

January 18, 2017

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

BSE Scrip Code No.502330

(Symbol – IPAPPM; Series - EQ)

Dear Sir (s),

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we send herewith the Unaudited Financial Results for the quarter and nine months ended December 31, 2016 which were approved by the Board of Directors at their Meeting held on January 18, 2017.

The meeting of Board of Directors of the Company commenced at 11.30 A.M. and concluded at 5.15 P.M.

We also enclose the Independent Auditors' Review Report dated January 18, 2017 issued by M/s. Deloitte Haskins & Sells, Auditors of the Company on the Unaudited Financial Results for the quarter and nine months ended December 31, 2016 which was placed before the Board of Directors.

Please acknowledge the receipt.

Thanking you,

Yours faithfully,

For INTERNATIONAL PAPER APPM LIMITED

C. Prabhakar

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



Encl: as above

INTERNATIONAL PAPER APPM LIMITED

(Formerly known as The Andhra Pradesh Paper Mills Limited)

(Corporate Identity Number: L21010AP1964PLC001008)

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

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

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

An ISO 9001, ISO 14001 and OHSAS 18001 Certified Company

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

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

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2016 (Unaudited)	September 30, 2016 (Unaudited)	December 31, 2015 (Unaudited)	December 31, 2016 (Unaudited)	December 31, 2015 (Unaudited)	March 31, 2016 (Audited)
1	Income from operations						
	(a) Revenue from Sales	34,183.64	25,058.62	29,526.44	89,607.30	87,740.81	118,720.75
	(b) Other operating income	573.49	662.97	714.94	2,150.84	2,202.31	2,904.32
	Total income from operations	34,757.13	25,721.59	30,241.38	91,758.14	89,943.12	121,625.07
2	Expenses						
	(a) Cost of materials consumed	14,588.25	10,172.86	13,585.80	35,984.20	38,357.47	50,794.30
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(526.14)	1,052.26	(1,580.28)	2,595.87	(333.91)	855.83
	(c) Excise duty	1,677.20	1,122.55	1,417.58	4,227.68	4,194.68	5,644.12
	(d) Process chemicals, stores and spares consumed	4,029.21	3,471.22	3,995.74	11,206.04	11,895.66	15,634.27
	(e) Power, fuel and water expense	2,260.26	2,156.59	2,024.17	6,468.33	5,910.48	7,944.12
	(f) Employee benefits expense	3,412.36	3,108.69	3,237.74	9,901.71	9,421.96	12,924.53
	(g) Depreciation and amortisation expense	1,609.43	1,750.94	1,552.03	5,148.75	4,777.51	7,317.62
	(h) Other expenses	3,802.10	3,785.44	3,459.92	11,081.11	11,231.69	14,760.50
	Total expenses	30,852.67	26,620.55	27,692.70	86,613.69	85,455.54	115,875.29
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	3,904.46	(898.96)	2,548.68	5,144.45	4,487.58	5,749.78
4	Other income	80.62	134.80	298.00	413.21	628.48	645.62
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	3,985.08	(764.16)	2,846.68	5,557.66	5,116.06	6,395.40
6	Finance costs	786.19	830.00	997.18	2,520.88	3,022.06	4,029.58
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items & tax expense (5-6)	3,198.89	(1,594.16)	1,849.50	3,036.78	2,094.00	2,365.82
8	Exceptional items (Refer Note 3)	-	(1,404.13)	-	(1,404.13)	368.50	3,270.65
9	Profit / (Loss) from ordinary activities before tax (7+8)	3,198.89	(2,998.29)	1,849.50	1,632.65	2,462.50	5,636.47
10	Tax expense/(benefit)	1,030.31	(890.83)	356.61	33.64	812.03	1,947.16
11	Net Profit / (Loss) for the period (9-10)	2,168.58	(2,107.46)	1,492.89	1,599.01	1,650.47	3,689.31
12	Paid-up equity share capital (face value ₹ 10 each)	3,977.00	3,977.00	3,977.00	3,977.00	3,977.00	3,977.00
13	Reserves excluding revaluation reserve	-	-	-	-	-	41,117.39
14	Earnings per share (Basic & Diluted) of ₹10 each (Not Annualised)	5.45	(5.30)	3.75	4.02	4.15	9.28*
	See accompanying notes to the financial results						

* Annualised



CR

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 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.

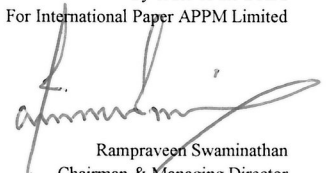
An ISO 9001, ISO 14001 and OHSAS 18001 Certified Company

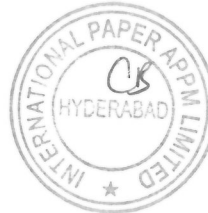
Notes:

- 1 The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meetings held on January 13, 2017 and January 18, 2017, respectively. The statutory auditors have carried out a limited review of these financial results.
- 2 The Company is in the business of manufacture and sale of pulp, paper and paper boards. Management views manufacture and sale of pulp, paper and paper boards as a single reportable business segment.
- 3 **Exceptional items:**
 - (a) (i) The Company has so far received demands for ₹ 2,555.69 lakhs from the State Government Electricity Authorities.
The Hon'ble High Court for the State of Telangana and the State of Andhra Pradesh dismissed the Company's writ petition (along with the other petitions on the same matter filed by other companies) vide its common order dated 19th May 2016 ('the Order') in which it upheld the validity of levy of electricity duty @ 25 paise per unit by the State Government on consumption of electricity by captive generating units. During the previous quarter, the Company (along with other petitioners) filed a Special Leave Petition in the Hon'ble Supreme Court, which has listed the case for further hearing in first week of February 2017. In the interim, the Hon'ble Supreme Court directed the petitioners to pay partial amount without prejudice to the rights and contentions of the petitioners. Based on legal advice obtained, the Company has created a provision amounting to ₹ 942.97 lakhs (@ 6 paise per unit) during the previous quarter which is disclosed as Exceptional item and the balance estimated amount is treated as Contingent liability in the books of accounts.
In view of the above, as the matter is *sub judice* and the outcome of which is indeterminable, the auditors have made an observation in their Limited Review Report about their inability to comment on the ultimate outcome of this matter and the consequential impact, if any, on the Financial Results.
 - (ii) Based on the favorable orders of the Hon'ble High Court of Andhra Pradesh, a major portion of refund of excise duty on credit notes for discounts/rebates were sanctioned to the Company. On appeal made by the Department of Central Excise and Customs, the Hon'ble Supreme Court vide its order dated 29th August 2016 ruled in favour of the Department. Consequently, the Company created a provision of ₹ 461.16 lakhs during the previous quarter, which has been disclosed as an Exceptional item. The Company has filed a review petition in the Hon'ble Supreme Court for waiver of interest.
 - (b) During the year ended March 31, 2016:
 - (i) Effective April 01, 2015, the Company with retrospective effect changed its method of providing depreciation on certain assets from the 'Written Down Value' method to the 'Straight Line' method. Accordingly, the Company reversed the depreciation charged till March 31, 2015 amounting to ₹ 2,361.32 lakhs in the Statement of Profit and Loss.
 - (ii) The Company revised its estimate based on internal assessment and fresh legal opinion obtained, in respect of provision created in earlier years for a disputed matter and reversed ₹ 540.83 lakhs during the year ended March 31, 2016.
 - (iii) A provision amounting to ₹ 202.11 lakhs was created in the earlier years due to an adverse order issued by CESTAT, Bangalore, in connection with the tax position adopted by the Company which was upheld by the Hon'ble Supreme Court on July 21, 2015 and consequently, the aforesaid provision was reversed during the quarter ended September 30, 2015.
 - (iv) The Asst. Commissioner granted interest on delayed refund of Excise duty paid on cash discounts vide order No.s 30 and 31 dated July 31, 2015. The resultant income of ₹ 166.39 lakhs was accounted during the quarter ended September 30, 2015.
- 4 During the previous quarter, the production and earnings were impacted owing to the following:
 - (a) The manufacturing facility at Rajahmundry conducted Planned Annual Outage for 13 days which was executed on time without any safety incidents.
 - (b) The union workmen at the Rajahmundry manufacturing facility resorted to illegal strike without any notice from 10th August 2016. The illegal strike was unconditionally called off from 1st September 2016 after an MOU was signed in the presence of Assistant Commissioner of Labour, Andhra Pradesh. The Company resorted to 'No Work No Pay' principle and workmen were not paid their wages during the period of illegal strike.
- 5 The figures of the previous periods have been regrouped/reclassified, wherever considered necessary to correspond with the current period's classification/disclosure.

Place : Hyderabad
Date: January 18, 2017

By order of the Board
For International Paper APPM Limited


Rampraveen Swaminathan
Chairman & Managing Director



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 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

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

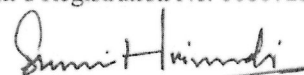
TO THE BOARD OF DIRECTORS OF INTERNATIONAL PAPER APPM LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **INTERNATIONAL PAPER APPM LIMITED** ("the Company") for the Quarter and Nine months ended December 31, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We draw attention to Note 3 (a) (i) of the Statement regarding the High Court dismissing the writ filed by the Company challenging the levy of electricity duty by the State Government on consumption of electricity by captive generating units and the interim orders of the Hon'ble Supreme Court of India on hearing the Special Leave Petition filed by the Company. As stated in the said Note, based on legal advice obtained the Company has created a provision amounting to ₹ 942.97 lakhs during the quarter ended September 30, 2016 and the balance estimated amount has been treated as a Contingent Liability.

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

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

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



Sumit Trivedi

Partner

(Membership No. 209354)

Tirupati, January 18, 2017