,669.85

33. Expenditure in foreign currency

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Repairs and maintenance	72.19	282.63
Interest	299.06	238.82
Travelling	41.14	30.41
Agency commission	10.94	5.87
Membership subscriptions	0.49	0.50
TOTAL	423.82	558.23

34. Payment to auditors

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Statutory audit fees	28.00	26.00
Fee for Limited Reviews	9.00	9.00
Taxation services	8.00	16.00
Certification services	5.00	10.00
Out-of-pocket expenses	1.66	1.59
TOTAL	51.66	62.59

35. The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Act, 2006' has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to micro and small enterprises as at March 31, 2015 is as under:

(In ₹ Lakhs)	As at March 31, 2015	As at March 31, 2014
Principal amount remaining unpaid to supplier at the end of the year	113.06	100.42
Interest due thereon remaining unpaid to supplier at the end of the year	14.37	12.72
The amount of interest paid along with the amounts of the payment made to supplier beyond the appointed day	—	—
The amount of interest due and payable	—	—
The amount of interest accrued and remaining unpaid at the end of accounting year	14.37	12.72

36. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of its fixed assets to align the useful life with those specified in Schedule II.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹139.77 lakhs (net of deferred tax of ₹71.97 lakhs) against the Opening Reserves.

The depreciation expense in the Statement of Profit & Loss is lower by ₹1,663.35 lakhs consequent to the change in the useful life of the assets.

37. Derivative instruments

- i. The following are the outstanding forward exchange contracts entered into by the Company

As at March 31, 2015

Currency	Buy/Sell	No. of contracts	Foreign currency (in Million USD)	In ₹ Lakhs
USD	Buy	4	0.89	579.19

As at March 31, 2014

Currency	Buy/Sell	No. of contracts	Foreign currency (in Million USD)	In ₹ Lakhs
USD	Buy	4	1.16	719.76

- ii. Unhedged foreign currency exposure

The foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

	As at March 31, 2015 (All figures in Lakhs)				As at March 31, 2014 (All figures in Lakhs)		
	GBP	USD	Euro	₹	USD	Euro	₹
Trade receivables	—	21.46	—	1,340.87	9.98	—	597.60
Trade payables	0.02	3.65	4.78	551.19	7.65	6.51	465.08
Advances received from customers	—	0.05	—	3.04	0.41	—	25.09
Bank balance	—	0.03	—	—*	0.02	—	1.46
Term loans	—	120.00	—	7,500.60	183.35	—	10,986.58
Interest payable	—	0.86	—	53.78	1.52	—	91.04

*Less than a lakh.

38. Expenses disclosed under the respective notes are net of the following amounts capitalised by the Company under capital work-in-progress/fixed assets:

(In ₹ Lakhs)	Year ended March 31, 2015	Year ended March 31, 2014
Employee benefits expense	72.00	4.62
Finance cost (net)	4.81	37.55
Other expenses	439.80	1,179.69

39. During the previous year, the Company has incorporated a subsidiary, IP India Foundation for its Corporate Social Responsibility activities. The same is not considered for consolidation, as the objective of control over this entity is not to obtain economic benefits from its activities.

40. Exceptional item

During the year 2005, the Company had made a provision of ₹112.92 lakhs, relating to Minimum Royalty demand for the years 1988 and 1989 raised by the Government of Andhra Pradesh. Upon receipt of unfavourable orders from the Hon'ble High Court of Andhra Pradesh, the Company made an appeal to the Hon'ble Supreme Court and submitted additional documents which were not considered by the earlier authorities. The Hon'ble Supreme Court, has passed an Order on March 17, 2015 remanding the matter to the Government of Andhra Pradesh setting aside the Order passed by the Hon'ble High Court of Andhra Pradesh. Consequently, based on internal assessment, the Company has reversed the provision of ₹112.92 lakhs during the year.

41. Disclosure as per Clause 32 of the Listing Agreements with the stock exchanges

Loans and advances in the nature of loans given to subsidiaries, associates, firms/companies in which directors are interested:

Name of the party	Relationship	Amount outstanding as at March 31, 2015	Maximum balance outstanding during the year
IP India Foundation	Subsidiary	Nil (Nil)	Nil (Nil)

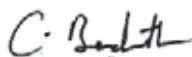
Note: Figures in bracket relate to the previous year.

42. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosures.

For International Paper APPM Limited



Rampraveen Swaminathan
Chairman & Managing Director



Badrinath Chellappa
Vice President & CFO



C. Prabhakar
Senior Vice President
(Corporate Affairs) &
Company Secretary

Hyderabad
April 23, 2015

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]



INTERNATIONAL PAPER APPM LIMITED

(Formerly known as The Andhra Pradesh Paper Mills Limited)

(CIN: L21010AP1964PLC001008)

Registered Office: Rajahmundry - 533 105, East Godavari District, Andhra Pradesh, India

Email: prabhakar.cherukumudi@ipaper.com | Website: www.ipappm.com

51st Annual General Meeting - August 27, 2015

Name of the Member(s)

Registered address

Email

Folio No./Client ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

DP ID

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I/we, being the member(s) of _____ shares of the above named Company, hereby appoint

Name : Email :

Address :

..... Signature : _____

Or failing him/her

Name : Email :

Address :

..... Signature : _____

Or failing him/her

Name : Email :

Address :

..... Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 51st Annual General Meeting of the Company, to be held on Thursday, August 27, 2015 at 11.30 a.m. at Cherukuri Subbarao Gannemma Udyana Kalyanavedika, Jawaharlal Nehru Road, Rajahmundry - 533 103, East Godavari District, Andhra Pradesh and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution number	Resolution	Vote		
		For	Against	Abstain
Ordinary business				
1.	Adoption of audited financial statements of the Company for the financial year ended March 31, 2015 and the Reports of Board of Directors and Auditors thereon.			
2.	Appointment of a Director in place of Ms. Shiela Pallerne Vinczeller (holding DIN: 06833616) who retires by rotation and being eligible offers herself for re-appointment.			
3.	Appointment of Deloitte Haskins & Sells as Auditors of the Company.			
Special business				
4.	Appointment of Ms. Ann Barbara Wroblewski (holding DIN: 07101091) as a Director of the Company.			
5.	Adoption of new Articles of Association of the Company.			
6.	Appointment of Mr. Rampraveen Swaminathan (holding DIN: 01300682) as Chairman & Managing Director.			
7.	Remuneration of Cost Auditors for the financial year ending March 31, 2016.			
8.	Payment of Commission to Independent Directors.			
9.	Approval for entering into transactions with IP India Foundation, a Wholly Owned Subsidiary Company under Section 188 of the Companies Act, 2013.			

Signed day of 2015

.....

Signature of the Member

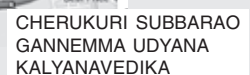
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Signature of the proxy holder(s)

Affix revenue
stamp of not
less than
₹0.15

Notes:

1. This form, in order to be effective, should be stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank, against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.





INTERNATIONAL PAPER APPM LIMITED

(Formerly known as The Andhra Pradesh Paper Mills Limited)
(CIN: L21010AP1964PLC001008)

Website: www.ipappm.com