

Ref: APPM/SES/11
Dt : 30th March, 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),

In continuation of our letter dated 29th March, 2011, we are sending herewith the announcement made by International Paper relating to the proposed acquisition of shares of The Andhra Pradesh Paper Mills Limited extracted from the website of International Paper, USA.

This is for your kind information.

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

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An ISO 9001 & 14001 and OHSAS 18001 Company

International Paper Announces Strategic Entry into India, Agrees to Purchase Shares of Andhra Pradesh Paper Mills

International Paper today announced plans to establish a presence in India by acquiring up to 75 percent of leading Indian paper company Andhra Pradesh Paper Mills Limited. Once completed, the transaction will position International Paper as the first global paper and packaging company with a significant position in India's growing paper and packaging industries.

"APPM is an established and highly respected company in India, and is an excellent platform for International Paper to grow with the Indian paper and packaging markets," said John Faraci, chairman and chief executive officer of International Paper. "Both APPM and the India paper and packaging industry are growing at substantial rates, and we believe that IP's global operations and technical expertise can accelerate that growth and create value for customers as well as IP and APPM shareholders."

LN Bangur, executive chairman, Bangur Group, said, "We have built a strong business in India, and the next phase of growth requires a different set of resources and capabilities. International Paper is the right company to take the business forward and deepen maturity of the sector in India."

"International Paper has a proven track record of bringing global best practices in operational excellence, industrial safety as well as social responsibility into our emerging market investments, and we intend to do the same in India with APPM," said Tom Kadien, senior vice president of IP's Consumer Packaging and IP Asia businesses. "This investment will be positive for employees and their communities, customers, shareholders and the state of Andhra Pradesh."

APPM is one of the leading integrated paper manufacturers in India, with two mills with combined capacity of about 250,000 tonnes of uncoated freesheet papers annually. The existing and capable management team and 2,500 employees of APPM will continue to operate the business, supplemented by additional IP leadership and technical resources.

In connection with this acquisition, the company is also establishing IP India, a new division of the company that will manage our stake in APPM, reporting to Tom Kadien. In the coming weeks and months, Tom will be announcing key leaders of the IP India and APPM integration and management teams.

The details of acquisition are as follows:

International Paper has entered into agreements with Mr. L.N. Bangur and related family members and affiliates to purchase approximately 53.5 percent of the outstanding shares of Andhra Pradesh Paper Mills Limited for approximately US\$257 million in cash. In addition, IP has agreed to a US\$62 million non-compete payment.

Pursuant to Indian securities law, International Paper will also launch a mandatory public tender offer to acquire up to an additional 21.5 percent of the outstanding shares of APPM for approximately US\$104 million in cash.

International Paper anticipates acquiring up to 75 percent of APPM's outstanding shares through these two transactions, with the remaining 25 percent of shares publicly held.

The share purchase and public tender are expected to be completed as early as the third quarter of 2011, subject to regulatory and other approvals, including the Security and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), and, if applicable, the Competition Commission of India (CCI).

Note: All USD monetary amounts are approximations based on an Indian Rupee to U.S. Dollar exchange rate of INR 45 per USD.