

Ref: APPM/SES/UFR/11

Dt : 9<sup>th</sup> February, 2011

1) Department of Corporate Services,  
Bombay Stock Exchange Limited,  
P.J.Towers,  
Dalal Street,  
MUMBAI :: 400 001.

2) Listing Department,  
National Stock Exchange of India Ltd.  
"Exchange Plaza",  
Bandra-Kurla Complex,  
Bandra (E),  
MUMBAI :: 400 051.

BSE Scrip Code No.502330

(Symbol – APPAPER; Series - EQ)

Dear Sir (s),

Pursuant to Clause 41 of the Listing Agreement, we send herewith the Unaudited Financial Results for the quarter and nine months ended 31<sup>st</sup> December, 2010 which were approved by the Board of Directors at their Meeting held on 9<sup>th</sup> February, 2011.

Please acknowledge the receipt.

Thanking you,

Yours faithfully,

For THE ANDHRA PRADESH PAPER MILLS LTD.,

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



Encl: as above.

**THE ANDHRA PRADESH PAPER MILLS LIMITED**

Corporate Office: # 501 - 509, Swapnalok Complex, 92/93, Sarojini Devi Road, Secunderabad - 500 003, India  
Tel : +91-40-27813715 / 625 Fax: +91-40-27813717 e-mail: appmcorp@andhrapaper.com Website: www.andhrapaper.com

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

An ISO 9001 & 14001 and OHSAS 18001 Company

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2010

All amounts in Indian Rupees lakhs, except share data

| Sl. No. | PARTICULARS                                                                              | Quarter ended    |                  | Nine Months ended |                  | Year ended            |
|---------|------------------------------------------------------------------------------------------|------------------|------------------|-------------------|------------------|-----------------------|
|         |                                                                                          | 31.12.10         | 31.12.09         | 31.12.10          | 31.12.09         | 31.03.10<br>(Audited) |
| 1       | Gross Sales                                                                              | 17,654.57        | 16,198.05        | 53,503.62         | 44,994.81        | 65,432.39             |
|         | Less : Excise Duty                                                                       | 701.63           | 501.75           | 1,933.59          | 1,409.46         | 2,026.24              |
|         | <b>Net Sales / Income from operations</b>                                                | <b>16,952.94</b> | <b>15,696.30</b> | <b>51,570.03</b>  | <b>43,585.35</b> | <b>63,406.15</b>      |
| 2       | Sale of surplus power                                                                    | 351.78           | 481.07           | 1,131.60          | 1,040.23         | 1,501.71              |
| 3       | Other operating income                                                                   | 285.99           | 21.29            | 827.48            | 379.04           | 416.89                |
| 4       | <b>Total income</b>                                                                      | <b>17,590.71</b> | <b>16,198.66</b> | <b>53,529.11</b>  | <b>45,004.62</b> | <b>65,324.75</b>      |
| 5       | <b>Total expenditure</b>                                                                 | <b>15,563.60</b> | <b>14,341.27</b> | <b>46,349.51</b>  | <b>38,474.53</b> | <b>56,015.40</b>      |
|         | a) (Increase)/ decrease in stock                                                         | (2,139.27)       | 463.34           | (2,865.45)        | (1,665.95)       | 1,844.39              |
|         | b) Consumption of raw materials                                                          | 5,260.07         | 3,982.42         | 14,220.89         | 11,836.26        | 15,618.33             |
|         | c) Stores                                                                                | 4,448.68         | 3,803.78         | 12,738.43         | 10,899.10        | 14,699.91             |
|         | d) Power and fuel                                                                        | 2,440.43         | 1,635.51         | 6,712.66          | 4,611.64         | 5,960.21              |
|         | e) Personnel costs                                                                       | 2,065.38         | 1,363.34         | 5,593.59          | 4,090.75         | 5,648.92              |
|         | f) Other expenditure                                                                     | 1,743.61         | 1,707.13         | 4,938.53          | 4,533.11         | 6,661.92              |
|         | g) Depreciation and amortisation                                                         | 1,744.70         | 1,385.75         | 5,010.86          | 4,169.62         | 5,581.72              |
| 6       | <b>Profit from operations before other income, interest and exceptional items</b>        | <b>2,027.11</b>  | <b>1,857.39</b>  | <b>7,179.60</b>   | <b>6,530.09</b>  | <b>9,309.35</b>       |
| 7       | Other income                                                                             | 123.54           | 24.27            | 336.51            | 99.65            | 411.63                |
| 8       | <b>Profit before interest and exceptional items</b>                                      | <b>2,150.65</b>  | <b>1,881.66</b>  | <b>7,516.11</b>   | <b>6,629.74</b>  | <b>9,720.98</b>       |
| 9       | Interest                                                                                 | 1,114.13         | 752.25           | 2,940.71          | 2,483.27         | 3,215.45              |
| 10      | <b>Profit before Exceptional items</b>                                                   | <b>1,036.52</b>  | <b>1,129.41</b>  | <b>4,575.40</b>   | <b>4,146.47</b>  | <b>6,505.53</b>       |
| 11      | Exceptional items                                                                        | -                | -                | -                 | -                | -                     |
| 12      | <b>Profit from Ordinary activities before tax</b>                                        | <b>1,036.52</b>  | <b>1,129.41</b>  | <b>4,575.40</b>   | <b>4,146.47</b>  | <b>6,505.53</b>       |
| 13      | Tax expense                                                                              | 217.00           | 192.00           | 923.00            | 623.83           | 1,086.19              |
| 14      | <b>Net Profit from ordinary activities after tax</b>                                     | <b>819.52</b>    | <b>937.41</b>    | <b>3,652.40</b>   | <b>3,522.64</b>  | <b>5,419.34</b>       |
| 15      | Extra-ordinary Items                                                                     | -                | -                | -                 | -                | -                     |
| 16      | <b>Net profit for the period / year</b>                                                  | <b>819.52</b>    | <b>937.41</b>    | <b>3,652.40</b>   | <b>3,522.64</b>  | <b>5,419.34</b>       |
| 17      | Paid - up equity share capital (face value Rs.10/- each)                                 | 3,977.00         | 2,573.36         | 3,977.00          | 2,573.36         | 3,275.18              |
| 18      | Reserves (Excluding revaluation reserve)                                                 |                  |                  |                   |                  | 47019.35              |
| 19      | Earnings per share for the period (in Rupees) per Rs.10/- share                          |                  |                  |                   |                  |                       |
|         | a) Before Extra-ordinary items                                                           |                  |                  |                   |                  |                       |
|         | - Basic                                                                                  | 2.46             | 3.64             | 10.96             | 13.69            | 21.03                 |
|         | - Diluted                                                                                | 2.46             | 3.64             | 10.96             | 13.69            | 21.03                 |
|         | b) After Extra-ordinary items                                                            |                  |                  |                   |                  |                       |
|         | - Basic                                                                                  | 2.46             | 3.64             | 10.96             | 13.69            | 21.03                 |
|         | - Diluted                                                                                | 2.46             | 3.64             | 10.96             | 13.69            | 21.03                 |
|         |                                                                                          | (Not annualised) | (Not annualised) | (Not annualised)  | (Not annualised) |                       |
| 20      | Public share holding                                                                     |                  |                  |                   |                  |                       |
|         | -Number of shares (Face value Rs.10/- each)                                              | 18,509,881       | 12,655,352       | 18,509,881        | 12,655,352       | 15,687,201            |
|         | -Percentage of share holding                                                             | 46.54            | 49.18            | 46.54             | 49.18            | 47.90                 |
| 21      | Promoters and promoter group Shareholding                                                |                  |                  |                   |                  |                       |
| a       | Pledged/Encumbered                                                                       |                  |                  |                   |                  |                       |
|         | - Number of shares                                                                       | 971,115          | 971,115          | 971,115           | 971,115          | 971,115               |
|         | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 4.57             | 7.43             | 4.57              | 7.43             | 5.69                  |
|         | - Percentage of shares (as a % of the total share capital of the company)                | 2.44             | 3.77             | 2.44              | 3.77             | 2.97                  |
| b       | Non-encumbered                                                                           |                  |                  |                   |                  |                       |
|         | - Number of shares                                                                       | 20,289,043       | 12,107,088       | 20,289,043        | 12,107,088       | 16,093,481            |
|         | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 95.43            | 92.57            | 95.43             | 92.57            | 94.31                 |
|         | - Percentage of shares (as a % of the total share capital of the company)                | 51.02            | 47.05            | 51.02             | 47.05            | 49.13                 |

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Notes:

- 1 The Company registered its highest exports ever of 6,154 tons in this quarter
- 2 The company has been awarded two prestigious environmental awards:-
  - a) The Indian Paper Manufacturers Association (IPMA) Award of 2009-2010 for Environment
  - b) The Confederation of Indian Industry (CII) Environmental Best practices Award of 2010-2011
- 3 The Profit for the quarter is primarily impacted due to retrospective settlement of wage revision, following agreement with union at APPM unit amounting to Rs.385 lakhs (net of provision).
- 4 The Company has been recognising deferred tax expense / benefit at effective tax rate of the Company for the respective years and not at the enacted tax rates as at the balance sheet date as required by Accounting Standard – 22 on Accounting for Taxes on Income. The applicability of the effective tax rate instead of enacted tax rate is a matter of reference in a writ petition filed by the Company which is pending before the Hon'ble Calcutta High Court. Tax expense for the current quarter represents deferred tax charge for the quarter based on the effective tax rate for the year, which is the Minimum Alternate Tax. The statutory auditors have drawn attention to this matter in their report.
- 6 The Company is in the business of manufacture and sale of pulp, paper and paper board which according to management is a single reportable business segment.
- 7 The equity share capital has increased from Rs. 3,275.18 lakhs to Rs 3,977.00 lakhs upon conversion of 70,18,242 detachable warrants into equity shares on 2nd December 2010. Share premium @ Rs.40 per share amounting to Rs.2807.30 lacs has been credited to share premium account. The proceeds of warrants conversion issue have been fully utilised for the purposes stated in the letter of offer dated 22nd February 2010
- 8 Status of investor complaints during the quarter ended 31.12.2010, Pending at the beginning : Nil; Received during the Quarter :15; Redressed: 9; Pending at the end of the Quarter : 6 (since resolved).
- 9 The Statutory Auditors have carried out limited review of the above financial results.
- 10 The above Financial Results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 9th February 2011.
- 11 The figures for the previous periods/ year have been re-grouped/re-classified, wherever necessary, to conform to the current period/s presentation.

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



M. K. TARA  
Managing Director & CEO

Place : Secunderabad  
Date: 9th February, 2011

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