INTERNATIONAL PAPER

CELEBRATING 50 years
International Paper APPM Ltd.

August 7, 2018

Department of Corporate Services
BSE Limited
14th Floor, P.J. Towers,
Dalal Street,
MUMBAI :: 400 001

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

BSE Scrip Code No.502330

(Symbol – IPAPPM; Series – EQ)

Dear Sirs,

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we send herewith a copy of Annual Report of the Company for the financial year ended March 31, 2018, as adopted by the Members of the Company in the Annual General Meeting held on August 2, 2018.

Please acknowledge the receipt.

Thanking you,

Yours faithfully,
For INTERNATIONAL PAPER APPM LIMITED

C. Prabhakar

International Paper APPM Ltd. ★ Hyderabad

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

Encl: As above

INTERNATIONAL PAPER APPM LIMITED

54th ANNUAL REPORT 2018

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Attention – Shareholders holding shares in physical form

In terms of notification dated June 8, 2018 issued by Securities and Exchange Board of India, requests for transfer of shares in physical form shall not be processed by companies or Registrars with effect from December 6, 2018. Therefore, if you want to transfer your shares on or after December 6, 2018, please get your shares dematerialised.

HIGHLIGHTS OF THE YEAR

CHAIRMAN'S MESSAGE

Our employees are the backbone of our operations, so we depend on each other. We continue to invest in people, by developing their capabilities and providing a safe and engaging place to work.

Dear Shareholders,

I am pleased to report that we have performed very well for the FY 2018. A year in which we achieved record levels for production, sales, revenue and profits. But, our performance cannot only be measured by the traditional metrics since our key stakeholders depend on us every day for a wide range of needs.

Our customers depend on us for high quality products, excellent service and for delivering their orders on time. We have improved our product quality, introduced new ***innovative products*** and made significant improvements in on-time-in-full delivery.

Our employees are the backbone of our operations, so we depend on each other. We continue to ***invest in people***, by developing their capabilities and providing a safe and engaging place to work. We expect our leaders to have character, capability and be catalysts for change. Our leaders are responsible for the safety of our employees and safety is our highest priority. We need and want our employees to feel valued and take pride and ownership to be part of IP APPM. Our communities depend on us for the direct economic impact of our business and the community service projects we support for education, health & wellness and engagement. Our CSR team leads the efforts to support the community needs for education, access to clean drinking water and skill development and empowerment of women.

Our products are made of fibre from sustainable forests, so ***sustaining forests*** is critical to our strategy. We have improved our plans to ensure long-term access to sustainable fibre by collaborating with farmers and government to develop strong plant species and advanced farming practices to grow sustainable forests for the long term.

We are a company that uses the natural resource of fibre to make our product so we care deeply about the environment. We are accountable for our environmental impact and ***improving our planet***. We have deliberate efforts and committed capital to improve our use of water, chemicals and energy as well as improve our stack air emissions and solid waste disposal.

Shareholders depend on us for ***inspired performance*** including the efficient use of capital to deliver strong financial results and value. As you review this annual report, I think you will see improvement across many fronts and for the areas that matter most. As I stated in the beginning, our performance cannot be measured by operations and financial metrics alone. We have a much greater impact than that for our customers, employees, communities, suppliers, the environment and you the shareholder.

I would like to extend my gratitude and appreciation to our Board of Directors, the IP APPM leadership team and our employees for their support and commitment. I believe our future is bright and holds more opportunity for growth.

Sincerely

Donald P. Devlin

Donald P. Devlin
Chairman & Managing Director

CORPORATE OVERVIEW

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

The fifty four 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.

The Company employs ~1,900 people. The manufacturing facilities comprise of two mills at Rajahmundry and Kadiyam, both located in the East Godavari District, and a conversion center at SN Palem in Krishna District, all located in the State of Andhra Pradesh.

It is our vision to become one of the best and most respected companies in India - as measured by our employees, our customers, our communities and our shareholders. To achieve this goal, the Company is focused on excellence on its five drivers – sustaining forests, investing in people, improving the planet, creating innovative products and delivering inspired performance, while maintaining high standards of integrity and safety in everything we do.

Our Vision

Our vision is to be among the most successful, sustainable and responsible companies in India

Safety of our employees and contract workers

We fulfill our commitments with the highest ethical standards

We are responsible towards our environment and our community

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

Focus on customer support excellence

Achieve world class productivity

Become the low cost producer

Grow in profitable segments

Create a performance culture

Meet our financial objectives

Become the preferred choice of customers

Create a great place to work.

HOW WE PERFORMED

THE IP WAY FORWARD

The IP Way Forward is how we go beyond just doing the right things and defines how we will meet our commitments to our shareholders, customers, employees and communities. The IP Way Forward is our framework for achieving our vision to be among the most successful, sustainable and responsible companies in India. It includes sustaining forests, investing in people, improving the planet, innovative products and inspired performance.

Our entire business depends upon the sustainability of forests. We will continue to lead in responsible forest stewardship to ensure healthy and productive forest ecosystems.

1.7 Billion
saplings since 1989

74.30 Million
Saplings planted in FY18

79,000 farmers
sustaining our forest program

4000 New farmers
added in FY18

10,250 hectares
of farm forestry added in FY18

We invest to protect and improve the lives of our employees, mobilize our people, products and resources to address critical needs in the communities where our employees live and work.

100 leaders participated in the annual leadership conference

155 training programs for skill development in FY18

Introduced medical insurance policy for workmen and their spouses

92% Satisfaction Score
in the global employee engagement survey.

22% reduction in serious safety incidents

Improving our PLANET

We take deliberate steps to reduce our environmental footprint and promote the long-term sustainability of natural capital.

Innovative PRODUCTS

We create innovative, sustainable and recyclable products that help our customers achieve their objectives.

Inspired PERFORMANCE

We deliver long-term value for all stakeholders by establishing advantaged positions in attractive, fiber-based market segments with safe, efficient manufacturing operations near sustainable fiber sources.

4.1% reduction
in power consumption
Kwh/T of paper

1.7% reduction
in Process steam consumption
Kwh/T of Paper

1.6% Reduction
in effluent discharge

8% reduction
in water consumption/ton of paper produced

Reflection - White was introduced in cut-size

Aligned Product development strategy for education sector

Improved our product offering to meet growing demand for copier paper

4% Increase
in product sales volume

29% Increase in EBITDA during the year

156% Increase in Profit after Tax on the back of higher sales, improved efficiency and manufacturing cost

25% Improvement
in net Cash flow

SUSTAINING FORESTS

Our entire business depends upon the sustainability of forests. We will continue to lead responsible forest stewardship to ensure healthy and productive forest ecosystems.

Rythukosam
make your farm profitable!

IP APPM's digitization of plantation data is picking up pace. As on FY18 we have digitized around 1,640 hectares of plantation. This process creates an environment of intense interaction with the farming community and builds a robust relationship of trust and confidence between the Company and the farmers. Through our online farm forestry initiative- www.rythukosam.com the farmers can interact online with the Company as well as access data about best farm forestry practices.

FY18 initiatives on forestry

Our Company's farm forestry program generates more wood on the earth than we consume; in fact, at more than double the rate of consumption. Our investment towards responsible farm forest stewardship ensures a healthy and productive forest ecosystem.

The Company has begun execution of its fiber strategy to increase procurement within 300 km of the mills. In this direction, the Company is exploring partnerships with leading forestry institutions to complement its forestry R&D program.

The Company is committed to increase farmers' income by increasing per unit yield from their pulpwood plantations.

1.7 billion
saplings since 1989

250,000
hectares under farm forestry initiatives since 1989

74.30
million saplings planted in FY18

79,000
farmers sustaining our forest programme

4,000
new farmers added in FY18

10,250
hectares of farm forestry added in FY18

During the year the Company distributed 4.30 million high yielding clones along with 70 million casuarina seedlings to farmers. The total number of saplings distributed since 1989 has gone up to 1.7 billion since 1989. As at March 31, 2018 there are 250,000 hectares of forest area under IP APPM's farm forestry initiatives benefiting 79,000 farmers.

INVESTING IN PEOPLE

We invest to protect and improve the lives of our employees and mobilize our people, products and resources to address critical needs in the communities where our employees live and work

1900+
Employees

100+
Participated in the annual leadership conference

155
Training Programes in FY18

92%
Of the employees expressed high satisfaction at work during global employee engagement survey

Safety

The safety of our employees is our highest priority. We have robust safety programs that require leadership, sound policy, continual training plus certification and constant communication. Most importantly, it requires our employees to engage and take responsibility for the work environment and safe behaviours of themselves and their colleagues.
We have implemented a safety leading indicator program that focuses on identifying and eliminating risks and hazards before they become an incident. These efforts are continuous and evolving to achieve and maintain an injury free workplace.

Attract Talent

Talent is needed at all levels. We hire young engineers to develop future leaders. We hire the industry's best talent to develop mid-level leaders. We promote from within to develop our bench strength for top management.

Develop Capabilities

We use a combination of training, coaching and on-the-job experience to develop our people. From safety to maintenance skills, to 6 sigma and leadership development, we invest in our people to create a work-force that is highly engaged and improving capabilities.

Retain + Engage

We believe that highly engaged employees care more about their efforts, care more about their colleagues and produce better results for safety, production, serving our customers and earning better profits.

During 2017, we conducted a survey to measure employee engagement. We use the survey results to develop plans to improve engagement at every level.

IMPROVING OUR PLANET

We make paper products from fibre, which comes from nature and sustainable forests. Along with promoting sustainable forestry practices, our goal is to minimize the environmental impact and promote the long-term sustainability of natural capital.

Land, water and air

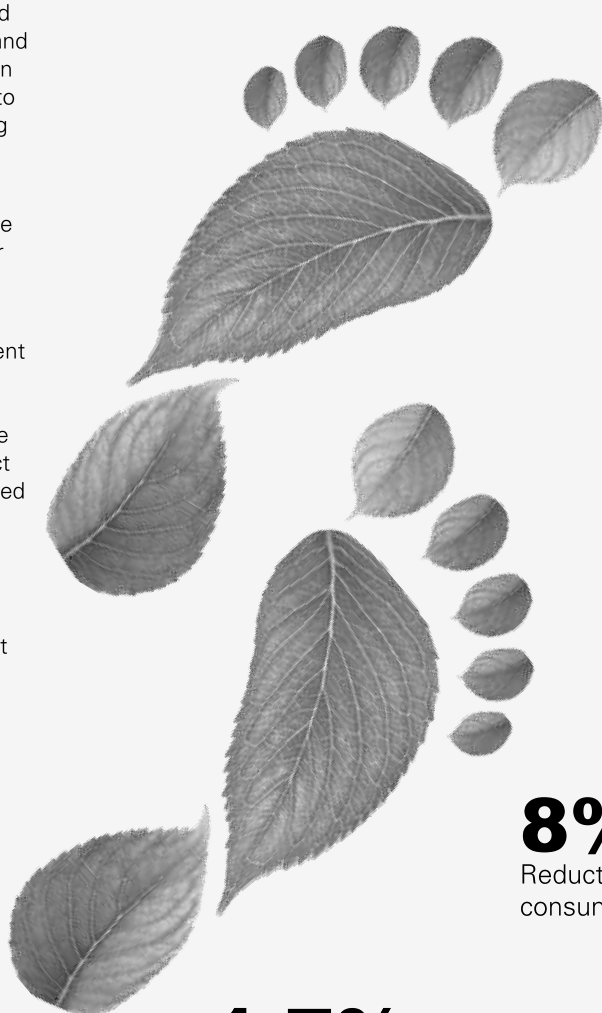
We are committed to compliance with environmental regulations and continuously monitor our actions and output to ensure we operate within limits. Our mills have direct links to the Andra Pradesh PCB monitoring systems providing live daily feeds.

We are investing capital to reduce water consumption, convert sludge to energy and improve controls for boiler stack emission and odorous chemicals.

The monitoring of effluent treatment plant performance has facilitated the reuse, reduction and recycling of sludge. New technologies were adopted for odour control to collect and treat foul streams. Implemented projects to reuse and recirculate water within our mills to minimize consumption of fresh water.

We invest in R&D and collaborate with both farmers and government to support a sustainable forestry strategy ensuring a healthy forest and sustained access to fibre for years to come.

4.1%
Reduction in power consumption/ton of paper



1.6%
Reduction in average daily effluent discharge

14.8 Lakh m3
Annual volume of water supplied to villages in Kadiyam and Rajahmundry

8%
Reduction in water consumption/ton of paper.

1.7%
Reduction in process steam consumption/ton of paper

INNOVATIVE PRODUCTS

We transform renewable resources into recyclable products people depend on every day.

We continue to focus on creating innovative, sustainable and recyclable products that help our customers achieve their objectives and satisfy changing consumers.

IP APPM manufactures a wide variety of writing, printing, copier and speciality papers for foreign and domestic markets.

40+
Paper end uses

35+
IP APPM Brands

Writing and Printing

We offer a wide range of superior quality writing and printing papers suitable for printing journals, text books, reference books, calendars and a variety of other commercial printing applications as well as for notebooks and diaries.

TRUPRINT ULTRA
High Brightness & High Bulk

TRUPRINT
Superior Images

PRIMAVERA
Consistent Performance

TRUPRINT IVORY
Pleasing Off white shade

CCS
Smoothness & Printability

PRIMAVERA WHITE
Consistent Performance

Copier

The papers are available in best in class brightness and produced with Elemental Chlorine Free (ECF) Pulp technology. Our 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 and Multi functional devices

Speciality

IP APPM offers a wide range of superior quality Specialty grade products that are custom engineered to suit specific and diverse range of applications.

INSPIRED PERFORMANCE

We strive to deliver long-term value for all stakeholders. By investing in attractive, fibre-based markets, controlling costs, managing capital spending and focusing on deliberate improvement efforts to increase productivity and efficiency, we have generated strong, free cash flow.

Safety

Reduced number of safety incidents by 11%

Reduced number of serious incidents by 22%

Financial

The Company's financial performance improved by earning its highest recorded EBITDA and PAT. These results were driven by higher sales volume, higher selling prices as well as record production levels and improved efficiency and manufacturing cost. While EBITDA registered an increase, Profit After Tax improved by 156% supported by better sales, improved efficiency and manufacturing cost.

Commercial Excellence

India's UFS market demand grew by ~4% in FY18. IP APPM grew 4% with the market, improving our supply positions for copier and high demand industrial grades

Operational Excellence

Our teams have integrated the Manufacturing Excellence approach to identify internal process improvement opportunities. Now employees are driving operational initiatives and reliability improvements that provide significant year-over-year benefits.

Social Economic Value Added

Taxes Paid

₹ 4,339 lakhs

CSR Spent

₹ 61 lakhs

Salaries paid

₹ 15,220 lakhs

Farm Forestry Spent

₹ 223 lakhs

We have > 90 green belt certified specialists that manage projects to improve operations and cost. Overall Machine Efficiency improved from 87% to 89% and cost per ton improved by 2.7%.

Key Performance Metrics

Revenue

₹ 127,980 lakhs

Production Volume

228,900 MT

Sales Volume

230,894

Overall Machine Efficiency

89%

OTIF

90%

Profit After Tax

₹ 8,306 lakhs

CORPORATE SOCIAL INITIATIVES

We believe that investing in the communities where our employees live and work is crucial to their sustainable development and we have been involved in community development work since our inception.

Health & Wellness
Safe Drinking Water

Education
Teachers' Training
School Infrastructure
Scholarships

Community Engagement
Women Empowerment
Volunteering

Social initiatives at IP APPM are implemented through IP India Foundation - a wholly owned subsidiary of International Paper APPM Ltd. Its focus areas – Health & Wellness Education and Community Engagement make positive contributions to the communities around the manufacturing facilities and farm forestry areas.

FY18 CSR Spent

₹ **61** Lakhs

Key Impacts FY18

Health & Wellness

Safe Drinking Water

7 Plants | **9,000** beneficiaries

Free Drinking Water Through Tankers

9,000 beneficiaries

Education

IP Scholarship

120 Students | **74** Schools

Teachers' Training

100 Teachers | **10,000** Students

Spoken English Skills

1,100 Students | **6** Schools

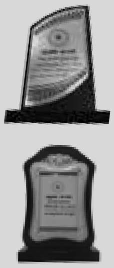
Employee Volunteering and Social Engagement

Close to 200 IP APPM employees volunteered for various social engagements programmes like JMJ Orphanage activity, World environment day, International yoga day, painting event at Muramanda school, Rally of Rivers and Project Saathi donation drive. IP APPM employee fee donations were given to 45+ Students

Awards & Recognitions in FY18

January 2018: Janmabhoomi Awards in the areas of Education, Safe Drinking Water & Women empowerment in Rajahmundry and Kadiam

February 2018: Madhusree Vemuru General Manager - CSR, IP APPM was recognized as "100 most impactful CSR Leaders" by World CSR Congress 2018



BOARD OF DIRECTORS

(Left to right): Mr. Milind Sarwate – Independent Director, Mr. Adhiraj Sarin – Independent Director, Ms Megan A.F. Bula – Non Executive Director, Mr. Russell V Harris – Non Executive Director, Mr. Donald P. Devlin – Chairman & Managing Director, Mr. W. Michael Amick Jr. – Non Executive Director, Mr. M.S. Ramachandran – Independent Director, Mr. Praveen P. Kadle – Independent Director, Ms Ranjana Kumar – Independent Director

INDIA LEADERSHIP TEAM

(Left to right): Mr. Anish T. Mathew (Chief Financial Officer), Ms. Lakshmi Prasad (Government Relations), Mr. Shyam Srivastava (Purchasing & Forestry), Mr. Sura Reddy Mallidi (Mill Manager), Ms Karthika Kumaresan (Legal), Mr. Donald P. Devlin (Chairman & Managing Director), Mr. Atanu Chakrabarthi (Sales & Supply Chain), Mr. Sreenivas Pamidimukkala (Chief Information Officer), Mr. Mukund Menon (HR & Communications) and Mr. Prabhakar Cherukumudi (Company Secretary & CSR).

CORPORATE INFORMATION

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 – 500081
Telangana, India
Phone: +91 40 3312 1000
Fax: +91 40 3312 1010

www.ipappm.com

Works
Unit: RAJAHMUNDRY
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

CIN: L21010AP1964PLC001008

Auditors
Deloitte Haskins & Sells,
Chartered Accountants
Hyderabad

Cost Auditors
Narasimha Murthy & Co.,
Cost Accountants
Hyderabad

Secretarial Auditors
D. Hanumanta Raju & Co.,
Company Secretaries
Hyderabad

Bankers
State Bank of India
Axis Bank
Citi Bank N.A.
Bank of America N.A.
BNP Paribas
JPMorgan Chase Bank N.A

BOARD'S REPORT

Dear Members,

The Board of Directors has pleasure in presenting the 54th Annual Report of the Company and the Audited Accounts for the year ended March 31, 2018.

Performance Review

During the financial year 2017-18, the Company financial performance improved by earning its highest recorded EBITDA and PAT. These results were driven by higher sales volume, higher selling prices as well as record production levels and improved efficiency and manufacturing cost. While EBITDA registered an increase of 28%, Profit after Tax improved by 156% supported by decrease in finance costs, depreciation and exceptional items. The Company continued to focus on important initiatives for improving employee safety and environmental compliance as well as improving the customer experience and operational efficiencies.

(In ₹ Crores)

Summary of Financial Results	March 31, 2018	March 31, 2017
Sales and other operating income	1279.80	1230.94
Earnings before interest, depreciation and taxation (EBITDA)	226.72	176.03
Finance costs	26.09	33.59
Depreciation	65.81	70.03
Profit before exceptional items	134.82	72.41
Exceptional items	(8.37)	(28.18)
Profit before tax	126.45	44.23
Tax expense	43.39	11.83
Profit for the year	83.06	32.40

Dividend

In order to conserve the resources for meeting future capital needs, the Directors have decided not to recommend dividend on the equity shares of the Company.

Markets, Customers and Commercial Excellence

The Paper Industry in India is growing steadily with increasing demand from various customer segments like education, business & corporate and commercial printing. The demand and growth drivers have come from a combination of factors such as rising income levels, growing per capita expenditure, rapid urbanization, industrial production, government spending on education and increased school enrollments.

To cater to the customer needs, the Company offers the best products and services using innovation, sustainability and manufacturing excellence programs. The Company has been able to grow in most regions through distribution expansion and customer engagement programs.

To build trust with the customers, the Company needs to be consistent with its quality and service. Our customers expect the Company to deliver orders on-time and in-full. We must do this to earn their trust. To improve the customer experience, we revised our order management and scheduling process for a ~10% improvement in OTIF rate to 90% for 2017 (On-Time & In-Full).

With an objective to increase customer satisfaction, loyalty and awareness, the Company conducted various customer engagement programs like roadshows, technical meetings, loyalty programs and conferences. These programs served as a platform to show case the Company's products and demonstrate their performance, which helped in understanding the customer needs better. Based on this, the Company developed new products to suit their specific needs. One of the success stories last year was Reflection – White in Cutsize. The Company also aligned its product development strategy to address the growing trends in business and education segments, which added to the value proposition.

The continuous focus in improving customer experience through engagement and new product introduction resulted in increased customer value creation, which led to increase in sales volume by 4% over last financial year.

Raw Material Security

Fiber is the key raw material ingredient within our products, so long term access to low cost sustainable fiber is important to our strategy. We actively engage with farmers and other key stakeholders to collaborate on efforts to improve the strength of the seedlings and clones as well as enhanced farming techniques to improve yield. These efforts help to ensure the long term access to sustainable fiber.

The strategy has also enabled the sourcing of 100% of the Company's fiber requirement within a 300 km radius of the mill, while stabilizing the fiber cost in 2017-18. Our partnerships with farmers has enabled the planting of ~ 4.3 million high yielding Casuarina clones and ~ 70 million Casuarina seedlings. The plantations have covered ~ 10,250 hectares of farm land and generated ~5.1 million man-days of employment for farmers.

Developing and maintaining strong species of Casuarina, Eucalyptus and Subabul requires a commitment to ongoing research and development. We are working with the Indian Paper Manufacturers Association (IPMA) and the Institute of Forest Genetic & Tree Breeding Coimbatore (IFGTB) to ensure the broadest approach to sharing best practices, gaining knowledge and performing R&D for developing clonal species.

Human Resource Management

The Company's agenda for engaging and developing our employees is broad and deep including many initiatives to attract, develop and retain talent. The key focus areas during the year included diversity and inclusion, succession planning, developing a talent pool for critical positions, quality of life programs and leadership development. Beginning with the senior leadership team, the Company appointed a new Vice President & CFO and new Vice President for Procurement and Forestry. Both of these leaders were promoted from within the Company and are a testament to the organization strength of succession planning and development of future leaders. The succession plans and leadership development programs also work deep in the organization as evidenced by the promotion of several young and talented employees to new leadership positions.

We have taken a more professional, proactive and engaging approach to industrial relations. While upholding the IP philosophy of treating people with dignity and respect as well as important principles of labor relations, we engaged with the union leaders, management and government. Following a fair, transparent and engaging process, the Company successfully signed a long-term bargaining agreement with Kadiam Workers Union.

We believe that highly engaged employees drive better results in every measurement. The global employee engagement survey received tremendous response at the Company with 92% respondents voicing high satisfaction at work. This high level of satisfaction rated in the top quartile of IP globally. In addition to employee participation, for the first time, we included contract workers in the survey to measure their engagement.

In line with the philosophy of treating people with respect and equity, the Company introduced medical insurance policy for mill workers and their spouses that will cover their hospitalization expenses.

The annual leadership conference was attended by Company's top 100 leaders. The Company used this opportunity to recognize its leaders' accomplishments as well as review the success, failures and learnings from 2017. Finally, with all of the top leaders in one room, the Company reviewed the goals for next year and made sure that all are aligned on the 2018 priorities.

Leveraging the power of Information Technology

Applying IT solutions to business operations can be a powerful technique to improve efficiency, cost and focus time. The IT department has begun using data analytics and digital automation tools to enhance productivity, reduce manual work and increase accuracy. The focus areas include Sales, Marketing, Forestry and Manufacturing. New process automation in our Farm Forestry operation has enhanced our capability to track saplings from production to delivery. Further process automation within our Environmental management operation has reduced manual work and improved our data management and our ability to ensure that we operate in compliance to the regulations. We have provided new analysis and report tools for our commercial team to better understand key market and customer trends, thus leading to better decisions.

CSR and inclusive growth

The Company is committed to inclusive growth of the communities around the manufacturing facilities in which it operates and for this purpose, it identified three focus areas namely Education, Health and Wellness and Engagement. It has been striving hard for sustainable inclusive growth by taking up various initiatives under these focus areas.

The Company had adopted a CSR Policy which is placed on the Company's website: www.ipappm.com. The Members of Corporate Social Responsibility Committee as on March 31, 2018 comprised of:

a. Mr. M.S. Ramachandran (Independent Director) – Chairman

b. Ms Ranjana Kumar (Independent Director) - Member

c. Mr. Donald P. Devlin (Chairman & Managing Director) – Member

As per Section 135 of the Companies Act, 2013, the Company is required to spend a sum of ₹ 60.70 lakhs during the financial year 2017-18 whereas the Company spent a sum of ₹ 61.04 lakhs (Including donation of ₹ 9.10 lakhs given to IP India Foundation, a Section 8 Company) for supporting various CSR initiatives in these focus areas.

The Annual Report on CSR activities is at Annexure-1.

Awards

During the year under review, the Company received the following Awards:

a. Certificate of Silver Prize in the manufacturing sector, medium scale hazardous category under 6th FICCI Safety Systems Excellence Awards for Industry 2017 in respect of Unit: Kadiyam from Federation of Indian Chambers of Commerce and Industry.

b. Janmabhoomi Award in recognition of special CSR work done in Kadiam

c. Janmabhoomi Award for CSR work done in the areas of education and safe drinking water plants in Rajahmundry

d. Award for innovation in the field of mental health for employees from National Institute of Mental Health and Neurosciences

Related Party Transactions

All related party transactions that were entered into during the financial year under review were on arms-length basis and also in the ordinary course of business. There are no materially significant related party transactions entered into 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 is placed on the Company's website. The related party disclosures are given in Note No.35 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 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 Annexure-2 attached which 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 total cost 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 program to secure fiber 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 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. 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 for each calendar year and circulates the same in advance to all the Directors. During the year under review, four Board meetings and five 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. Rampraveen Swaminathan resigned as Chairman & Managing Director with effect from the close of office hours of April 27, 2017 and the Board placed on record its appreciation for his outstanding contribution in building a strong leadership team, and culture of meritocracy, integrity and fairness and turning around into a profitable company.

b. Mr. Thomas G. Kadien, Non-Executive Director resigned from the Board effective June 30, 2017 and the Board placed on record its appreciation for the valuable advice and guidance received from Mr. Thomas G. Kadien.

c. Ms Shiela P. Vinczeller, Non-Executive Director resigned from the Board effective February 2, 2018 and the Board placed on record its appreciation for the valuable advice and guidance received from Ms Shiela P. Vinczeller.

Mr. Donald P. Devlin assumed charge as Chairman & Managing Director of the Company with effect from April 28, 2017.

As per the provisions of Companies Act, 2013 Mr. W. Michael Amick Jr. will retire by rotation at the forthcoming Annual General Meeting and being eligible offered himself for reappointment.

Mr. Russell V. Harris and Ms Megan A.F. Bula will hold office up to the date of forthcoming Annual General Meeting and the Board recommends their reappointment by the Members at the forthcoming Annual General Meeting.

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 up to March 31, 2019.

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 Regulation 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A Meeting of Independent Directors was held on January 31, 2018.

c. Key Managerial Personnel

Mr. Badrinath Chellappa resigned as Chief Financial Officer with effect from the close of business hours of July 25, 2017. Mr. Anish T. Mathew has been appointed as Chief Financial Officer and he assumed charge from October 24, 2017.

d. Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of performance of Board, as well as the evaluation of the working of its Committees.

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 outcome of Board evaluation for the financial year 2017-18 was discussed by the Board at the Meeting held on May 2, 2018.

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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant Laws and Regulations. Details of Familiarization of Directors are disclosed on the Company's website.

f. Audit Committee

The Audit Committee as on March 31, 2018 comprised of Mr. Praveen P. Kadle as Chairman and Messrs Milind Sarwate, Adhiraj Sarin, W. Michael Amick Jr. and Donald P. Devlin as other Members. All the recommendations made by the Audit Committee were accepted by the Board.

Extract of Annual Return

The extract of Annual Return as on financial year ended March 31, 2018 as required under sub-section 3 of Section 92 of the Companies Act, 2013 in Form No. MGT 9 is attached as Annexure-3.

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 placed on the Company's website.

Internal Financial Controls

The Company established an internal financial control(s) commensurate with the size, scale and complexity of the operations. Internal audit function is being handled by a professional firm of chartered accountants. The main function of Internal Audit is to monitor and evaluate adequacy of internal control system in the Company, its compliance with the operating systems, accounting procedures and policies at all locations of 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 audited the Internal Financial Controls (IFC) over financial reporting of the Company as of March 31, 2018 in conjunction with audit of the financial statements of the Company for the year ended on that date. Unmodified opinion on IFC was given by them.

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. Messrs Deloitte Haskins & Sells, Chartered Accountants have confirmed their eligibility and compliance with conditions relating to their reappointment for the financial year 2018-19.

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 had 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., Practicing Company Secretaries in respect of financial year 2017-18 is attached as Annexure-4.

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 May 2, 2018 appointed Messrs Narasimha Murthy & Co., Cost Accountants as Cost Auditors of the Company at a remuneration of ₹ 7.75 lakhs (excluding applicable taxes) plus reimbursement of travelling and out of pocket expenses on the recommendation of Audit Committee for the financial year ending March 31, 2019 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 Records and Audit) Rules, 2014. M/s. Narasimha Murthy & Co., Cost Accountants were appointed as Cost Auditors of the Company to audit the cost Records for the financial year ended March 31, 2018. The Cost Audit Report for the financial year ended March 31, 2017 was filed with the Ministry of Corporate Affairs in August, 2017.

The Cost Audit Report for the year ended March 31, 2018 will be filed before end of September, 2018.

Public Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

Particulars of loans, guarantees or investments

No loans, gurantees, security and investments covered under the provisions of Section 186 of the Companies Act, 2013 were given during the 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, 2018, the Foundation recorded deficit of ₹ 0.61 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 are placed on the Company's website and are also 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, 2018 is attached as Annexure-5.

Directors' Responsibility Statement

The Board of Directors hereby confirms and declares that:

- in the preparation of final accounts for the year ended March 31, 2018 the applicable accounting standards had 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 financial year ended March 31, 2018 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, 2018 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 Chairman & Managing Director of the Company has 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.
- The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under for prevention and redressal of complaints of sexual harassment at workplace. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All women employees (permanent, contractual, temporary, trainees) are covered under this policy.

Acknowledgements

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

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

For and on behalf of the Board

Hyderabad
June 30, 2018

Donald P. Devlin
Chairman & Managing Director

ANNEXURE-1

Annual Report on Corporate Social Responsibility activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

   CSR vision of the Company is to support, enhance and respect the communities, wherever the employees of the Company live and work. The focus area of CSR activities are Education, Health and Wellness and Engagement which make positive contributions to communities around the Company's manufacturing facilities and farm forestry areas. The Company is continually refining its programs and seeking opportunities to make difference in the communities where they live and operate.

   The CSR policy of the Company sets framework guiding the Company's CSR activities. A copy of the CSR policy is uploaded on the Company's website: www.ipappm.com

2. **The Composition of the CSR Committee**

   In accordance with the provisions of Section 135 of Companies Act, 2013, the Board of Directors constituted Corporate Social Responsibility Committee. The Committee presently comprises of:

   1. Mr. M.S.Ramachandran, Non-Executive Independent Director – Chairman
   2. Ms Ranjana Kumar, Non-Executive Independent Director – Member
   3. Mr. Donald P. Devlin, Chairman & Managing Director – Member

3. **Average net profit of the Company for the last three financial years**

   The average net profits of the Company for the last three financial years calculated as specified by the Companies Act, 2013 for financial year 2017-18 was ₹ 3035.03 lakhs

4. **Prescribed CSR expenditure (2% of the amount as in item 3 above)**

   The prescribed CSR expenditure for the financial year 2017-18 is ₹ 60.70 lakhs

5. **Details of CSR spent during the financial year**

   a) ***Total amount to be spent for the financial year***

      Total amount spent towards CSR during the financial year 2017-18 was ₹ 61.04 lakhs

   b) ***Amount unspent, if any***

      NIL

   c) ***Manner in which the amount spent during the financial year is detailed below:***

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Project or programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise (₹ lakhs)	Amount spent on the projects or programs Sub-heads 1.Direct expenditure on projects or programs 2. Overheads (₹ lakhs)	Cumulative expenditure upto the reporting period (₹ lakhs)	Amount spent direct or through implementing agency
1.	Safe Drinking Water	Eradication of Hunger and Poverty and making available Safe Drinking Water	a) Installation of Safe Drinking Water for providing clean water to Communities in Villages Kadiam, Bhopalapatnam, Sampath Nagar and Dowleswaram in Andhra Pradesh	8.90	8.90	8.90	Direct
			b) Continue to provide water through tankers to the Communities in Katheru Village including maintenance of Safe Drinking water plants	11.67	11.67	11.67	Direct
2.	Education – Instruction Training Infrastructure	Promoting Education	a) Project new horizons (spoken English classes 2 academic years for classes IX and X to the students of five Government Schools in Rajahmundry town; IP Scholarships merit based scholarships to 120 students who passed class X from Government Schools.	14.70	14.70	14.70	Direct and through IP India Foundation which was set up in 2013 to undertake CSR activities
			b) Teachers training for 100 primary school teachers of Rajahmundry rural and Kadiam Mandal	1.31	1.31	1.31	Direct
			c) School Infrastructure: Providing furniture to Anand Nagar Government School, Construction of Girls Toilets in Dowleswaram and Atreyapuram Government Schools; providing Steam based kitchen in Girijana Vikas Kendram (Tribal Residential School), Construction of Compound wall in Government School at Muramanda Village	18.85	18.85	18.85	Direct
3.	Empowering women and supporting senior citizens	Promoting gender equality empowering women setting up Old Age Homes Etc.	a) Tailoring Centers for women in Mallayya Peta, Rajahmundry and in Kadiam village	1.30	1.30	1.30	Direct
			b) Construction of two rooms and two toilets in Swarnandhra Old Age Home	3.46	3.46	3.46	Direct
			c) Other volunteer activities	0.85	0.85	0.85	Direct
			Total	**61.04**	**61.04**	**61.04**	

6. **In case the Company has failed to spend the 2% of the average net profits of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

   Not Applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

   The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with CSR objectives and the CSR Policy of the Company.

Donald P. Devlin
Chairman & Managing Director

M.S. Ramachandran
Chairman, CSR Committee

ANNEXURE-2

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

A Conservation of energy-

I. The steps taken or impact on conservation of energy:

- Paper machine Drives replacement from DC to AC for reduced power consumption
- Use of LED lighting for energy conservation
- Replacing inefficient air conditioners with latest energy efficient air conditioners
- Installing energy efficient air dryers.
- Installation of VFDs for energy efficient operation.

II. The steps taken by the company for utilizing alternate sources of energy:

- Firing ETP Sludge, Wood bark and saw dust in the boiler and saving coal

III. The capital investment on energy conservation equipment :

- Replacement of Energy Inefficient Pumps with efficient pumps
- VFD installation
- New Air Dehydrator

B Technology absorption-

I. Efforts made towards technology absorption:

- Technology from IBS, Austria for Reel Turn-up Systems at RJ-2, RJ-3 & RJ-5 Paper Machines for Operator Safety & reducing Wastage.
- Construction of Blast wall for Recovery Boiler

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

- Reel Turn-up Systems at RJ-2, RJ-3 & RJ-5 Paper Machines for reducing Wastage.

III. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

1	a.	Details of technology imported	**White Liquor Oxidation** - New WLO Plant of 120 Cu.m/day capacity suitable for 720 TPD Unbleached pulp production is installed to maintain chemical balance in pulp & recovery plant, save cost by reducing caustic & fuel in lime kiln & avoid selling of excess white liquor. The technology was imported from M/s Lundberg USA.
	b.	Year of import	2015
	c.	Has 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.	Technology imported	**Hard Piping for foul odor control** - The foul condensate streams that are generated from fiberline & recovery Island, that emit odorous total reduced sulfur (TRS) compounds including hydrogen sulfide (H2S). For efficient collection of foul condensate, a new Hard piping technology concept was adopted from M/s Lundberg, USA.
	b.	Year of import	2015
	c.	Has 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	**Online measurement of effluent properties** viz. TSS & pH using technology from HACH, USA.
	b.	Year of import	2015
	c.	Has 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	**DCS Upgradation of obsolete servers** - Up gradation of ABB DCS by replacing Windows Server 2003 with Windows XP with Windows Server 2012 and Windows 2008 Operating Systems with latest version 800xA 6.0 advanced controllers supplied by ABB Singapore
	b.	Year of import	2016
	c.	Has 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	**KA#3 Drives Upgradation** - Upgrading the existing obsolete & outdated DCV 700 Model DC drive system to new ACS 800 MODEL AC drive system on KA3 Machine by ABB, Singapore (Thru Benguluru)
	b.	Year of import	2016
	c.	Has 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	**LVHC System Upgradation** - (Foul odor control in RJY Unit) - System upgradation to effective collection of high concentrated foul gases from evaporator area and to burn in lime kilns to meet PCB norms of ambient air quality. To reduce effluent load from evaporator by reduction of methanol to 95% and H2S to 98% adopting technology from M/s. Lundberg, USA
	b.	Year of import	2016
	c.	Has 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	QCS for RJ#6 - **Replacement of obsolete QCS system** in RJ#6 for improving quality measurement from M/s Honeywell, Singapore
	b.	Year of import	2016
	c.	Has 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.	Details of technology imported	Installation of New Reel Turn-up Systems at RJ-2, RJ-3 & RJ-5 for reducing wastages & Operator Safety. All equipment & consumables from IBS, Austria.
	b.	Year of import	2017
	c.	Has 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 and Development

1. Specific areas in which R&D carried out by the company	– New Product Development – Product quality improvement – Process optimisation studies – Identification of functional additives and plant trials for cost reduction / quality improvement. – Evaluation of new fibrous raw materials
2. Benefits derived as a result of the above R&D.	– 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
3. Future plan of action	– 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.

C Expenditure incurred on Research and Development:

(₹ in lakhs)

a.	Capital	:	-
b.	Recurring	:	10.48
c.	Total	:	10.48

D Foreign exchange earnings and Outgo- (₹ in lakhs)

Foreign Exchange earned in terms of actual inflows	:	22,582.70
Foreign Exchange outgo in terms of actual outflows	:	3,161.22

ANNEXURE-3

EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2018
[Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rule, 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.	International Paper Investments (Luxembourg) S.a.r.l. 9, Rue Gabriel Lippmann, Munsbach L-5365, Luxembourg	Not applicable	Holding	54.96	2(46)
2.	IP International Holdings INC. 6400 Poplar Avenue Memphis, TENNESSEE U.S.A. 38197	Not applicable	Holding	20.04	2(46)
3.	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 (01.04.2017)				No. of shares held at the end of the year (31.03.2018)				% 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	0.00
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	0.00
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	0.00
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	15,000	200	15,200	0.04	-	-	-	-	–0.04
b. Banks / FI	47,280	1,680	48,960	0.12	318,493	330	318,823	0.80	0.68
c. Central Government	-	-	-	-	-	-	-	-	-
d. State Government(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	1,069,021	200	1,069,221	2.69	1,069,021	200	1,069,221	2.69	0.00
g. FIIs	147,715	0	147,715	0.37	287,349	-	287,349	0.72	0.35
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others- (specify)	-	-	-	-	-	-	-	-	-
1.Foreign Banks	-	150	150	0.00	-	150	150	0.00	0.00
Sub-total (B)(1)	1,279,016	2,230	1,281,246	3.22	1,674,863	680	1,675,543	4.21	0.99
2. Non-Institutions									
a. Bodies Corporate									
i. Indian	1,342,754	3,590	1,346,344	3.39	1,089,130	2,558	1,091,688	2.75	–0.64
ii. Overseas	-	-	-	-	-	-	-	-	-
b. Individuals									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	2,624,075	318,064	2,942,139	7.40	3,794,527	233,764	4,028,291	10.13	2.73
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4,124,946	10,365	4,135,311	10.40	2,825,845	10,365	2,836,210	7.13	-3.27

c. Others specify:									
i. Non-Resident Indians	83,505	221	83,726	0.21	161,385	171	161,556	0.40	0.19
ii. Clearing Members	12,844	0	12,844	0.03	23,623	-	23,623	0.06	0.03
iii. Trusts	17,933	0	17,933	0.04	17,933	-	17,933	0.04	0.00
iv. Foreign Nationals	-	-	-	-	-	-	-	-	-
v. NBFC	122,846	0	122,846	0.31	25,925	-	25,925	0.07	–0.24
vi. Unclaimed Suspense Account	121	0	121	0.00	28	-	28	0.00	0.00
vii. IEPF	-	-	-	-	81,713	-	81,713	0.21	0.21
Sub-total (B)(2)	8,329,024	332,240	8,661,264	21.78	8,020,109	246,858	8,266,967	20.79	–0.99
Total Public Shareholding (B) = (B)(1) + (B)(2)	9,608,040	334,470	9,942,510	25.00	9,694,972	247,538	9,942,510	25.00	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	39,435,569	334,470	39,770,039	100.00	39,522,501	247,538	39,770,039	100.00	0.00

ii. Shareholding of promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year (01.04.2017)			Shareholding at the end of the year (31.03.2018)			% change in shareholding 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	-
1	International Paper Investments (Luxembourg) S.a.r.l.	21,856,033	54.96	-	21,856,033	54.96	-	-
2	IP International Holdings Inc	7,971,496	20.04	-	7,971,496	20.04	-	-
Total		29,827,529	75.00		29,827,529	75.00	-	-

iii. Change in promoters' shareholding

Sl. No.	Name of the Promoter	Shareholding at the beginning of the year (April 1, 2017)		Date wise Increase/decrease in Promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	Cumulative shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1	International Paper Investments (Luxembourg) S.a.r.l.	21,856,033	54.96	**There is no change during the year**	21,856,033	54.96
2	IP International Holdings Inc.	7,971,496	20.04		7,971,496	20.04

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, 2017)		Increase/decrease in shareholding			Cumulative shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares	% of total shares of the Company	Date	No. of shares	Reason	No. of shares	% of total shares of the Company
1	Dilipkumar Lakhi DPID:IN300159 Client ID: 10026342	1,577,989	3.97	April 1, 2017			1,577,989	3.97
				April 28, 2017	–80,883	Transfer	1,497,106	3.76
				May 12, 2017	–1,864	Transfer	1,495,242	3.76
				July 28, 2017	–105,390	Transfer	1,389,852	3.49
				October 13, 2017	–29,407	Transfer	1,360,445	3.42
				October 20, 2017	–225	Transfer	1,360,220	3.42
				October 27, 2017	–62,290	Transfer	1,297,930	3.26
				November 10, 2017	–470	Transfer	1,297,460	3.26
				November 24, 2017	–11,379	Transfer	1,286,081	3.23
				December 1, 2017	–51,095	Transfer	1,234,986	3.11
				December 8, 2017	–100,538	Transfer	1,134,448	2.85
				December 15, 2017	–13,000	Transfer	1,121,448	2.82
				January 5, 2018	–72,000	Transfer	1,049,448	2.64
				January 12, 2018	–376,480	Transfer	672,968	1.69
				March 31, 2018			672,968	1.69
2	The Oriental Insurance Company Limited DPID: IN300812 Client ID:10000560	684,706	1.72	April 1, 2017			684,706	1.72
				March 31, 2018			684,706	1.72
3	Chirag Dilipkumar Lakhi DPID:IN300159 Client ID:10614573	630,748	1.59	April 1, 2017			630,748	1.59
				July 14, 2017	–20,832	Transfer	609,916	1.53
				March 31, 2018			609,916	1.53
4	Manish Lakhi DPID:IN300159 Client ID: 10026414	463,752	1.17	April 1, 2017			463,752	1.17
				March 31, 2018			463,752	1.17
5	The New India Assurance Company Limited DPID: IN300812 Client ID:10001728	384,237	0.97	April 1, 2017			384,237	0.97
				March 31, 2018			384,237	0.97
6	JM Financial Services Limited DPID: IN302927 Client ID: 10094771	173,277	0.44	April 1, 2017			173,277	0.44
				April 14, 2017	–9,100	Transfer	164,177	0.41
				April 21, 2017	–3,227	Transfer	160,950	0.40
				April 28, 2017	–1,000	Transfer	159,950	0.40
				May 5, 2017	4,768	Transfer	164,718	0.41
				May 12, 2017	–1,243	Transfer	163,475	0.41
				May 19, 2017	93	Transfer	163,568	0.41
				May 26, 2017	10,241	Transfer	173,809	0.44
				June 2, 2017	18,514	Transfer	192,323	0.48
				June 9, 2017	18,163	Transfer	210,486	0.53
				June 16, 2017	2,997	Transfer	213,483	0.54
				June 23, 2017	–248	Transfer	213,235	0.54
				June 30, 2017	–91	Transfer	213,144	0.54
				July 7, 2017	3,000	Transfer	216,144	0.54

				July 21, 2017	20	Transfer	216,164	0.54
				July 28, 2017	69	Transfer	216,233	0.54
				August 4, 2017	–60	Transfer	216,173	0.54
				August 11, 2017	–117	Transfer	216,056	0.54
				August 25, 2017	5,000	Transfer	221,056	0.56
				September 1, 2017	–1,398	Transfer	219,568	0.55
				September 8, 2017	–688	Transfer	218,970	0.55
				September 15, 2017	–4,195	Transfer	214,775	0.54
				September 22, 2017	–4,708	Transfer	210,067	0.53
				September 29, 2017	–14	Transfer	210,053	0.53
				October 6, 2017	–20,737	Transfer	189,316	0.48
				October 13, 2017	11,985	Transfer	201,301	0.51
				October 20, 2017	3,661	Transfer	204,962	0.52
				October 27, 2017	1,765	Transfer	206,727	0.52
				October 31, 2017	15,534	Transfer	222,261	0.56
				November 3, 2017	179	Transfer	222,440	0.56
				November 10, 2017	363	Transfer	222,803	0.56
				November 24, 2017	–21,250	Transfer	201,553	0.51
				December 1, 2017	3,736	Transfer	205,289	0.52
				December 8, 2017	350	Transfer	205,639	0.52
				December 15, 2017	–2,243	Transfer	203,396	0.51
				December 22, 2017	182	Transfer	203,578	0.51
				December 29, 2017	–1,372	Transfer	202,206	0.51
				December 30, 2017	–202	Transfer	202,004	0.51
				January 12, 2018	-21,236	Transfer	180,768	0.45
				January 19, 2018	–612	Transfer	180,156	0.45
				January 26, 2018	17,294	Transfer	197,450	0.50
				February 2, 2018	–30,750	Transfer	166,700	0.42
				February 9, 2018	10,052	Transfer	176,752	0.44
				February 16, 2018	–2,466	Transfer	174,286	0.44
				February 23, 2018	1,517	Transfer	175,803	0.44
				March 2, 2018	–2,409	Transfer	173,394	0.44
				March 9, 2018	–622	Transfer	172,772	0.43
				March 16, 2018	–20	Transfer	172,752	0.43
				March 23, 2018	24,508	Transfer	197,260	0.50
				March 30, 2018	–151,135	Transfer	46,125	0.12
				March 31, 2018			46,125	0.12
7	Hitesh Satishchandra Doshi DPID: IN300126 Client ID: 10936068	125,582	0.32	April 1, 2017			125,582	0.32
				September 22, 2017	–13,954	Transfer	111,628	0.28
				October 13, 2017	–21,628	Transfer	90,000	0.23
				October 27, 2017	–19,093	Transfer	70,907	0.18
				December 01, 2017	–65,907	Transfer	5,000	0.01
				December 08, 2017	–4,000	Transfer	1,000	0.00
				March 31, 2018			1,000	0.00
8	Phillip Finance & Investment Services India Pvt. Ltd. DPID: IN302164 Client ID: 10321893	119,950	0.30	April 1, 2017			119,950	0.30
				April 7, 2017	–550	Transfer	119,400	0.30
				September 22, 2017	–50,000	Transfer	69,400	0.17
				December 8, 2017	–5,000	Transfer	64,400	0.16
				January 12, 2018	–45,000	Transfer	19,400	0.05
				March 31, 2018			19,400	0.05
9	Nepa Shah DPID: IN303270 Client ID: 10044679	119,941	0.30	April 1, 2017			119,941	0.30
				July 28, 2017	–28,701	Transfer	91,240	0.23
				August 4, 2017	–91,240	Transfer	0	0.00
				March 31, 2018			0	0.00
10	Radhakishan Damani DPID: IN305099 Client ID: 20005754	110,000	0.28	April 1, 2017			110,000	0.28
				March 31, 2018			110,000	0.28

11	MV SCIF Mauritius DPID: IN300167 Client ID: 10081087	88,152	0.22	April 1, 2017			88,152	0.22
				April 7, 2017	1,998	Transfer	90,150	0.23
				April 14, 2017	999	Transfer	91,149	0.23
				April 21, 2017	998	Transfer	92,147	0.23
				April 28, 2017	9,980	Transfer	102,127	0.26
				May 5, 2017	1,996	Transfer	104,123	0.26
				May 19, 2017	9,976	Transfer	114,099	0.29
				June 2, 2017	998	Transfer	115,097	0.29
				June 16, 2017	2,028	Transfer	117,125	0.29
				June 23, 2017	4,181	Transfer	121,306	0.31
				July 7, 2017	–6,210	Transfer	115,096	0.29
				July 21, 2017	–2,070	Transfer	113,026	0.28
				August 11, 2017	1,406	Transfer	114,432	0.29
				September 15, 2017	–5,293	Transfer	109,139	0.27
				September 22, 2017	–3,276	Transfer	105,863	0.27
				September 29, 2017	345	Transfer	106,208	0.27
				October 6, 2017	109	Transfer	106,317	0.27
				October 27, 2017	1,605	Transfer	107,922	0.27
				October 31, 2017	1,992	Transfer	109,914	0.28
				November 3, 2017	2,988	Transfer	112,902	0.28
				November 10, 2017	3,976	Transfer	116,878	0.29
				December 15, 2017	993	Transfer	117,871	0.30
				December 22, 2017	–1,415	Transfer	116,456	0.29
				January 12, 2018	–985	Transfer	115,471	0.29
				February 9, 2018	–4,922	Transfer	110,549	0.28
				February 16, 2018	511	Transfer	111,060	0.28
				March 16, 2018	–1,972	Transfer	109,088	0.27
				March 23, 2018	–5,283	Transfer	103,805	0.26
				March 31, 2018			103,805	0.26
12	Ramesh Damani DPID: IN300142 Client ID: 10249407	38,208	0.10	April 1, 2017			38,208	0.10
				April 28, 2017	10,000	Transfer	48,208	0.12
				May 5, 2017	645	Transfer	48,853	0.12
				September 15, 2017	30,000	Transfer	78,853	0.20
				March 31, 2018			78,853	0.20
13	ICICI Bank Limited DPID: IN301348 Client ID: 20016807	7,200	0.02	April 1, 2017			7,200	0.02
				April 7, 2017	–400	Transfer	6,800	0.02
				April 14, 2017	230	Transfer	7,030	0.02
				April 21, 2017	195	Transfer	7,225	0.02
				April 28, 2017	–236	Transfer	6,989	0.02
				May 12, 2017	36,929	Transfer	43,918	0.11
				May 19, 2017	3,344	Transfer	47,262	0.12
				May 26, 2017	–40,291	Transfer	6,971	0.02
				June 2, 2017	993	Transfer	7,964	0.02
				June 23, 2017	1,536	Transfer	9,500	0.02
				June 30, 2017	–1,536	Transfer	7,964	0.02
				July 14, 2017	–97	Transfer	7,867	0.02
				July 21, 2017	–500	Transfer	7,367	0.02
				July 28, 2017	655	Transfer	8,022	0.02
				August 4, 2017	60	Transfer	8,082	0.02
				September 1, 2017	1,193	Transfer	9,275	0.02
				September 8, 2017	13	Transfer	9,288	0.02
				September 15, 2017	142	Transfer	9,430	0.02
				September 22, 2017	–142	Transfer	9,288	0.02
				October 6, 2017	13,599	Transfer	22,887	0.06
				October 13, 2017	238	Transfer	23,125	0.06

				October 20, 2017	200	Transfer	23,325	0.06
				October 27, 2017	293	Transfer	23,618	0.06
				October 31, 2017	−15,345	Transfer	8,273	0.02
				November 3, 2017	132	Transfer	8,405	0.02
				November 10, 2017	−51	Transfer	8,354	0.02
				November 17, 2017	165	Transfer	8,519	0.02
				November 24, 2017	−207	Transfer	8,312	0.02
				December 1, 2017	−1,493	Transfer	6,819	0.02
				December 8, 2017	−1	Transfer	6,818	0.02
				December 15, 2017	1	Transfer	6,819	0.02
				December 22, 2017	244	Transfer	7,063	0.02
				December 29, 2017	−243	Transfer	6,820	0.02
				January 5, 2018	3,984	Transfer	10,804	0.03
				January 12, 2018	−2,202	Transfer	8,602	0.02
				January 19, 2018	50	Transfer	8,652	0.02
				February 2, 2018	35,727	Transfer	44,379	0.11
				February 9, 2018	−2,538	Transfer	41,841	0.11
				March 2, 2018	2,571	Transfer	44,412	0.11
				March 9, 2018	4,186	Transfer	48,598	0.12
				March 16, 2018	2,016	Transfer	50,614	0.13
				March 30, 2018	201,280	Transfer	251,894	0.63
				March 31, 2018			251,894	0.63
14	Kantilal M Vardhan (H.U.F.) Client ID: 1203360000027948	74,964	0.19	April 1, 2017			74,964	0.19
				March 31, 2018			74,964	0.19

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, 2017)		Increase/decrease in shareholding		Shareholding at the end of the year (March 31, 2018)	
		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. C. Prabhakar, Company Secretary	258	0.00	-	-	258	0.00
2	Mr. Anish T. Mathew, Chief Financial Officer	10	0.00	-	-	10	0.00

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

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	200,000,000	3,394,482,978	88,646	3,594,571,624
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	1,359,133	-	1,359,133
Total (i + ii + iii)	200,000,000	3,395,842,111	88,646	3,595,930,757
Change in indebtedness during the financial year				
* Addition	-	1,260,000,000	-	1,260,000,000
* Reduction	-	2,780,655,992	88,646	2,780,744,638
Net change	-	(1,520,655,992)	(88,646)	(1,520,744,638)
Indebtedness at the end of the financial year				
i. Principal Amount	200,000,000	1,875,186,119	-	2,075,186,119
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	931,096	-	931,096
Total (i +ii +iii)	200,000,000	1,876,117,215	-	2,076,117,215

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	Name of Managing Director, Whole-time Directors and/or Manager
1.	Gross salary	NIL
	a. Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	
	b. Value of perquisites under section 17(2) of the Income Tax Act, 1961	
	c. Profits in lieu of salary under section 17(3) of the Income- tax Act, 1961	
2.	Stock option	
3.	Sweat equity	
4.	Commission - as % of profit	
	Others	
5.	Others	
	Total	
	Ceiling as per the Act	

B. Remuneration to other directors

(₹ Lakhs)

Sl. No.	Particulars of remuneration	Name of Directors					Total
		Mr. M.S. Rama-chandran	**Ms Ranjana Kumar**	**Mr. Praveen P. Kadle**	**Mr. Adhiraj Amar Sarin**	**Mr. Milind Sarwate**	
1.	**Independent Directors**						
	Fee for attending board/ committee meetings	5.00	5.25	7.75	10.00	7.75	35.75
	Commission	7.43	7.43	7.44	7.43	7.44	37.17
	Others	-	-	-	-	-	-
	Total (1)	**12.43**	**12.68**	**15.19**	**17.43**	**15.19**	**72.92**
2.	**Other Non-Executive Directors**	**Mr. Thomas G. Kadien**	**Ms Shiela P. Vinczeller**	**Mr. W. Michael Amick Jr.**	**Mr. Russell Vance Harris**	**Ms Megan A.F. Bula**	
	Fee for attending board / committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1)+(2)						**72.92**
	Total managerial remuneration (A+B)						**72.92**
	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	Mr. Anish T. Mathew Chief Financial Officer	Total
1.	Gross salary				
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	74.85	36.92	56.48	168.25
	b. Value of perquisites under Section 17(2) of the Income-tax Act, 1961	2.17	-	-	2.17
	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	77.02	36.92	56.48	170.42

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 (give Details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment			—— NIL ——		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

ANNEXURE-4

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
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 accordance with the guidance note issued by the Institute of Company Secretaries of India, 1980 and 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, 2018, 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, 2018, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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, 2015;

 (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - (Not applicable to the Company during the period of audit);

 (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - (Not applicable to the Company during the period of audit);

 (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - (Not applicable to the Company during the period of audit);

 (f) 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;

 (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - (Not applicable to the Company during the period of audit);

 (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - (Not applicable to the Company during the period of audit); and

 (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws specifically applicable to the Company include:

 A. Indian Boilers Act, 1923;

 B. The Environment (Protection) Act, 1986 and allied Environment Laws; and

 C. Contract Labour Act, 1971 and A.P. Contract Labour Rules.

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 Agreements 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.

We further report that *company has subscribed to an Online Compliance Management System whereby system generated reports are submitted quarterly to the members of the Board about any non-compliance and delayed compliance, if any, with respect to all laws and rules that are applicable to the Company. The Board in their meetings takes note of this report and suggests corrective action if deemed necessary.*

We further report that *Company has filed a Scheme of Arrangement before the Hon'ble High Court of Andhra Pradesh and Telangana to reclassify and transfer the amount of ₹ 288.76 Crores lying to the credit of 'General Reserves' to 'Profit and Loss Account' of the Company under the terms of the Scheme. After constitution of Hon'ble National Company Law Tribunal, this matter has been transferred to Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad and is under consideration.*

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

Place: Hyderabad
Date: April 19, 2018

CS D. HANUMANTA RAJU
PARTNER
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'

To
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 Records 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

Place: Hyderabad
Date: April 19, 2018

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

ANNEXURE-5

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 with amounts 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, 2017 to March 31, 2018
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	₹ 2,540,886
Total assets	₹ 3,147,386
Total Liabilities	₹ 3,147,386
Investments	₹ 75,000
Turnover	₹ 3,245,635
Excess of expenditure over income before taxation	₹ 60,775
Provision for taxation	₹ NIL
Excess of expenditure over income after taxation	₹ 60,775
Proposed Dividend	Not applicable
% of shareholding	100

There is no other subsidiary company except IP India Foundation.

For and on behalf of the Board

Hyderabad
June 30, 2018

Donald P. Devlin
Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

Forward looking statements

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

1. Operating Environment

Indian Economy, Global Paper Industry & Indian Paper Industry

1.1 Indian Economy

The Indian economy grew at 6.7 per cent in 2017-18. Though economic growth remained subdued in the first half of the year due to demonetization and GST implementation, it recovered in the second half on the back of robust consumer demand and buoyancy in urban and rural spending. The 7.7% growth rate achieved during Q4 FY18 puts India as one of the fastest growing economies in the world. With private consumption picking up, rural economy recovering and investments reviving as reflected in IP capital growth index and gross fixed capital formation (GCF), India's growth should remain positive with both the World Bank and IMF predicting a higher growth trajectory in the years ahead., For FY18-19 the economy is projected to grow at 7.4%.

The demand drivers for paper consumption comes from a combination of factors such as increasing numbers of professional office workers, expanding access to education and increasing access to broadband internet and use of computers and printers.

1.2 Global Paper Industry

Globally over 400 million tonnes of paper and paper products are consumed. The world's three largest paper producing countries are China, the United States, and Japan (these three countries account for approximately half of the world's total paper production), while India accounts for a small but growing share of the global market. The global paper and pulp industry has contracted slightly over the past five years, primarily due to disrupting technology, and shift in customer demand. However, the decline in growth in developed markets are expected to be offset by the demand growth in India, Middle East, Africa and Asia.

1.3 Indian Paper Industry

The domestic demand of paper and packing is ~14 Million metric tonnes, which accounts for ~4% of the world's consumption. The estimated turnover of the industry is ₹ 50,000 crores, contributes ₹ 4,500 crores to the exchequer and provides employment to more than 0.5 Million people and 1.5 Million people indirectly.The Indian paper industry is highly fragmented with ~ 750 paper mills,of which ~6% have capacity of 50,000 MT and above.

The paper industry is classified into four segments, Packaging, Paper & Board, Printing & Writing (P&W), Newsprint and Specialty Papers & Others.

1.4 Outlook

The per capita consumption of paper in India is ~10 Kg as opposed to a global average of 56 kg. We believe India is in the early stages of the demand cycle and expect continued growth in all paper segments.

For the Indian paper industry, strong economic growth has been accompanied by equally robust demand for paper. The demand for paper is largely driven by:

- **Education**: Efforts to improve the primary and higher education is driving the students enrolment and continuance of education.
- **Publications:** The demand for high quality printing and writing paper.
- **E-commerce**: Internet penetration is creating new business models and demand for industrial packaging, consumer packaging and printing & writing paper.
- **Economic activity**:The increase in economic activity is expected to open up more avenues (Manufacturing sector, Office space) for paper demand.
- **Consumerism:**Higher disposable income coupled with urbanisation is expected to drive new and different consumer behaviours and drive demand for paper products.

As per the industry estimates, Printing and Writing segment demand is expected to grow at a CAGR of ~4%, Paperboard at a CAGR of ~9% and speciality paper at ~8%.

1.5 Major Industry Challenges

a Access to quality and cost competitive raw material

India is a wood fibre deficient country as the Government of India does not permit industrial plantations in the country. Inadequate raw material availability domestically is a major constraint for the paper industry. Additionally, the recovery rate of wastepaper in India is quite low (~30%) due to lack of an effective collection mechanism. With issues like availability of quality raw material at competitive prices, many players depend on the imports of pulp, wastepaper and even pulpwood to meet their raw material needs and often have to pay premium for availing them thereby impacting profitability and capacity addition.

IP APPM has implemented a strategy that develops free saplings and clonal species, partners with farmers and government to supply 100% of Company's fibre needs within 300 Kms of the Mills.

b Imports

The reduction of import duties (10% to Nil) on paper and paperboard from ASEAN countries pose a challenge to India paper industry. During the year FY18 the imports of paper and paper boards touched 1.9 MT which is ~ 35% higher than FY17. The higher cost of fibre and capital in India affects the competitiveness of the Indian players and could potentially impact the relevance of local players.

2. About IP APPM

About IP APPM, Strategy, competitive strengths, products and manufacturing.

2.1 About IP APPM

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. The Andhra Pradesh Paper Mills was established in the year 1964. In 2011, The Andhra Pradesh Paper Mills Limited was acquired by International Paper (IP), a USD 22 billion American packaging, 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 packaging, pulp and paper company in the world, with approximately 55,000 employees operating in 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 employs ~1900 employees and is headquartered in Hyderabad, Telangana.

IP APPM is focused on serving customers with high quality printing and writing papers.

IP APPM is also 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 benchmarks to remain ahead of 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.

2.2 Products

The Company produces writing, printing and cut-size papers for foreign and domestic markets and offers a wide range of high quality specialty grade products for a diverse range of applications. These products are designed to provide outstanding 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.

2.3 Manufacturing

Our Rajahmundry Mill 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 cut-sizes, industrial papers and posters using Casuarina, Eucalyptus and Subabul as main sources of pulp wood.

Our Kadiyam Mill has a rated capacity to produce 67,000 MT per annum of finished paper such as cream wove, azurelaid, colored cut-sizes and kraft liner using recycled fiber and purchased pulp as base raw materials.

The Company holds ISO 14001, ISO 9001 and OHSAS 18001 certifications as well as the Forest Stewardship Council (FSC) Chain Of Custody (COC) certification.

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 in environment friendly technologies that facilitate increasing the overall quality of products and demonstrating productivity gains. In addition, IP APPM has invested in technology to reduce water consumption, energy consumption and control air emissions.

All the investments are directed to improve the systems and processes to 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.

3. Review of Operations

The Company's operations strategies are aimed at enhancing the overall performance. During the year the Company further fine tuned its customer support processes and systems to add excellence in delivery.

During the year, sales volume was 2,30,900 MT as compared to 2,20,900 MT in 2016-17. Of the revenues, 19% were from exports (previous year 20%) with domestic sales accounting for the balance 81%.

IP APPM produced 2,28,900 MT of paper in the year ended March 2018 as against 2,15,700 MT in 2016-17. Capacity utilization remained above 95% during the year.

Our continued efforts in manufacturing excellence initiatives helped in improving pulp productivity and Overall paper Machine Efficiency (OME). The Company made significant gains in fiber, energy and chemical costs. As in the earlier years, deliberate and continuous efforts were made to become a low cost producer, raising the operating efficiencies and optimizing material consumption. Overall, the manufacturing excellence initiatives helped improve the mill reliability, increase the productivity, reduce the overall cost and improve profitability.

While focussing on improving the reliability, our initiatives in production planning and scheduling helped secure continuous runs and lower down time. This helped improving our On – Time – In – Full (OTIF) performance above 90% and delight our customers.

4. Financial Performance

During FY18 the Company's financial performance improved by earning the highest recorded EBITDA and PAT. These results were driven by higher sales volume, higher selling prices as well as record production levels and improved efficiency and manufacturing cost. While EBITDA registered an increase of ~29%, Profit after Tax improved by 156% supported by decrease in finance costs, depreciation and exceptional items. The Company continued to focus on important initiatives for improving employee safety and environmental compliance as well as improving the customer experience and operational efficiencies. Debt was reduced from ₹ 360 crore in March 2017 to ₹ 208 crore in March 2018, with the result, the debt-equity ratio was lower at 0.37:1 Interest cost as a percentage of revenue came down significantly.

The Company generated ₹ 215 crore cash from operations in the year under review as compared to ₹ 172 crore in 2016-17. The net profit for the year was ₹ 83.1 crore while the previous year had ended with a net profit of ₹ 32.4 crore.

5. Internal Financial Control

The management of IP APPM is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is the process designed by, or under the supervision of, our Chairman & Managing Director and Chief Financial Officer, and effected by our Board of Directors, Audit Committee, Management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and therefore can provide only reasonable assurance of achieving the designed control objectives. The Company's internal control system is supported by written policies and procedures, contains self-monitoring mechanisms, and is audited by Independent Auditors.

Appropriate actions are taken by Management to correct deficiencies as they are identified. The Company has a process in place to continuously monitor the processes and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Company performed an evaluation and made an assessment of the adequacy and effectiveness of the Company's internal financial controls as at March 31, 2018. Based on this assessment, the management believes that, as of March 31, 2018, the Company's internal control over financial reporting was effective and our Statutory Auditors have expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting in page 53 of this annual report. The internal control environment includes an enterprise-wide attitude of integrity and control consciousness that establishes a positive 'tone at the top'. This is exemplified by our ethics program that includes long-standing principles and policies on ethical business conduct that require employees to maintain the highest ethical and legal standards in the conduct of International Paper business, which have been distributed to all employees; a toll-free telephone helpline whereby any employee may anonymously report suspected violations of law or Company's policy; and an office of ethics and business practice.

The internal control system further includes careful selection and training of supervisory and management personnel, appropriate delegation of authority and division of responsibility, dissemination of accounting and business policies throughout the company, and an extensive program of internal audits with management follow-up.

The Board of Directors, assisted by the Audit Committee, monitors the integrity of the Company's financial statements and financial reporting procedures, the performance of the Company's internal audit function and independent auditors, and other matters set forth in its charter. The Committee, which consists of independent directors, meets regularly with representatives of management, and with the independent auditors and the Internal Auditor, with and without management representatives in attendance, to review their activities.

The Committee has reviewed and discussed the financial statements for the year ended March 31, 2018, including critical accounting policies and significant management judgments, with management and the independent auditors.

6. Information Technology (IT)

IT Department continued its focus on enabling business processes and systems through strategic adoption of IT. These covered all the operating areas including manufacturing, sales and marketing, human resources and forestry. The IT department has begun using data analytics and digital automation tools to enhance productivity, reduce manual work and increase accuracy. The focus areas include Sales, Marketing, Forestry and Manufacturing. New process automation in our Farm Forestry operation has enhanced our capability to track saplings from production to delivery. Further process automation within our Environmental management operation has reduced manual work and improved our data management and our ability to ensure that we operate in compliance to the regulations. We have provided new analysis and report tools for our commercial team to better understand key market and customer trends, thus leading to better decisions. The Company is also focusing on innovation within IT to further reduce the costs and introduce new tools.

7. Our People

IP APPM has ~ 1,900 employees and an additional 3,200 contract workers. People are the foundation of our Company, so investing to develop capabilities is important to achieve our goals. We have robust talent management processes that include individual performance & development plans, organization assessments and succession planning for leadership positions. We use a balance of approaches to develop our teams including engagement plans, training & skill development, career planning and health & wellness programs to build a strong organization and strong individuals.

With safety as a top priority, we make extensive investments in training and skill development to raise awareness of risks and certify knowledge for procedures and conditions. Our Manufacturing Excellence program trains and certifies expertise in techniques using 6-sigma, Lean, RCFA and process improvement. We have ~ 90 certified green and black belts who take on improvement projects to make our operations better. We introduced a medical insurance policy for all workmen/women and their spouses. The Company conducted work-life balance programs to raise awareness of job and life balance stress. We provide management development training for our front-line leaders, so they learn how to engage and lead our employees to perform to their fullest potential. We invite our top 100 leaders to an annual leadership conference to challenge their thinking and seek alignment on our goals and expectations. We utilize International Paper's global training platform to develop leaders with their international colleagues across various disciplines including strategy, commercial excellence and best practice sharing.

We advocate diversity and inclusion including diversity of experience, background, gender and race. People with diversity of background and experience bring new ideas, challenge the old norms and better prepare us to compete and serve our diverse customers and markets.

8. Outlook

The Indian economy is currently strong and the confident economists predict continued near term growth. The global economies are steadily growing, but facing many challenges such as increasing interest rates, rising oil prices, growing trade wars and shifting currency exchange rates. The global pulp markets have tightened during 2017 and 2018 and prices have increased substantially. The pulp price increases have helped to push paper prices up around the globe and have influenced a shift in trade flows. The shift in trade flows has an impact on India and our main export markets of Africa and the Middle East. These changing dynamics occurred over a short period and it is hard to predict the direction of future trends. We are optimistic about the outlook for paper demand in India, but realize many factors can affect growth. The global influences are more difficult to predict. Therefore, we stay focused on the things that we control. We focus on safety, serving our customers, developing our people and improving our operations, cost and profits. We are optimistic about the outlook and confident that we can continue on the path to improve.

9. Risk & Risk Mitigation

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 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:

Risk	Risk Definition	Risk Impact (Low, Medium, High)	Risk Mitigation
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.	High	IP APPM 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 counselled on nurturing the trees so that availability is guaranteed. Subabul, Casuarina and Eucalyptus are the three varieties majorly used by IP APPM as raw materials for paper production. At present Company has ensured 100% supply of wood from the social farm forestry initiatives of the Company.
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 co-relation to economic development and lower GDP growth could affect business fortunes.	High /Medium	Strong management and leadership capabilities in forecasting. Strong focus on market penetration, sales training and product innovations.
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 cyclicality of the business could depress margins or growth.	Medium	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 scale up the operating leverage as well as by lowering the fixed costs per ton of paper to protect margins.

Risk	Risk Definition	Risk Impact (Low, Medium, High)	Risk Mitigation
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.	High	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 cut-size 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	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.	Low	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	Failure to keep pace with production technology can lower the competitive edge indigenously and globally	High/medium	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.	Medium /High	IP APPM has minimized its risk by investing in a recovery boiler, a coal fired boiler and a 34 MW 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 the 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.

Risk	Risk Definition	Risk Impact (Low, Medium, High)	Risk Mitigation
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.	Low	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 Rates	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.	Medium	Risks from cash flow fluctuations are recognized in a timely manner as part of the liquidity planning. 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.	High	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 Code of 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

a. Composition of Board

As on March 31, 2018, the Company has 9 Directors with one Chairman & Managing Director. Of the 9 Directors, 5 are Independent Non-Executive Directors, 3 are Non-Independent Non-Executive Directors and one Executive Director.

b. Attendance of each Director at the meeting of the Board of Directors held during the financial year, last Annual General Meeting (AGM) and the number of other Board of Directors or Committees in which a director is a member or chairperson:

Name	Category of Directorship	Attendance Particulars		No. of other directors hips[1]	Committee[2]	
		No. of Board Meetings	Last AGM		Memberships	Chairpersonships
Mr. Rampraveen Swaminathan (Chairman & Managing Director)[3]	Executive Director	1	N.A	-	-	-
Mr. Donald P. Devlin (Chairman & Managing Director)[4]		4	Yes	-	-	-
Mr. Thomas G. Kadien[5]	Non-Independent, Non-Executive Director	1	N.A	-	-	-
Ms Shiela P. Vinczeller[8]		4	Yes	-	-	-
Mr. W. Michael Amick Jr.		4	Yes	-	-	-
Mr. Russell V Harris[6]		2	Yes	-	-	-
Ms Megan A.F Bula[7]		1	N.A	-	-	-
Mr. M.S. Ramachandran Non-Executive Director	Independent Non-Executive Director	2	No	5	2	1
Ms Ranjana Kumar		3	No	3	1	-
Mr. Adhiraj Sarin		4	Yes	1	-	-
Mr. Milind Sarwate		4	Yes	6	3	5
Mr. Praveen P. Kadle		4	Yes	2	1	-

[1] Excluding foreign companies, private limited companies and Companies under Section 8 of the Companies Act, 2013.
[2] Membership/chairpersonship of only the Audit Committee and Stakeholders Relationship Committee have been considered.
[3] Resigned from the Board of Directors with effect from close of business hours of April 27, 2017.
[4] Appointed as Non-Executive Director with effect from February 22, 2017 and as Chairman and Managing Director with effect from April 28, 2017.
[5] Resigned from the Board of Directors with effect from June 30, 2017.
[6] Appointed as Non-Executive Director with effect from July 25, 2017.
[7] Appointed as Non-Executive Director with effect from January 31, 2018.
[8] Resigned from the Board of Directors with effect from February 2, 2018.

c. No. of meetings of the Board of Directors held and dates on which held

During the financial year, four meetings of Board of Directors were held on April 25, 2017; July 25, 2017; October 24, 2017 and January 31, 2018.

d. The Directors are unrelated to each other except as members of the Board.

e. None of the Non- Executive Directors holds equity shares and convertible instruments of the Company.

f. The details of Familiarization Programme are placed on the Company's website viz., www.ipappm.com.

3. Audit Committee

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

a. Terms of reference

i. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure accuracy and correctness;

ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv. 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 Directors' 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;

v. Review the functioning of the whistle blower mechanism;

vi. Evaluation of internal financial controls and risk management systems.

b. Composition of Audit Committee

As at April 1, 2017, the Audit Committee comprised of five members viz. Mr. Praveen P. Kadle as Chairman, Mr. Milind Sarwate, Mr. Adhiraj Sarin, Mr. Thomas G. Kadien and Mr. Rampraveen Swaminathan as Members.

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

Mr. Rampraveen Swaminathan and Mr. Thomas G. Kadien ceased to be Members of the Audit Committee with effect from April 27, 2017.

The Board at its meeting held on April 25, 2017 reconstituted the Audit Committee by appointing Mr. Praveen P. Kadle as Chairman, Mr. Milind Sarwate, Mr. Adhiraj Sarin, Mr. Donald P. Devlin and Mr. W. Michael Amick Jr. as Members with effect from April 28, 2017.

The Composition of Audit Committee as on March 31, 2018 is as follows:

Name	Category	Designation
Mr. Praveen P. Kadle	Independent Non-Executive Director	Chairperson
Mr. Milind Sarwate	Independent Non-Executive Director	Member
Mr. Adhiraj Sarin	Independent Non-Executive Director	Member
Mr. W. Michael Amick Jr.	Non-Independent Non-Executive Director	Member
Mr. Donald P. Devlin	Executive Director	Member

All members of Audit Committee are financially literate and Mr. Praveen P. Kadle, Mr. Milind Sarwate and Mr. Donald P. Devlin have accounting and related financial management expertise.

c. Meetings and attendance during the year

During the financial year, five meetings of Audit Committee were held on April 24, 2017; July 24, 2017; October 24, 2017; December 18, 2017 and January 31, 2018.

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

Name	Number of Meetings held	Number of Meetings attended
Mr. Praveen P. Kadle	5	5
Mr. Milind Sarwate	5	5
Mr. Adhiraj Sarin	5	5
Mr. W. Michael Amick Jr.	4	4
Mr. Donald P. Devlin	4	4
Mr. Thomas G. Kadien	1	1
Mr. Rampraveen Swaminathan	1	1

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 include:

- 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;

- 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;
- 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;
- Devise a policy on Board diversity;
- Succession Planning.

a. Composition of Nomination and Remuneration Committee

As at April 1, 2017 Nomination and Remuneration Committee comprised of four members viz. Mr. Adhiraj Sarin as Chairman, Mr. M.S. Ramachandran, Ms Shiela P. Vinczeller and Mr. Rampraveen Swaminathan as Members.

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

Mr. Rampraveen Swaminathan ceased to be a Member of the Nomination and Remuneration Committee consequent upon his resignation as Chairman & Managing Director with effect from close of business hours of April 27, 2017.

The Board at its meeting held on April 25, 2017 reconstituted the Committee by appointing Mr. Donald P. Devlin as Member on the Nomination and Remuneration Committee with effect from April 28, 2017.

Ms Shiela P. Vinczeller ceased to be a Member of the Nomination and Remuneration Committee consequent upon her resignation as Director from the Board with effect February 2, 2018.

The Board at its meeting held on January 31, 2018 reconstituted the Committee by appointing Mr. W. Michael Amick Jr. as Member on the Nomination and Remuneration Committee with effect from February 2, 2018.

The composition of Nomination and Remuneration Committee as on March 31, 2018 was as follows:

Name	Category	Designation
Mr. Adhiraj Sarin	Independent Non- Executive Director	Chairperson
Mr. M.S. Ramachandran	Independent Non- Executive Director	Member
Mr. W. Michael Amick Jr.	Non-Independent Non-Executive Director	Member
Mr. Donald P. Devlin.	Executive Director	Member

b. Meetings and attendance during the year:

During the financial year, three meetings of Nomination and Remuneration Committee were held on July 24, 2017; October 25, 2017 and February 1, 2018.

Name	Number of Meetings held	Number of Meetings attended
Mr. Adhiraj Sarin	3	3
Mr. M.S. Ramachandran	3	2
Ms Shiela P. Vinczeller	3	3
Mr. Donald P. Devlin	3	3
Mr. W. Michael Amick Jr.	N.A	N.A

c. Performance evaluation criteria for independent directors

The Board of Directors evaluates the performance of independent directors on yearly basis in terms of provisions of Code of Independent Directors.

5. Remuneration of Directors

a. All pecuniary relationship or transactions of the Non-Executive Directors

The details of sitting fees and commission (relating to financial year 2016-17) paid to the Independent Directors during the financial year ended March 31, 2018 were as follows:

(In ₹ Lakhs)

Name	Sitting Fees	Commission	Total*
Mr. M.S. Ramachandran	5.00	7.43	12.43
Ms Ranjana Kumar	5.25	7.43	12.68
Mr. Adhiraj Sarin	10.00	7.43	17.43
Mr. Milind Sarwate	7.75	7.44	15.19
Mr. Praveen P. Kadle	7.75	7.44	15.19
TOTAL	35.75	37.17	72.92

*Excluding applicable taxes

b. Criteria of making payments to Non-Executive Directors

The Board of Directors at its meeting held on July 22, 2014 approved to pay Non-Executive Directors a sitting fees of ₹ 1,00,000 per meeting for attending the Board Meeting and ₹ 75,000 per meeting for attending the Committees of Board with effect from July 1, 2014.

c. Disclosure with respect to remuneration

No other element of remuneration package is paid to the Non-Executive Directors except payment of sitting fees and commission on profits to Independent Directors relating to financial year 2016-17.

The contract with Executive Director is terminable by giving six months notice on either side.

The Company did not issue any stock options during the year.

6. Stakeholders Relationship Committee

As at April 1, 2017 Stakeholders Relationship Committee comprised of two members viz. Ms Ranjana Kumar as Chairperson and Mr. Rampraveen Swaminathan as Member.

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

Mr. Rampraveen Swaminathan ceased to be a Member of Stakeholders Relationship Committee consequent upon his resignation as Chairman & Managing Director with effect from close of business hours of April 27, 2017.

The Board at its meeting held on April 25, 2017 reconstituted the Committee by appointing Mr. Donald P. Devlin as Member on Stakeholders Relationship Committee with effect from April 28, 2017.

Ms Ranjana Kumar, Non-Executive Independent Director is the Chairperson of Stakeholders Relationship Committee besides Mr. Donald P. Devlin, Executive Director as Member as on March 31, 2018.

During the financial year, the Stakeholders Relationship Committee met on February 01, 2018.

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, 2018 are furnished below:

No. of shareholders' complaints received during the financial year	1
No. of complaints solved to the satisfaction of shareholder	1
No. of complaints not solved to the satisfaction of shareholder	0
No. of pending complaints as on March 31, 2018	0

7. General Body Meetings

a. The location and time of the last three Annual General Meetings held

Year ended	Date and time	Venue
March, 2015	August 27, 2015, at 11.30 a.m.	Cherukuri Subbarao Gannemma Udyana Kalyanavedika, Jawaharlal Nehru Road, Rajahmundry –533 103
March, 2016	July 27, 2016, at 12.00 Noon	
March, 2017	July 25, 2017, at 12.00 Noon	

b. Special Resolutions passed in the previous three Annual General Meetings

Date	Description of Special Resolutions passed
August 27, 2015	1. Adoption of new Articles of Association of the Company.
	2. Appointment of Mr. Rampraveen Swaminathan as Chairman & Managing Director
	3. Approval for entering into transactions with IP India Foundation, a Wholly Owned Subsidiary Company, under Section 188 of the Companies Act, 2013.
July 27, 2016	-
July 25, 2017	1. Reappointment of Mr. Rampraveen Swaminathan as Chairman & Managing Director for the period from March 1, 2017 to April 27, 2017.
	2. Appointment of Mr. Donald P. Devlin as a Director with effect from February 22, 2017 and Chairman & Managing Director with effect from April 28, 2017

c. No special resolution was passed through postal ballot during the financial year ended March 31, 2018. However, all Resolutions were passed through E-voting and poll at the 53rd Annual General Meeting of the Company held on July 25, 2017.

d. At present no special resolution is proposed to be conducted through postal ballot. The procedure laid down in Companies (Management and Administration) Rules, 2014 would be followed as and when necessary.

8. 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. The results are placed on the Company's website viz. www.ipappm.com.

Official news releases are being displayed on the website of the Company. Presentations are proposed to be made to media, analysts, institutional investors etc.

9. General Shareholder Information

a. Date, Time and Venue of Annual General Meeting

54th Annual General Meeting	Date & time	Venue
	August 2, 2018 at 12:30 P.M.	Cherukuri Veerraju Subbalakshmi Convention Centre, Jawaharlal Nehru Road, Rajahmundry – 533 103, East Godavari District, Andhra Pradesh, India

b. Financial calendar – (Tentative and subject to change)

Financial year: April 1, 2018 to March 31, 2019

Particulars	Period ended	On or before
Unaudited Financial Results for the quarter ending	June 30, 2018	August 14, 2018
Unaudited Financial Results for the quarter ending	September 30, 2018	November 14, 2018
Unaudited Financial Results for the quarter ending	December 31, 2018	February 14, 2019
Audited Financial Results for the year ending	March 31, 2019	May 30, 2019
Annual General Meeting for the year ending	March 31, 2019	September 30, 2019

c. Date of payment of Dividend (if any)

Not applicable, since the Board did not recommend Dividend on the Equity Shares of the Company.

d. 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

In April 2018, the Company paid the Annual Listing fees for the financial year 2018-19 to BSE and NSE.

e. Stock Code

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

f & g. 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
2017	April	376.00	325.00	30,184.22	29,241.48
	May	364.00	300.00	31,255.28	29,804.12
	June	312.35	289.10	31,522.87	30,680.66
	July	337.40	292.10	32,672.66	31,017.11
	August	322.20	272.00	32,686.48	31,128.02
	September	306.00	282.00	32,524.11	31,081.83
	October	312.00	286.00	33,340.17	31,440.48
	November	297.55	273.40	33,865.95	32,683.59
	December	335.80	287.15	34,137.97	32,565.16
2018	January	418.00	312.65	36,443.98	33,703.37
	February	359.00	290.00	36,256.83	33,482.81
	March	313.20	285.00	34,278.63	32,483.84

b. **NSE**

Month		Share Price ₹		NIFTY 50	
		High	Low	High	Low
2017	April	376.00	323.05	9,367.15	9,075.15
	May	364.40	300.95	9,649.60	9,269.90
	June	311.40	288.05	9,709.30	9,448.75
	July	337.70	292.20	10,114.85	9,543.55
	August	322.50	277.00	10,137.85	9,685.55
	September	307.50	281.00	10,178.95	9,687.55
	October	310.50	285.20	10,384.50	9,831.05
	November	298.00	277.00	10,490.45	10,094.00
	December	336.80	287.10	10,552.40	10,033.35
2018	January	418.00	312.35	11,171.55	10,404.65
	February	358.95	291.10	11,117.35	10,276.30
	March	313.35	283.60	10,525.50	9,951.90

h. The securities of the Company are not suspended from trading during the financial year ended March 31, 2018.

i. Registrar and Share Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli,
Financial District, Nanakramguda, Serilingampally
Hyderabad – 500 032
Toll Free No. (India) 1800 4250 999
Phone: +91 40 6716 1606/1770
Fax : +91 40 2342 0814
Email : einward.ris@karvy.com
Contact Person: Mr. Praveen Chaturvedi – General Manager

j. Share Transfer System

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

k. Distribution of Equity Shareholding as on March 31, 2018

Nominal Value of Equity shares ₹	Shareholders		Value	
	Number	%	₹	%
1 - 5000	12,870	86.95	1,49,26,860	3.75
5001 - 10000	966	6.53	76,79,010	1.93
10001 - 20000	452	3.05	66,56,040	1.67
20001 - 30000	162	1.10	41,58,110	1.05
30001 - 40000	91	0.61	32,39,840	0.82
40001 - 50000	67	0.45	32,08,650	0.81
50001 - 100000	112	0.76	81,57,220	2.05
100001 and above	81	0.55	34,96,74,660	87.92
TOTAL	14,801	100.00	39,77,00,390	100.00

Category of equity shareholders as on March 31, 2018

Category	No. of shares held	%
A. Foreign Promoter	2,98,27,529	75.00
B. Public shareholdings		
1. Institutional Investors		
a. Mutual funds, Foreign Portfolio Investors, Financial Institutions/ Banks, insurance companies	16,75,393	4.21
b. Foreign Banks	150	0.00
Sub-total	16,75,543	4.21
2. Non-Institutions		
a. Indian public	68,64,501	17.26
b. NBFC registered with RBI	25,925	0.07
c. Bodies corporate	10,91,688	2.75
d. Non-Resident Indians	1,61,556	0.40
e. Clearing members	23,623	0.06
f. Trusts	17,933	0.04
g. IEPF	81,713	0.21
h. Unclaimed Suspense Account	28	0.00
Sub-total	82,66,967	20.79
Total public shareholding (1+2)	99,42,510	25.00
Total (A+B)	**3,97,70,039**	**100.00**

l. Dematerialization of shares as on March 31, 2018

Depository name	No. of shares dematerialized	Percentage on equity share capital
National Securities Depository Limited	3,71,90,887	93.52
Central Depository Services (India) Limited	23,31,614	5.86
Total dematerialized shares	3,95,22,501	99.38

m. No GDRs, ADRs/warrants/convertible instruments have been issued by the Company during the year.

n. Commodity price risk or foreign exchange risk and hedging activities: Furnished as part of the Board's Report in page 15 and under the head 'Management of Risks' in pages from 39 to 41.

o. Plant Locations

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

p. Address for Correspondence from shareholders

Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana, India	Secretarial Department International Paper APPM Limited Rajahmundry – 533 105 East Godavari District, Andhra Pradesh, India

q. E-mail IDs for investor grievance redressal:

1. nagendrarao.mittapalli@ipaper.com
2. ashok.yaramaneni@ipaper.com

10. Other Disclosures

a. 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. The Policy on Related Party Transactions is posted on the Company's website.

b. 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.

c. 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 posted on the Company's website.

d. Details of compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with all mandatory requirements specified in regulation 17 to 27 and clauses of (b) to (i) of Regulation 46 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has also adopted the following non-mandatory requirements of (1) of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. **Shareholder Rights:** Half-yearly and other quarterly financial statements are published in newspapers and also posted on Company's website.
2. **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.
3. **Reporting of Internal Auditor:** External consultancy firm was appointed as Internal Auditor of the Company which has direct access to the Audit Committee.

11. 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. 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.

12. 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 Regulation 17(8) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 was placed before the Board and was taken on record.

13. Equity shares in the Unclaimed Shares Demat Suspense Account

In terms of Regulation 39 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2018 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
Transferred to Investor Education and Protection Fund pursuant to Regulations of Investor and Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016	2	93
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, 2018	3	28

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

Declaration by the Chairman & Managing Director

The Members of
International Paper APPM Limited

In compliance with the Regulation 34 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I confirm that, on the basis of confirmations/declarations received, all the Members of the Board of 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, 2018.

Hyderabad
April 18, 2018

Donald P. Devlin
Chairman & Managing Director

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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, 2018, as stipulated in Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 by the Directors, officers and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

Place: Hyderabad
Date: April 10, 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INTERNATIONAL PAPER APPM LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of International Paper APPM Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 judgments 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting 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 thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Attention is invited to Note 53(b)(i) of the Ind AS financial statements regarding the ongoing litigation with respect to 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, in respect of which the Company on grounds of prudence and abundant caution created a provision amounting to ₹ 2,357.43 lakhs during the year ended March 31, 2017, in view of the inherent uncertainty in predicting the final outcome of the above litigation. Additionally, an amount of ₹ 1,571.62 lakhs has been disclosed as contingent liability. Based on the legal advice obtained, in the opinion of the Management no further provision would be required in relation to this disputed matter.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) 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, as amended, 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 Ind AS 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sumit Trivedi
Partner
(Membership No. 209354)

Hyderabad
May 2, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of International Paper APPM Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sumit Trivedi
Partner
(Membership No. 209354)

Hyderabad
May 2, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (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 program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(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) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. 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 made and 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 regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs 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, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2018 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 (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
Income Tax Act,1961	Tax	Commissioner of Income Tax (Appeals), Visakhapatnam	2010-11 and 2011-12	524.87	524.87
		Deputy Commissioner of Income Tax (TDS), Hyderabad	2009-10	19.96	19.96
		High Court of Andhra Pradesh	2001-02 to 2003-04	12.64	12.64
		Income Tax Appellate Tribunal, Hyderabad	2001-02	14.26	14.26
			2008-09	40.08	40.08
		Income Tax Office, TDS, Rajahmundry	2008-09	2.12	2.12
			2010-11	1.78	1.78
	Interest	High Court of Andhra Pradesh	1979-80	24.96	24.96
Central Sales Tax Act, 1956	Tax	Appellate Deputy Commissioner, Visakhapatnam	2008-09	21.54	21.54
		Appellate Deputy Commissioner, Vijayawada	2013-14	56.37	45.65
		Sales Tax Appellate Tribunal, Visakhapatnam	2005-06	33.82	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	27.41
Andhra Pradesh General Sales Tax Act, 1957	Tax	High Court of Andhra Pradesh	1990-99, 2000-01 to 2004-05	126.78	126.78
		Sales Tax Appellate Tribunal, Visakhapatnam	1996-97	10.82	6.57

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved (₹ in lakhs)	Amount Unpaid (₹ in lakhs)
AP Value Added Tax Act, 2005	Penalty	Assistant Commissioner, LTU, Kakinada	2009-2012	1.81	1.77
	Tax	Sales Tax Appellate Tribunal, Visakhapatnam	2009 - 2012	23.66	17.75
		Appellate Deputy Commissioner, Visakhapatnam	2009-10 and 2014-15	211.77	105.90
		Appellate Deputy Commissioner, Vijayawada	2012-2015	21.17	18.52
Madhya Pradesh Value Added Tax Act, 2002	Tax	High Court, Madhya Pradesh	1997-98	15.00	15.00
West Bengal Value Added Tax, 2005	Tax	Additional Commissioner of Commercial Taxes	2009-10	1.78	1.78
Orissa Entry Tax Act, 1999	Tax	Deputy Commissioner of Commercial Taxes	2006-07 to 2009-10	4.24	3.38
Central Excise Act, 1944	Duty	Customs, Excise & Service Tax Appellate Tribunal, Bangalore	2005-06 to 2008-09	28.18	28.18
		Commissioner of Central Excise (Appeals), Visakhapatnam	2008-09 and 2009-10	1.86	1.86
		High Court of Andhra Pradesh	1996-97 and 1997-98	97.40	97.40
			February, 1994	0.36	0.36
			2004-05	0.10	0.10
	Duty & Penalty	Customs, Excise & Service Tax Appellate Tribunal, Bangalore	2001 to 2012	2,584.26	2,541.26
			2005-06 to 2008-09	1,309.42	1,309.42
		Commissioner of Central Excise (Appeals), Visakhapatnam	2015	32.99	32.99
			2010-11 to 2015-16	0.96	0.96
		High Court of Andhra Pradesh	2000-01 to 2007-08	929.27	633.22
Finance Act, 1994	Service Tax	High Court of Andhra Pradesh	2004-05 and 2005-06	126.50	126.50
	Service Tax & Penalty	Commissioner of Central Excise (Appeals), Visakhapatnam	2004-05 to 2012-13	343.31	343.31
		Customs, Excise & Service Tax Appellate Tribunal, Bangalore	2004-05 to 2008-09	157.16	157.16
			March, 2012	105.11	105.11

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government. The Company has not issued any debentures and does not have any borrowings from the financial institutions.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) 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 by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable. The Company does not have an associate company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sumit Trivedi
Partner
(Membership No. 209354)

Hyderabad
May 2, 2018

BALANCE SHEET
as at March 31, 2018

(₹ in lakhs)

	PARTICULARS	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A	**ASSETS**				
	Non-current assets:				
	(a) Property, plant and equipment	3	73,796.63	79,274.46	82,444.65
	(b) Capital work-in-progress	3	419.44	251.08	1,713.57
	(c) Intangible assets	4	369.36	554.02	682.83
	(d) Financial assets				
	(i) Investments	5	1,464.50	1,011.14	1,095.91
	(ii) Loans	6	21.51	22.18	28.43
	(iii) Other financial assets	7	990.09	924.75	976.97
	(e) Non-current tax assets (net)	13	920.12	1,254.77	1,092.42
	(f) Other non-current assets	8	2,888.60	2,910.11	1,055.46
	Total non-current assets		**80,870.25**	**86,202.51**	**89,090.24**
	Current assets:				
	(a) Inventories	9	15,477.89	18,384.10	21,370.87
	(b) Financial assets				
	(i) Trade receivables	10	6,957.49	6,750.31	7,068.21
	(ii) Cash and cash equivalents	11	1,601.05	677.31	962.31
	(iii) Other bank balances	12	64.54	29.98	52.01
	(iv) Loans	6	137.31	121.93	141.18
	(v) Other financial assets	7	108.59	264.64	59.77
	(c) Other current assets	8	3,790.45	3,028.95	4,427.07
			28,137.32	29,257.22	34,081.42
	Assets classified as held for sale	14	656.38	2.50	65.67
	Total current assets		**28,793.70**	**29,259.72**	**34,147.09**
	TOTAL ASSETS		**109,663.95**	**115,462.23**	**123,237.33**
B	**EQUITY AND LIABILITIES**				
	Equity:				
	(a) Equity share capital	15	3,977.00	3,977.00	3,977.00
	(b) Other equity	16	52,423.53	43,817.84	40,747.07
	Total equity		**56,400.53**	**47,794.84**	**44,724.07**
	LIABILITIES				
	Non-current liabilities:				
	(a) Financial liabilities				
	(i) Borrowings	17	6,479.58	14,427.62	30,401.03
	(ii) Other financial liabilities	20	691.31	888.49	1,071.06
	(b) Provisions	21	354.89	446.38	295.38
	(c) Deferred tax liabilities (net)	23	9,734.31	7,997.37	7,801.74
	Total non-current liabilities		**17,260.09**	**23,759.86**	**39,569.21**
	Current liabilities:				
	(a) Financial liabilities				
	(i) Borrowings	18	11,600.00	9,000.00	14,347.79
	(ii) Trade payables	19	13,231.00	13,812.54	15,379.90
	(iii) Other financial liabilities	20	5,913.78	15,745.82	6,272.12
	(b) Provisions	21	3,448.09	3,448.09	1,090.66
	(c) Other current liabilities	22	1,810.46	1,901.08	1,853.58
	Total current liabilities		**36,003.33**	**43,907.53**	**38,944.05**
	Total liabilities		**53,263.42**	**67,667.39**	**78,513.26**
	TOTAL EQUITY AND LIABILITIES		**109,663.95**	**115,462.23**	**123,237.33**
	Corporate information & significant accounting policies	1 & 2			
	See accompanying notes forming part of the financial statements				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

Anish T. Mathew
Vice President &
Chief Financial Officer

For International Paper APPM Limited

Donald P. Devlin
Chairman & Managing Director

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

Place: Hyderabad
Date: May 2, 2018

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2018

(₹ in lakhs)

	PARTICULARS	Note	Year ended March 31, 2018	Year ended March 31, 2017
1	**Income:**			
	(a) Revenue from operations	24	127,980.22	123,093.86
	(b) Other income	25	529.40	596.12
	Total income		**128,509.62**	**123,689.98**
2	**Expenses:**			
	(a) Cost of materials consumed		48,238.60	48,722.72
	(b) Changes in inventories of finished goods and work-in-progress	26	1,650.66	2,394.14
	(c) Excise duty expense		1,579.65	5,858.14
	(d) Employee benefits expense	27	15,220.17	13,921.69
	(e) Finance costs	28	2,608.99	3,359.07
	(f) Depreciation and amortisation expense	29	6,581.34	7,002.79
	(g) Other expenses	30	39,147.98	35,189.79
	Total Expenses		**115,027.39**	**116,448.34**
3	**Profit before exceptional items and tax (1 - 2)**		13,482.23	7,241.64
4	**Exceptional items (net)** (Refer note 53)		**(836.56)**	**(2,818.59)**
5	**Profit before tax (3 + 4)**		**12,645.67**	**4,423.05**
6	**Tax expense:**			
	(a) Current tax	31	3,279.32	913.48
	(b) Deferred tax	31	1,059.64	270.01
			4,338.96	**1,183.49**
7	**Net profit after tax (5 - 6)**		**8,306.71**	**3,239.56**
8	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss:			
	(a) Remeasurements of the defined benefit plans		(76.11)	(158.40)
	(b) Equity instruments through other comprehensive income		453.36	(84.77)
	(ii) Income tax relating to the items that will not be reclassified to profit or loss		(78.26)	74.38
	Total other comprehensive income / (loss)		**298.99**	**(168.79)**
9	**Total comprehensive income (7 + 8)**		**8,605.70**	**3,070.77**
	Earnings per share (Face value of ₹ 10 each) Basic & Diluted ₹	38	**20.89**	**8.15**
	Corporate information & significant accounting policies	1 & 2		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

For International Paper APPM Limited

Donald P. Devlin
Chairman & Managing Director

Anish T. Mathew
Vice President &
Chief Financial Officer

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

Place: Hyderabad
Date: May 2, 2018

STATEMENT OF CHANGES IN EQUITY
for the year ended March 31, 2018

(a) Equity share capital

(₹ in lakhs)

	Number of shares	Amount
Balance as at April 1, 2016	**39,770,039**	**3,977.00**
Changes in equity share capital during the year		-
Balance as at March 31, 2017	**39,770,039**	**3,977.00**
Changes in equity share capital during the year		-
Balance as at March 31, 2018	**39,770,039**	**3,977.00**

(b) Other equity

(₹ in lakhs)

Particulars	Reserves and surplus				Items of other comprehensive income	Total
	Security premium reserve	Capital redemption reserve	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance as at April 1, 2016	**18,211.13**	**598.00**	**28,876.29**	**(6,594.13)**	**(344.22)**	**40,747.07**
Profit for the year	-	-	-	3,239.56	-	3,239.56
Other Comprehensive Income	-	-	-	(103.58)	(65.21)	(168.79)
Balance as at March 31, 2017	**18,211.13**	**598.00**	**28,876.29**	**(3,458.15)**	**(409.43)**	**43,817.84**
Profit for the year	-	-	-	8,306.71	-	8,306.71
Other Comprehensive Income	-	-	-	(49.78)	348.76	298.98
Balance as at March 31, 2018	**18,211.13**	**598.00**	**28,876.29**	**4,798.78**	**(60.67)**	**52,423.53**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

For International Paper APPM Limited

Donald P. Devlin
Chairman & Managing Director

Anish T. Mathew
Vice President &
Chief Financial Officer

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

Place: Hyderabad
Date: May 2, 2018

CASH FLOW STATEMENT
for the year ended March 31, 2018

(₹ in lakhs)

	PARTICULARS	Year ended March 31, 2018	Year ended March 31, 2017
A.	**Cash flow from operating activities**		
	Profit before tax after exceptional items	12,645.67	4,423.05
	Adjustments for:		
	Depreciation and amortisation expense	6,581.34	7,002.79
	(Gain) / loss on disposal of property, plant and equipment (net)	420.09	(27.15)
	Finance costs recognised in profit and loss	2,608.99	3,359.07
	Reversal of lease straightlining	-	(19.08)
	Interest income recognised in profit and loss	(242.19)	(36.58)
	Notional lease rental on embedded finance lease	(268.25)	(268.25)
	Net (gain) / loss arising on financial assets measured at fair value through profit or loss	3.45	2.42
	Bad trade receivables and advances written-off (net)	0.29	1.67
	Provision/write off for doubtful trade receivables and advances	11.75	21.40
	Liabilities / provisions no longer required written back	(20.00)	(329.12)
	Exceptional items	836.56	2,818.59
	Net unrealised foreign exchange (gain) / loss	(20.62)	-
	Operating profit before working capital changes	22,557.08	16,948.81
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	2,906.21	2,986.77
	Trade receivables	(217.36)	318.01
	Loans	(14.71)	25.50
	Other assets	(796.38)	(452.92)
	Other financial assets	77.67	(173.81)
	Changes in balances held as margin money / security for bank guarantees	16.35	19.50
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	(560.15)	(1,308.11)
	Other financial liabilities	125.55	315.32
	Other liabilities	(70.62)	47.50
	Provisions	(167.60)	(468.56)
	Cash generated from operations	23,856.04	18,258.01
	Net Income tax paid	(2,345.64)	(1,075.83)
Net cash generated by operating activities (A)		**21,510.40**	**17,182.18**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment (including capital work-in-progress and other intangible assets)	(3,341.32)	(3,051.16)
	Proceeds from sale of property, plant and equipment (including assets held for sale)	15.11	40.94
	Bank balances not considered as cash and cash equivalents	(36.97)	21.04
	Interest received	235.76	38.24
	Rental income from operating leases	-	3.67
Net cash used in investing activities (B)		**(3,127.42)**	**(2,947.27)**
C.	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	5,000.00	-
	Proceeds from short-term borrowings	21,100.00	18,000.00
	Net increase / (decrease) in working capital borrowings	-	(347.79)
	Repayment of long-term borrowings (including current maturities of the same)	(22,439.08)	(5,892.59)
	Repayment of short-term borrowings	(18,500.00)	(23,000.00)
	Finance costs	(2,619.39)	(3,279.53)
Net cash used in financing activities (C)		**(17,458.47)**	**(14,519.91)**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		924.51	(285.00)
Cash and cash equivalents at the beginning of the year		677.31	962.31
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		(0.77)	-
Cash and cash equivalents at the end of the year (Refer note 11)		**1,601.05**	**677.31**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Sumit Trivedi
Partner

For International Paper APPM Limited

Donald P. Devlin
Chairman & Managing Director

Anish T. Mathew
Vice President &
Chief Financial Officer

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

Place: Hyderabad
Date: May 2, 2018

NOTES
forming part of the financial statements

1. General information

International Paper APPM Limited ("IP APPM" / "the Company") is an integrated paper and pulp manufacturer. The equity shares of the Company are listed on Bombay Stock Exchange and the National Stock Exchange in India. IPAPPM was incorporated on June 29, 1964.

In October 2011, International Paper Company, USA, through IP Holding Asia Singapore Pte. Limited acquired controlling stake in the Company from the erstwhile promoters and public shareholders.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. IPAPPM owns and operates two manufacturing units located in the State of Andhra Pradesh, India, one at Rajamahendravaram and the other at Kadiyam in East Godavari District.

2. Significant accounting policies

A. Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (India Accounting Standards) Amendment Rules, 2016 as applicable.

Up to the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of previous generally accepted accounting principles ("Previous GAAP"), which includes Standards as per the Companies (Accounting Standards) Rules, 2006, as amended, notified under Section 133 of the Companies Act, 2013.

These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2016. Refer Note 54 for the details of reconciliations for the transition from Previous GAAP to Ind AS.

B. Basis of preparation and presentation

The financial statements have been prepared on accrual basis and on the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

C. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical judgements and estimates that have been made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

a) Useful lives of Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods.

b) Fair value measurement of financial instruments

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent available. Where Level 1 inputs are not available, the fair value is measured using valuation techniques, including the discounted cash flow model, which involves various judgments and assumptions. The Company also engages third party qualified valuers to perform the valuation in certain cases. The appropriateness of valuation techniques and inputs to the valuation model are reviewed by the Management.

c) **Income taxes**

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

d) **Defined benefit obligations**

The Company uses actuarial assumptions viz., discount rate, mortality rates, salary escalation rate etc., to determine such employee benefit obligations.

e) **Claims, provisions and contingent liabilities**

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

f) **Other estimates**

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

D. 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. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The method of determining cost of various categories of inventories is as follows:

Raw materials (including packing materials)	Weighted average cost
Stores and spares	Weighted average cost
Work-in-progress and finished goods (manufactured)	Weighted average cost of production which comprises of direct material costs, direct wages and applicable overheads. Excise duty is included in the value of finished goods.
Stock-in-trade	Weighted average cost

E. Property, plant and equipment and Capital work in progress

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure in making the asset ready for its intended use and cost of borrowing till the date of capitalisation in the case of assets involving material investment and substantial lead time.

An item of Property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain/loss arising on the disposal or retirement of an item of Property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

Depreciation

Depreciation on buildings is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Depreciation on plant and equipment is provided on straight-line method over 10-25 years, based on the useful life assessed as per technical assessment, taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, maintenance report etc.

Depreciation on other tangible fixed assets viz. furniture and fixtures, office equipment and vehicles is provided on written down value method as per the useful life prescribed in Schedule II of the Companies Act, 2013.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets acquired under finance lease are depreciated over their expected useful lives on the same basis as owned assets. Leasehold improvements are amortised over the lower of estimated useful life and lease term.

Assets costing ₹ 15,000 and below are fully depreciated in the year of acquisition.

F. Intangible Assets

Intangible assets are carried at cost, net of accumulated amortisation and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

Intangible assets are amortised on the straight line method over their estimated useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

G. Impairment

a) **Financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original Effective Interest Rate (EIR). When estimating the cash flows, an entity is required to consider:

i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the Statement of Profit and Loss. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in the Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of asset ("the cash generating unit").

H. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

I. Foreign currency transactions and translations

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies and remaining unsettled at the end of each reporting period are translated at the exchange rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when fair value is measured. Exchange differences arising on actual payment/ realization and translations referred to above are recognised in the Statement of Profit and Loss.

J. Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to revenue are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognised as deferred revenue in the Balance Sheet and transferred to the Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

K. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

L. Employee benefits

a) Defined contribution plans

Employee benefits in the form of provident fund, superannuation, employees' state insurance fund and labour welfare fund are considered as defined contribution plans and the contributions are charged to the 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 determined 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. 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 to the superannuation fund maintained with an Insurer.

b) Defined benefit plans

Gratuity

In accordance with the Payment of Gratuity Act, 1972, as amended, 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 the Insurer.

Defined benefit costs are categorised as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

c) Short-term and other long-term employee benefits

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company fully contributes all ascertained liabilities to the fund maintained with the Insurer. The Company recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur.

M. Revenue recognition

Revenue is measured at fair value of the consideration received or receivable, net of returns, trade discounts, incentives, rebates and other similar allowances.

Revenue includes only the gross inflows of economic benefits, including excise duty received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax / value added tax / goods and services tax are excluded from revenue.

a) Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Export benefits are recognised on an accrual basis and when there is a reasonable certainty of realisation of such benefits / incentives.

b) Other income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

N. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial asset or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of the Profit and Loss.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: Non-derivative financial assets comprising amortised cost, investments in subsidiaries, equity instruments at fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) and non-derivative financial liabilities at amortised cost. Management determines the classification of its financial instruments at initial recognition.

The classification of financial instruments depends on the objective of the Company's business model for which it is held and on the substance of the contractual terms / arrangements.

a) Non - derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

– the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents and eligible current and non-current assets.

Cash comprises cash on hand, cash at bank, cheques on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

ii. Investments in subsidiaries

On initial recognition, these instruments are recognised at fair value plus any directly attributable transaction costs. Subsequently they are measured at cost.

iii. Investments in Equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income (OCI) pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the "equity instruments through other comprehensive income". The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

– It has been acquired principally for the purpose of selling it in the near term; or

– On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

– It is a derivative that is not designated and effective as a hedge instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in the Statement of Profit and Loss when the Company's right to receive the dividends is established and the amount of dividend can be measured reliably.

iv. Financial assets at fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. A financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets included within the FVTPL category are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

De-recognition of financial assets

The Company de-recognises financial assets when the contractual right to the cash flows from the asset expires or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset (except as mentioned above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received and receivable is recognised in the Statement of Profit and Loss.

b) Non-derivative financial liabilities

i. Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

ii. Financial liability subsequently measured at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liability

The Company de-recognises financial liabilities, when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

O. Leases

Finance Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Operating Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the Statement of Profit and Loss, unless the lease agreement explicitly states that increase is on account of inflation.

P. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current tax

Current tax is determined as the amount of tax payable in respect of the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of such deferred tax assets to be utilised.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which gives future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognized as a deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefits associated with it will be realised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

iii. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Q. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

R. Cash flow statements

Cash flows are reported using the indirect method, whereby profit/ (loss) before 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.

S. Earnings per share

Basic earnings per share is computed by dividing the profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

T. Exceptional item

Significant gains/losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

U. New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new Ind AS and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 Revenue from Contracts with Customers – New Ind AS

Ind AS 21 The Effect of Changes in Foreign Exchange Rates – Amendment to Ind AS

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue and Ind AS 11 – Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company is currently evaluating the possible impact of the Ind AS 115 on the financial statements.

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Property, plant and equipment and capital work-in-progress

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Carrying amounts of:			
Freehold land	295.92	297.30	297.30
Buildings	9,030.33	9,118.40	9,007.46
Plant and equipment	63,706.80	69,056.67	72,265.31
Furniture and fixtures	102.00	139.69	187.48
Vehicles	112.69	168.62	121.56
Office equipment	283.01	189.41	242.54
Lease hold improvements	265.88	304.37	323.00
TOTAL - Property, plant and equipment	**73,796.63**	**79,274.46**	**82,444.65**
Capital work-in-progress (CWIP)	419.44	251.08	1,713.57
TOTAL - CWIP	**419.44**	**251.08**	**1,713.57**

Cost or deemed cost	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Balance as at April 1, 2016	**297.30**	**9,007.46**	**72,265.31**	**187.48**	**121.56**	**242.54**	**323.00**	**82,444.65**
Additions	-	595.32	2,796.21	15.40	122.90	68.23	19.86	3,617.92
Disposals / adjustments*	-	-	(5.17)	-	(10.22)	-	-	(15.39)
Balance as at March 31, 2017	**297.30**	**9,602.78**	**75,056.35**	**202.88**	**234.24**	**310.77**	**342.86**	**86,047.18**
Additions	-	561.50	2,010.27	8.61	9.42	226.10	-	2,815.90
Disposals / adjustments*	-	(39.62)	(436.54)	(0.18)	(19.29)	(15.90)	-	(511.53)
Reclassified as held for sale	(1.38)	(118.60)	(1,736.46)	(0.37)	-	(0.39)	-	(1,857.20)
Balance as at March 31, 2018	**295.92**	**10,006.06**	**74,893.62**	**210.94**	**224.37**	**520.58**	**342.86**	**86,494.35**

Accumulated depreciation								
Balance as at April 1, 2016	-	-	-	-	-	-	-	-
Depreciation expense	-	484.38	5,999.71	63.19	67.19	121.36	38.49	6,774.32
Eliminated on disposal of assets	-	-	(0.03)	-	(1.57)	-	-	(1.60)
Balance as at March 31, 2017	-	**484.38**	**5,999.68**	**63.19**	**65.62**	**121.36**	**38.49**	**6,772.72**
Depreciation expense	-	538.87	5,597.81	45.97	53.13	121.29	38.49	6,395.56
Eliminated on disposal of assets	-	(23.66)	(115.63)	(0.05)	(7.07)	(5.08)	-	(151.49)
Eliminated on reclassification as held for sale	-	(23.86)	(295.04)	(0.17)	-	-	-	(319.07)
Balance as at March 31, 2018	-	**975.73**	**11,186.82**	**108.94**	**111.68**	**237.57**	**76.98**	**12,697.72**

Carrying amount								
Balance as at April 1, 2016	297.30	9,007.46	72,265.31	187.48	121.56	242.54	323.00	82,444.65
Balance as at March 31, 2017	297.30	9,118.40	69,056.67	139.69	168.62	189.41	304.37	79,274.46
Balance as at March 31, 2018	295.92	9,030.33	63,706.80	102.00	112.69	283.01	265.88	73,796.63

* Adjustments includes transfers inter-se

4. Intangible assets

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Carrying amounts of:			
Computer software	369.36	554.02	682.83
TOTAL	**369.36**	**554.02**	**682.83**

Cost or deemed cost	Computer software	Total
Balance as at April 1, 2016	**682.83**	**682.83**
Additions	99.66	99.66
Balance as at March 31, 2017	**782.49**	**782.49**
Additions	1.12	1.12
Balance as at March 31, 2018	**783.61**	**783.61**

Accumulated amortisation		
Balance at April 1, 2016	-	-
Amortisation expense	228.47	228.47
Balance at March 31, 2017	**228.47**	**228.47**
Amortisation expense	185.78	185.78
Balance as at March 31, 2018	**414.25**	**414.25**

Carrying amount		
Balance as at April 1, 2016	682.83	682.83
Balance as at March 31, 2017	554.02	554.02
Balance as at March 31, 2018	369.36	369.36

5. Investments

(₹ in lakhs)

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
Non-current	**Number**	**Amount**	**Number**	**Amount**	**Number**	**Amount**
Trade						
Unquoted Investments (all fully paid)						
(a) Investment in subsidiary at cost						
- IP India Foundation	50,000	5.00	50,000	5.00	50,000	5.00
Total (A)	**50,000**	**5.00**	**50,000**	**5.00**	**50,000**	**5.00**
(b) Investments in equity instruments at FVTOCI:						
- Andhra Pradesh Gas Power Corporation Limited, equity shares of ₹ 10 each	1,340,000	1,459.50	1,340,000	1,006.14	1,340,000	1,090.91
- Somar Granites Private Limited, equity shares of ₹ 10 each	30,000	3.00	30,000	3.00	30,000	3.00
- Kedia Distillery Limited, equity shares of ₹ 10 each	212,800	61.71	212,800	61.71	212,800	61.71
Total (B)	**1,582,800**	**1,524.21**	**1,582,800**	**1,070.85**	**1,582,800**	**1,155.62**
Gross aggregate unquoted investments (C) = (A) + (B)		**1,529.21**		**1,075.85**		**1,160.62**
Amount of impairment in value of investments:						
- Somar Granites Private Limited, equity shares of ₹ 10 each		3.00		3.00		3.00
- Kedia Distillery Limited, equity shares of ₹ 10 each		61.71		61.71		61.71
Gross amount of impairment in value of investments (D)		**64.71**		**64.71**		**64.71**
Aggregate carrying value of unquoted investments (C) - (D)		**1,464.50**		**1,011.14**		**1,095.91**

6. Loans

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current			
Loans to employees			
- Unsecured, considered good	21.51	22.18	28.43
TOTAL	**21.51**	**22.18**	**28.43**
Current			
Loans to employees			
- Unsecured, considered good	137.31	121.93	141.18
TOTAL	**137.31**	**121.93**	**141.18**

7. Other financial assets

Non-Current			
a) Security Deposits			
- Unsecured, considered good	990.09	904.33	936.19
b) Others			
- Margin money deposits with banks *	-	16.35	35.85
- Interest accrued on margin money deposits with banks	-	4.07	4.93
TOTAL	**990.09**	**924.75**	**976.97**
Current			
a) Security Deposits			
- Unsecured, considered good	48.95	42.46	6.00
- Unsecured, considered doubtful	-	5.00	5.00
	48.95	**47.46**	**11.00**
Less : Allowance for doubtful deposits	-	5.00	5.00
	48.95	**42.46**	**6.00**
b) Advances to employees	8.60	4.08	25.14
c) Receivable from related parties	24.38	195.88	-
d) Others			
- Interest accrued on margin money deposits with banks	26.66	22.22	28.63
TOTAL	**108.59**	**264.64**	**59.77**

* Represents margin money deposits with maturity of more than twelve months from the balance sheet date.

8. Other assets

Non-Current			
a) Capital advances	35.83	83.97	122.03
b) Prepaid expenses	54.67	53.67	68.58
c) Balances with statutory / government authorities	2,798.10	2,772.47	864.85
TOTAL	**2,888.60**	**2,910.11**	**1,055.46**
Current			
a) Advance to suppliers			
Considered good	2,695.56	636.46	2,486.82
Considered doubtful	37.08	38.96	25.21
	2,732.64	675.42	2,512.03
Less: Provision for other doubtful loans and advances	37.08	38.96	25.21
	2,695.56	636.46	2,486.82
b) Prepaid expenses	401.79	387.24	347.08
c) Balances with statutory / government authorities	190.15	1,358.70	1,470.65
d) Others			
- Export benefits receivable	502.95	646.55	122.52
TOTAL	**3,790.45**	**3,028.95**	**4,427.07**

9. Inventories

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(at lower of cost and net realisable value)			
(a) Raw materials	5,559.63	6,890.02	6,829.48
Add : Goods in Transit	95.62	-	138.20
(b) Work-in-progress	961.28	1,651.71	1,387.82
(c) Finished goods	1,420.51	2,444.68	5,140.35
(d) Stores and spares	7,115.82	7,293.13	7,743.74
Add : Goods in Transit	325.03	104.56	131.28
TOTAL	**15,477.89**	**18,384.10**	**21,370.87**

Notes:

(i) The cost of inventories recognised as an expense during the year has been disclosed on the face of the Statement of Profit and Loss.
(ii) There are no inventories expected to be recovered after more than twelve months.

10. Trade receivables

Trade receivables			
(a) Secured, considered good	3,671.65	1,919.47	1,672.63
(b) Unsecured, considered good	3,285.84	4,830.84	5,395.58
(c) Doubtful	126.10	115.92	116.03
Less: Allowance for doubtful debts (expected credit loss allowance)	126.10	115.92	116.03
TOTAL	**6,957.49**	**6,750.31**	**7,068.21**

Notes:

(i) The average credit period on sales of goods is 10 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 15% per annum on the outstanding balance.

(ii) Before accepting any new customer, the Company has a credit evaluating system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Of the trade receivables balance, ₹ 852.10 lakhs (as at March 31, 2017: ₹ 517.95 lakhs; as at April 1, 2016: ₹ 708.72 lakhs) is due from customers who represent more than 5% of the total balance of trade receivables.

(iii) The Company maintains an allowance of doubtful accounts based on financial condition of the customer, ageing of customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision towards doubtful receivables after recovering the underlying collaterals. Besides, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a Historical loss rate method. The historical loss rate takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the average loss rate of the collections against the receivables.

Movement in the allowance for doubtful debts

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	115.92	116.03
Movement in the allowance for doubtful debts (Net)	10.18	(0.11)
Balance at end of the year	126.10	115.92

The Concentration of credit risk is limited to the fact that the customer base is large and unrelated.

11. Cash and cash equivalents

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Balances with Banks			
- in Current accounts	1,093.27	146.89	952.72
- in EEFC accounts	406.92	179.24	0.10
- in demand deposit accounts	100.00	350.00	-
b) Cheques on hand	-	-	9.02
c) Cash on hand	0.86	1.18	0.47
Cash and cash equivalents as per balance sheet	**1,601.05**	**677.31**	**962.31**
Cash and cash equivalents as per statement of cash flows	**1,601.05**	**677.31**	**962.31**

12. Other bank balances

In earmarked accounts:			
(a) Balances held as margin money or security against guarantees and other commitments	63.07	26.10	47.14
(b) Share application money received for allotment of securities and due for refund	-	0.69	0.75
(c) Unpaid dividend accounts	1.47	3.19	4.12
TOTAL	**64.54**	**29.98**	**52.01**

Note: Margin money deposits amounting to ₹ Nil (March 31, 2017: ₹ 16.35 lakhs; April 1, 2016: ₹ 35.85 lakhs) which have a maturity of more than 12 months from the Balance sheet date have been classified under other non-current financial assets (Refer Note 7).

13. Non-current tax assets (net)

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Tax assets			
Advance Tax / TDS receivable	7,324.80	4,901.31	3,825.48
Tax liabilities			
Income tax payable	6,404.68	3,646.54	2,733.06
TOTAL	**920.12**	**1,254.77**	**1,092.42**

14. Assets classified as held for sale

Fixed assets held for sale - (Also refer Note 53 (a))	656.38	2.50	65.67
TOTAL	**656.38**	**2.50**	**65.67**

15. Equity share capital

Equity share capital	3,977.00	3,977.00	3,977.00
	3,977.00	**3,977.00**	**3,977.00**
Authorised Share capital :			
40,000,000 fully paid equity shares of ₹ 10 each	4,000.00	4,000.00	4,000.00
500,000 Redeemable cumulative preference shares of ₹ 100 each	500.00	500.00	500.00
Issued and subscribed capital comprises:			
39,770,039 fully paid equity shares of ₹ 10 each (as at March 31, 2017: 39,770,039; as at April 1, 2016: 39,770,039)	3,977.00	3,977.00	3,977.00
	3,977.00	**3,977.00**	**3,977.00**

15.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

	Number of shares	Share capital (₹ in lakhs)
Balance at April 01, 2016	39,770,039	3,977.00
Changes during the year	-	-
Balance at March 31, 2017	39,770,039	3,977.00
Changes during the year	-	-
Balance as at March 31, 2018	39,770,039	3,977.00

15.2 Rights, preferences and restrictions attached to the equity shares

The Company has only one class of issued, subscribed and fully paid up equity shares having a face value of ₹ 10 each per share. Each holder of equity shares is entitled to one vote per share. The dividend (other than interim dividend) proposed, if any, 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.

15.3 Equity shares held by the holding company

Name of the Shareholder	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
IP Holding Asia Singapore Pte. Limited #	-	-	29,827,529
International Paper Investments (Luxembourg) S.a.r.l #	21,856,033	21,856,033	-
# The ultimate holding company is International Paper Company, USA.			

15.4 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, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares	% holding of equity shares	Number of Shares	% holding of equity shares	Number of Shares	% holding of equity shares
IP Holding Asia Singapore Pte. Limited #	-	-	-	-	29,827,529	75.00
International Paper Investments (Luxembourg) S.a.r.l #	21,856,033	54.96	21,856,033	54.96	-	-
IP International Holdings Inc. #	7,971,496	20.04	7,971,496	20.04	-	-

The ultimate holding company is International Paper Company, USA.

16. Other equity

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
General reserve	28,876.29	28,876.29	28,876.29
Securities premium reserve	18,211.13	18,211.13	18,211.13
Reserve for equity instruments through other comprehensive income	(60.67)	(409.43)	(344.22)
Retained earnings	4,798.78	(3,458.15)	(6,594.13)
Capital redemption reserve	598.00	598.00	598.00
TOTAL	**52,423.53**	**43,817.84**	**40,747.07**

16.1 General reserve

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at beginning of year	28,876.29	28,876.29
Movements during the year	-	-
Balance at end of year (Refer Note 50)	**28,876.29**	**28,876.29**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

16.2 Securities premium reserve

Balance at beginning of year	18,211.13	18,211.13
Movements during the year	-	-
Balance at end of year	**18,211.13**	**18,211.13**

Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Section 52 of the Act.

16.3 Reserve for equity instruments through other comprehensive income

Balance at beginning of year	(409.43)	(344.22)
Net fair value gain / (loss) on investments in equity instruments at FVTOCI	453.36	(84.77)
Income tax on net fair value gain on investments in equity instruments at FVTOCI	(104.60)	19.56
Balance at end of year	**(60.67)**	**(409.43)**

This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

16.4 Retained earnings

Balance at beginning of year	(3,458.15)	(6,594.13)
Profit attributable to owners of the Company	8,306.71	3,239.56
Other comprehensive income / (loss) arising from remeasurement of defined benefit obligation	(76.11)	(158.40)
Related income tax	26.33	54.82
Balance at end of year	**4,798.78**	**(3,458.15)**

Retained earnings represent the Company's undistributed earnings after taxes.

16.5 Capital redemption reserve

Balance at beginning of year	598.00	598.00
Movements during the year	-	-
Balance at end of year	**598.00**	**598.00**

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

17. Borrowings

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Long-term			
Unsecured – at amortised cost			
(i) Term loans (Refer Note (i) below)			
- from banks	5,000.00	12,400.00	22,000.00
(ii) Deferred payment liabilities (Refer Note (ii) below)	1,479.58	2,027.62	2,350.63
(iii) Loans from related parties (Refer Note (iii) below)	-	-	6,050.40
TOTAL	**6,479.58**	**14,427.62**	**30,401.03**

Notes:

(i) Term loans

During the year, the Company has availed unsecured term loans from banks aggregating to ₹ 5,000 lakhs (March 31, 2017 - ₹ 22,000 lakhs; April 1, 2016 - ₹ 22,000 lakhs) outstanding at the year end ₹ 7,500 lakhs (March 31, 2017 - ₹ 22,000 lakhs; April 1, 2016 - ₹ 22,000 lakhs) (Refer Note 20 for current maturities). Letter of Comfort has been provided to the banks by International Paper Company, USA, the ultimate holding company. The interest rates of these loans range from 7.55% to 8%. These term loans are repayable as under:

a. Term Loan I: ₹ 15,000 lakhs which was payable in 6 equal quarterly installments commenced at the end of 21st month i.e. September 2017. The Company has pre-paid certain quarterly installments and only ₹ 2,500 lakhs which is due next year has been disclosed as current portion of the loan (Refer Note 20).

b. Term Loan II: ₹ 7,000 lakhs which was payable after completing moratorium of 18 months and in 10 equal quarterly installments commenced at the end of 21st month i.e. September 2017 was fully repaid in December 2017.

c. Term Loan III: ₹ 5,000 lakhs (March 31, 2017 – ₹ Nil) is payable after completing moratorium of 18 months and is repayable in 6 equal quarterly installments commencing at the end of 21st month i.e. November 2019.

(ii) Deferred payment liabilities

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 ₹ 172.28 lakhs (March 31, 2017 – ₹ 323.01 lakhs; April 1, 2016 - ₹ 252.28 lakhs) is due within next twelve months and is included under the head 'Current maturities of long-term debts' disclosed under Note 20.

(iii) Loans from related parties

The Company has availed unsecured foreign currency loan from International Paper Investments (Luxembourg) S.à r.l at interest rate of 6 month Libor plus 250 basis points repayable in six half-yearly instalments commencing from June 30, 2015. USD Nil equivalent ₹ Nil is outstanding as on March 31, 2018 (March 31, 2017 - USD 4 Million equivalent ₹ 2,594.20 lakhs; April 1, 2016 - USD 8 million equivalent ₹ 5,300.80 lakhs).

18. Borrowings

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Short-term			
Unsecured – at amortised cost			
a) Loans repayable on demand			
- from banks - Refer Note (ii) below	2,000.00	2,000.00	347.79
b) Short-term loans from banks	-	5,000.00	2,000.00
c) Loans from related parties - Refer Note (iii) below	7,600.00	-	-
d) Short-term loans from others	-	-	9,000.00
Secured – at amortised cost			
(a) Loans repayable on demand			
- from banks - Refer Note (i) below	2,000.00	2,000.00	3,000.00
TOTAL	**11,600.00**	**9,000.00**	**14,347.79**

Notes:

(i) Secured loans was availed and repayable on demand represents Cash credit/Buyers credit/ Export packing credit loan from SBI, BNP Paribas during the year at interest rates ranging from 4.50% to 8.30%. These are secured by hypothecation of current assets of the Company.

(ii) Unsecured loans were availed and repayable on demand represents Working capital demand loans/Cash credit /Export packing credit loan/Buyers credit from Bank of America, Citi bank, JP Morgan during the year at interest rates ranging from 4.11% to 8.50%.

(iii) Unsecured loan availed from International Paper (India) Private Limited at interest rate of 6.7% aggregating ₹ 7,600 lakhs during the year is outstanding as on March 31, 2018. (March 31, 2017 - ₹ Nil; April 1, 2016 - ₹ Nil)

19. Trade payables

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade payables (Refer Note 40)	13,231.00	13,812.54	15,379.90
TOTAL	**13,231.00**	**13,812.54**	**15,379.90**

20. Other financial liabilities

(₹ in lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current			
- Finance lease obligations	691.31	888.49	1,071.06
TOTAL	**691.31**	**888.49**	**1,071.06**
Current			
a) Current maturities of long-term debt	2,672.28	12,517.21	2,902.68
b) Current maturities of finance lease obligations	197.17	182.57	169.04
c) Interest accrued	21.22	31.62	51.29
d) Unclaimed dividends	1.47	3.19	4.12
e) Unpaid matured deposits and interest accrued thereon	-	0.89	0.89
f) Others :			
(i) Trade / security deposits received	2,361.91	2,315.52	2,062.33
(ii) Payables on purchase of fixed assets	579.98	602.70	970.54
(iii) Contractually reimbursable expenses	79.75	91.43	100.13
(iv) Foreign currency forward contracts designated in hedge accounting relationships	-	-	10.35
(v) Unclaimed application money received for allotment of securities and due for refund	-	0.69	0.75
TOTAL	**5,913.78**	**15,745.82**	**6,272.12**

21. Provisions

Non-current			
Employee benefits:			
- Compensated absences	147.10	353.45	144.70
- Gratuity	207.79	92.93	150.68
TOTAL	**354.89**	**446.38**	**295.38**
Current			
Provisions:			
For contingencies (Refer Note 41)	1,090.66	1,090.66	1,090.66
For others (Disputed dues) (Refer Note 53 [b(i)]	2,357.43	2,357.43	-
TOTAL	**3,448.09**	**3,448.09**	**1,090.66**

22. Other current liabilities

a) Advances from customers	306.82	286.76	172.63
b) Other Payables			
- Statutory remittances	419.82	704.04	854.04
- Others*	1,083.82	910.28	826.91
TOTAL	**1,810.46**	**1,901.08**	**1,853.58**

* Others include liabilities created on account of demands received in respect of excise, sales tax etc.

23. Deferred tax liabilities (net)

Deferred tax liabilities (net)	14,197.09	13,080.76	11,971.65
MAT credit entitlement	(4,462.78)	(5,083.39)	(4,169.91)
Deferred tax liabilities (net)	**9,734.31**	**7,997.37**	**7,801.74**

2017-2018	**Opening balance**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**MAT Credit utilization**	**Closing balance**
Deferred tax (liabilities) /assets in relation to:					
Property, plant and equipment	(15,946.36)	922.04	-	-	(15,024.32)
Disallowances under Income Tax Act, 1961, allowed on payment basis	608.77	(33.94)	-	-	574.83
Unabsorbed depreciation carried forward	1,923.01	(1,923.01)	-	-	-
Longterm capital loss carried forward	22.53	-	-	-	22.53
Financial assets at FVTOCI	122.80	-	(104.60)	-	18.20
Provision for doubtful debts	58.85	(2.37)	-	-	56.48
Remeasurement of defined benefit plans	54.82	-	26.34	-	81.16
Others	74.82	(0.79)	-	-	74.03
MAT Credit	5,083.39	(21.57)	-	(599.04)	4,462.78
TOTAL	**(7,997.37)**	**(1,059.64)**	**(78.26)**	**(599.04)**	**(9,734.31)**

2016-2017	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	MAT Credit utilization	Closing balance
Deferred tax (liabilities) /assets in relation to:					
Property, plant and equipment	(16,027.63)	81.27	-	-	(15,946.36)
Disallowances under Income Tax Act, 1961, allowed on payment basis	1,150.16	(541.39)	-	-	608.77
Unabsorbed depreciation carried forward	2,626.69	(703.68)	-	-	1,923.01
Longterm capital loss carried forward	22.53	-	-	-	22.53
Financial assets at FVTOCI	103.24	-	19.56	-	122.80
Provision for doubtful debts	68.43	(9.58)	-	-	58.85
Remeasurement of defined benefit plans	-	-	54.82	-	54.82
Others	84.93	(10.11)	-	-	74.82
MAT Credit	4,169.91	913.48	-	-	5,083.39
TOTAL	**(7,801.74)**	**(270.01)**	**74.38**	**-**	**(7,997.37)**

24. Revenue from operations

(₹ in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Sale of products - (Refer Note (i) below and Note 52)	125,981.91	120,099.17
(b) Other operating revenues - (Refer Note (ii) below)	1,998.31	2,994.69
TOTAL	**127,980.22**	**123,093.86**
Notes:		
(i) Sale of products comprise of sale of paper and paperboard		
(ii) Other operating revenues comprise:		
Sale of saplings	65.31	191.29
Duty draw back on exports	911.73	1,164.34
Incidental charges recovered from customers	461.09	1,343.96
Sale of scrap	560.18	295.10
TOTAL	**1,998.31**	**2,994.69**

25. Other income

a) Interest income earned on financial assets that are not designated as fair value through profit or loss	6.06	5.61
b) Interest income	236.13	30.97
c) Gain on disposal of property, plant and equipment (net)	-	27.15
d) Insurance and other claims	56.16	130.23
e) Liabilities / provisions no longer required written back	20.00	329.12
f) Miscellaneous Income	211.05	73.04
TOTAL	**529.40**	**596.12**

26. Changes in inventories of finished goods and work-in-progress

Inventories at the beginning of the year		
- Work-in-progress	1,651.71	1,387.82
- Finished goods	2,444.68	5,140.35
	4,096.39	6,528.17
Inventories at the end of the year		
- Work-in-progress	961.28	1,651.71
- Finished goods	1,420.51	2,444.68
	2,381.79	4,096.39
Changes in Inventories	1,714.60	2,431.78
Duties on increase / (decrease) of finished goods	(63.94)	(37.64)
TOTAL	**1,650.66**	**2,394.14**

27. Employee benefits expense

(₹ in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	13,057.08	11,835.53
Contribution to provident and other funds	806.69	727.15
Performance share plan expense (Refer Note 51)	89.18	78.59
Cost of deputed personnel	112.32	100.18
Staff welfare expenses	1,154.90	1,180.24
TOTAL	**15,220.17**	**13,921.69**

28. Finance costs

Interest on bank overdrafts and loans (other than those from related parties)	1,860.49	2,866.77
Interest on loans from related parties	175.61	126.98
Other interest expense	510.78	273.66
Bank and finance charges	62.11	91.66
TOTAL	**2,608.99**	**3,359.07**

The weighted average capitalisation rate on funds borrowed generally is 7.51 % per annum (2016-2017: 8.43 % per annum).

29. Depreciation and amortisation expense

Depreciation of property, plant and equipment (Refer Note 3)	6,395.56	6,774.32
Amortisation of intangible assets (Refer Note 4)	185.78	228.47
TOTAL	**6,581.34**	**7,002.79**

30. Other expenses

Consumption of stores, spares and chemicals	17,213.89	15,168.20
Power, fuel and water	9,370.08	8,646.21
Repairs and maintenance		
- Buildings	843.39	579.88
- Plant and machinery	3,825.60	3,310.10
- Others	247.72	234.93
Conversion / processing charges	382.87	391.28
Forwarding, transportation and other sales expenses	2,213.43	3,127.24
Rates and taxes	469.62	298.97
Royalty	427.94	279.66
Rent	474.48	496.16
Insurance	464.42	300.71
Legal and professional charges	1,024.24	547.01
Provision for doubtful trade receivables and advances	11.75	21.40
Bad trade receivables and advances written-off	0.29	1.67
Exchange differences (net)	39.82	26.23
Payment to auditors (Refer Note 39)	72.38	64.64
Loss on disposal of property, plant and equipment (net)	420.09	-
Miscellaneous expenses	1,645.97	1,695.50
TOTAL	**39,147.98**	**35,189.79**

31. Tax expense

A. Amounts recognised in profit or loss

i) Income tax recognised in the Statement of profit or loss

Particulars		
Current Tax	3,279.32	913.48
Deferred tax	1,059.64	270.01
Total income tax expense recognised	**4,338.96**	**1,183.49**

ii) Income tax recognised in other comprehensive income

Deferred tax related to items recognised in OCI		
Deferred tax on fair value changes on investments in equity instruments through OCI	(104.60)	19.56
Deferred tax expense on remeasurements of defined benefit plans	26.34	54.82
Income tax income / (expense) recognised in OCI	**(78.26)**	**74.38**

B. The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax (A)	**12,645.67**	**4,423.05**
Enacted tax rate (B)	34.61%	34.61%
Expected Tax Expenses (C=A * B)	4,376.41	1,530.73
Adjustments		
Rate change (as Company has brought forward unabsorbed depreciation), tax calculated at MAT rate	-	(316.77)
Tax effects of other adjustments	(37.45)	(30.47)
Total Adjustments - D	**(37.45)**	**(347.24)**
Tax expense recognised in profit or loss (E = C + D)	**4,338.96**	**1,183.49**

32. Contingent Liabilities and Commitments

A. Contingent Liabilities (to the extent not provided for):

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Claims against the Company not acknowledged as debt: - Matters under litigation			
a. Income tax matters	640.67	640.67	640.67
b. Excise duty claims disputed by the Company relating to issues of applicability, classification and valuation	5,642.97	5,696.11	5,780.49
c. Sales tax claims disputed by the Company relating to issues of applicability, royalty and discounts	556.17	481.30	485.57
d. Electricity duty towards consumption of energy generated by captive power unit	1,571.62	1,571.62	4,983.22
e. Other matters (third party claims, interest on royalty, ex-employees claims etc.,)	2,066.05	2,052.83	1,491.72

The amounts disclosed above represent best estimates and the uncertainties are dependent on the outcome of the legal processes initiated by the Company or the claimant as the case may be.

B. Commitments:

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,080.38	626.34	700.20
ii) Export Commitment under Export Promotion Capital Goods (EPCG) scheme	-	-	9,713.04

33. Employee Benefits

A. Defined contribution plans :

Provident fund:

The Company contributed ₹ 402.95 lakhs (Previous year: ₹ 399.03 lakhs) to the Provident Fund Trust maintained by the Company and ₹ 122.48 lakhs (Previous year: ₹ 119.36 lakhs) to Regional Provident Fund Commissioner, which was recognized as an expense in Statement of Profit and Loss during the year.

Superannuation:

The Company recognized ₹ 28.95 lakhs (Previous year: ₹ 25.85 lakhs) as an expenses towards contribution as superannuation in the Statement of Profit and Loss during the year.

B. Defined benefit plans

Amounts recognised in statement of profit and loss in respect of these defined benefit i.e. Gratuity plans are as follows:

(₹ in lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Current service cost	168.33	141.93
Net interest expense	1.96	(2.18)
Components of defined benefit costs recognised in statement of profit or loss	**170.29**	**139.75**
Re-measurement on the net defined benefit liability:		
- Return on plan assets (greater)/less than discount rate	(60.41)	(97.68)
- Actuarial (gains) / losses arising from experience adjustments	6.19	63.30
- Actuarial (gains) / losses arising from changes in financial assumptions	130.33	192.78
Components of defined benefit costs recognised in other comprehensive income	**76.11**	**158.40**
TOTAL	**246.40**	**298.15**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of profit and loss.

The re-measurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Present value of defined benefit obligation	2,498.49	2,410.85	2,242.00
Fair value of plan assets	2,290.70	2,317.92	2,091.32
Net liability arising from defined benefit obligation	**(207.79)**	**(92.93)**	**(150.68)**

Movements in the present value of the defined benefit obligation are as follows:

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Opening defined benefit obligation	**2,410.85**	**2,242.00**
Current service cost	168.33	141.93
Interest cost	160.00	163.65
Actuarial (gains) / losses arising from experience adjustments	6.19	63.30
Actuarial (gains) /losses arising from changes in financial assumptions	130.33	192.78
Benefits paid	(377.21)	(392.81)
Closing defined benefit obligation	**2,498.49**	**2,410.85**

Movements in the fair value of the plan assets are as follows:

Opening fair value of plan assets	**2,317.92**	**2,091.32**
Interest income	158.04	165.83
Contributions from the employer	131.54	355.90
Return on plan assets (greater)/less than discount rate	60.41	97.68
Benefits paid	(377.21)	(392.81)
Closing fair value of plan assets	**2,290.70**	**2,317.92**

Composition of plan assets:

Particulars	As at March 31, 2018	As at March 31, 2017
Insurer managed funds	100.00%	100.00%
	100.00%	**100.00%**

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate	7.70%	7.20%	8.00%
Estimated rate of return on plan assets	7.50%	7.50%	7.50%
Salary escalation rate	Sr.staff - 7.00% Jr. staff & Workers 6.00%	Sr.staff - 6.00% Jr. staff & Workers 5.00%	Sr.staff - 6.00% Jr. staff & Workers 1.00% for first 3 years 5.00% thereafter
Mortality rate	Indian Assured Lives Mortality (IALM) (2006-08) Ult. Modified	Indian Assured Lives Mortality (IALM) (2006-08) Ult. Modified	Indian Assured Lives Mortality (IALM) (2006-08) Ult. Modified

Particulars	March 31, 2018		March 31, 2017		April 1, 2016	
Attrition rate	Age	Rate p.a	Age	Rate p.a	Age	Rate p.a
	21-30 31-40 41 & Above	5% 3% 2%	21-30 31-40 41 & Above	5% 3% 2%	21-30 31-40 41 & Above	5% 3% 2%

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in lakhs)

	Gratuity plan		
	March 31, 2018	March 31, 2017	April 1, 2016
Sensitivity Analysis – DBO at the end of the year			
Discount rate + 100 basis points	(149.55)	(131.95)	(109.06)
Discount rate – 100 basis points	171.53	150.29	123.04
Salary rate + 1%	171.44	151.52	126.22
Salary rate – 1%	(152.13)	(135.28)	(113.68)
Attrition rate + 1%	8.14	15.22	20.26
Attrition rate – 1%	(9.28)	(17.15)	(22.47)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

(₹ in lakhs)

	Gratuity plan		
	March 31, 2018	March 31, 2017	April 1, 2016
Weighted average duration of DBO	8 years	8 years	7 years
Expected cash flows			
1. Expected employer contribution in the next year	60.38	-	-
2. Expected benefit payments			
Year 1	317.58	286.11	327.51
Year 2	288.33	405.34	340.71
Year 3	382.18	285.85	383.97
Year 4	329.41	378.79	259.97
Year 5	284.80	308.82	353.02
Beyond 5 years	1,529.47	1,387.14	1,294.91

34. Segment reporting

Operating Segments

The Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) who evaluates the Company's performance and allocates resources for manufacture and sale of pulp, paper and paperboard. Accordingly, manufacturing and sale of pulp, paper and paperboard is considered as the single operating segment of the Company.

Geographical Information

The Company operates in India and makes certain sales to customers situated outside of India. The revenue from external customers by location of customers is detailed below. All the non-current assets of the Company are situated within India.

(₹ in lakhs)

Revenue – Sale of products	Year ended March 31, 2018	Year ended March 31, 2017
India	103,021.65	99,016.88
Outside India	22,960.26	21,082.29
TOTAL	**125,981.91**	**120,099.17**

35. Related party disclosures

a. List of related parties and relationships

(i) Ultimate Holding Company
International Paper Company, USA

(ii) Holding Company
International Paper Investments (Luxembourg) S.a.r.l
IP Holding Asia Singapore Pte. Limited (Up to June 22, 2016)

(iii) Subsidiary Company
IP India Foundation

(iv) Fellow Subsidiaries
International Paper (India) Private Limited

(v) Entity where the Company is in a position to exercise control
The Employees Provident Fund of The Andhra Pradesh Paper Mills Limited

(vi) Key Management Personnel
Mr. Donald Paul Devlin – Chairman & Managing Director (with effect from April 28, 2017)
Mr. Rampraveen Swaminathan – Chairman & Managing Director (till April 27, 2017)

b. Transactions during the year

(₹ in lakhs)

Particulars	Name of the related party	Year ended March 31, 2018	Year ended March 31, 2017
Professional charges – Income	International Paper (India) Private Limited	163.11	186.55
Professional charges - Management contracts	International Paper (India) Private Limited	123.00	110.86
Royalty expenses	International Paper Company, USA	427.94	279.66
Managerial remuneration	Key Management Personnel (Refer Note (i) below)	-	53.00
Loan received	International Paper (India) Private Limited	8,600.00	-
Loan repaid	International Paper (India) Private Limited	1,000.00	3,400.00
Foreign currency loan paid	International Paper Investments (Luxembourg) S.à r.l.	2,596.50	2,718.20
Interest paid on foreign currency loan	International Paper Investments (Luxembourg) S.à r.l.	41.26	126.98
Interest paid on loan	International Paper (India) Private Limited	134.35	72.38
Expenses to be reimbursed - Performance Share Plan	International Paper Company, USA	89.18	78.59
Contribution towards provident fund	The Employees Provident Fund of APPM Limited	402.95	399.03
Contribution towards CSR expenses	IP India Foundation	9.10	15.00

c. Amounts due from / due to related parties

(₹ in lakhs)

Particulars	Name of the related party	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Due to related parties				
Interest payable on Foreign currency loan	International Paper Investments (Luxembourg) S.à r.l.	-	18.80	39.34
Foreign currency loan payable	International Paper Investments (Luxembourg) S.à r.l.	-	2,594.20	5,300.80
Loan payable	International Paper (India) Private Limited	7,600.00	-	3,400.00
Trade payables	International Paper (India) Private Limited	41.77	116.40	-
	International Paper Company, USA	190.73	66.33	63.17
Payable towards performance share plan	International Paper Company, USA	167.78	78.59	-
Due from related parties				
Other Receivables	International Paper (India) Private Limited	24.38	195.88	-

Notes:

(i) The remuneration was paid in his capacity as independent professional appointed by the Company, who possesses requisite professional qualifications with expert knowledge in his field of profession.

(ii) In respect of certain borrowings (refer Note 17), Letter of Comfort has been provided to the banks by International Paper Company, USA, the ultimate holding company.

36. Obligations under finance leases

(₹ in lakhs)

Particulars	Minimum lease payments			Present value of minimum lease payments		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not later than one year	268.25	268.25	268.25	248.37	248.37	248.37
Later than one year and not later than five years	804.75	1,073.00	1,073.00	640.11	822.69	822.69
Later than five years	-	-	268.25	-	-	169.04
	1,073.00	**1,341.25**	**1,609.50**	**888.48**	**1,071.06**	**1,240.10**
Less: Future finance charges	(184.52)	(270.19)	(369.40)	-	-	-
Present value of minimum lease payments	**888.48**	**1,071.06**	**1,240.10**	**888.48**	**1,071.06**	**1,240.10**

(₹ in lakhs)

Included in the financial statements as	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
- Current Finance Lease obligations (Refer Note 20)	197.17	182.57	169.04
- Non-Current Finance Lease obligations (Refer Note 20)	691.31	888.49	1,071.06
TOTAL	**888.48**	**1,071.06**	**1,240.10**

37. Operating lease arrangements

The Company's significant leasing arrangements are in respect of operating leases for premises (Offices, go-downs etc.) ranging from 3 years to 20 years. The aggregate lease rentals payable are charged as "Rent" under Note 30 - Other expenses.

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

Particulars			
Not later than one year	37.60	37.60	37.60
Later than one year and not later than five years	166.06	203.66	197.39
Later than five years	328.98	328.98	372.85

38. Earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year (In ₹ Lakhs)	8,306.71	3,239.56
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 (₹)	20.89	8.15

39. Payments to Auditors

(₹ in lakhs)

Statutory audit fees	50.00	40.00
Limited Review fees	12.00	12.00
Tax audit fees	8.00	8.00
Certification fees	1.50	2.50
Out of pocket expenses and others	0.88	2.14
TOTAL	**72.38**	**64.64**

The above excludes ₹ 4 lakhs (Previous year - ₹ 4 lakhs) paid to the affiliate firm of auditors

40. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development 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, Small and Medium Enterprises are as under:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(i) Principal amount remaining unpaid to supplier at the end of the year	83.21	112.03	74.53
(ii) Interest due thereon remaining unpaid to supplier at the end of the year	7.48	5.63	4.29
(iii) The amount of interest paid along with the amounts of the payment made to supplier beyond the appointed day	-	-	-
(iv) The amount of interest due and payable	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of accounting year	7.48	5.63	4.29

41. Provision for contingencies

The Company carries a general provision for contingencies towards various disputed matters / claims made against the Company based on the Management's assessment. Also, refer Note 21. The movement of this provision account is as under:

Opening balance	1,090.66	1,090.66	1,631.48
Provision made during the year	-	-	-
Amounts utilized / reversed during the year	-	-	(540.82)
Closing balance	**1,090.66**	**1,090.66**	**1,090.66**

42. Category-wise classification of Financial Instruments

The carrying value of financial instruments by categories as at March 31, 2018, March 31, 2017 and April 1, 2016 is as follows:

(₹ in lakhs)

Particulars	Fair value hierarchy	Carrying Value #		
		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
FINANCIAL ASSETS				
Measured at amortised cost				
(i) Cash and cash equivalents	Level 2	1,601.05	677.31	962.31
(ii) Other bank balances	Level 2	64.54	29.98	52.01
(iii) Trade receivables	Level 2	6,957.49	6,750.31	7,068.21
(iv) Loans *	Level 2	158.82	144.11	169.61
(v) Investments	Level 2	5.00	5.00	5.00
(vi) Other financial assets**	Level 2	1,098.68	1,189.39	1,036.74
Measured at FVTOCI				
Investments in equity instruments	Level 3	1,459.50	1,006.14	1,090.91
TOTAL FINANCIAL ASSETS		**11,345.08**	**9,802.24**	**10,384.79**
FINANCIAL LIABILITIES				
Measured at amortised cost				
(i) Borrowings (including current maturities of long term debt)	Level 2	20,751.86	35,944.83	47,651.50
(ii) Trade payables	Level 2	13,231.00	13,812.54	15,379.90
(iii) Other financial liabilities ***	Level 2	3,932.81	4,117.10	4,440.50
TOTAL FINANCIAL LIABILITIES		**37,915.67**	**53,874.47**	**67,471.90**

Also represents fair value

* Loans include loans given to employees

** Other financial assets includes Security deposits with the vendors, advances given to employees, Receivable from related parties and margin money deposits.

*** Other financial liabilities includes interest accrued on the long term debt, security deposits received from customers and payable on purchase of fixed assets, excluding current maturities of long term debt.

43. Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2017.

Financial assets and liabilities measured at fair value as at Balance Sheet date

The fair values of investments in unquoted equity investments has been estimated using a discounted cash flow model under income approach. The valuation requires Management to make certain assumptions about model inputs, including forecast cash flows, discount rate and credit risk, the probabilities of the various estimates within range can be reasonably assessed and are used in Management's estimate of fair value for these unquoted investments.

44. Fair value hierarchy:

The fair value of financial instruments as referred to in Note 42 above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows:

Level 1 — Quoted prices for identified instruments in an active market.

Level 2 — Directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3 — Inputs which are not based on observable market data.

This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at the fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique and other inputs used).

Financial assets/ Financial liabilities	Fair value as at			Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
	March 31, 2018	March 31, 2017	March 31, 2016				
Investments in equity instruments at FVTOCI (unquoted) (Note iii)	1.84% equity investment in Andhra Pradesh Gas Power Corporation Limited engaged in generation and distribution of power and domiciled in India, ₹ 1,459.50 lakhs	1.84% equity investment in Andhra Pradesh Gas Power Corporation Limited engaged in generation and distribution of power and domiciled in India, ₹ 1,006.14 lakhs	1.84% equity investment in Andhra Pradesh Gas Power Corporation Limited engaged in generation and distribution of power and domiciled in India, ₹ 1,090.91 lakhs	Level 3	Discounted cash flow model under income approach was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee.	Long term growth rates, taking into account management's experience and knowledge of market conditions of the specific industry at 2%. Weighted average cost of capital (WACC) as determined ranging from 15.78% (As at March 31, 2017: 14.72%; As at April 1, 2016 – 14.37%)	A slight increase in long term revenue growth rates used in isolation would result in increase in the fair value (Refer Note i below) A slight increase in the WACC used in isolation would result in decrease in the fair value (Refer Note ii below)

Notes:

i. If the Long-term growth rates used were 1% higher / lower while all other variables were held constant, the carrying amount of the shares would increase / (decrease) by ₹ 131.83 lakhs and ₹ (113.99) lakhs respectively [as at March 31, 2017: increase/(decrease) by ₹ 99 lakhs and ₹ (84.57) lakhs; as at April 1, 2016: increase/(decrease) by ₹ 110.12 lakhs and ₹ (93.64) lakhs respectively].

ii. A 1% increase / (decrease) in WACC or discount rate used while holding all other variables constant would (decrease) / increase the carrying amount of the unquoted equity investments by ₹ (97.35) lakhs and ₹ 112.48 lakhs respectively (as at March 31, 2017: (decrease) / increase by ₹ (71.95) lakhs and ₹ 83.58 lakhs; as at April 1, 2016: (decrease) / increase by ₹ (80.11) lakhs and ₹ 93.61 lakhs respectively).

iii. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI irrevocably as the Management believes that this provides a more meaningful presentation for long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

iv. Reconciliation of Level 3 fair value measurements:

(₹ in lakhs)

Investments in unquoted equity instruments at FVTOCI	Year ended March 31, 2018	Year ended March 31, 2017
Opening balance	1,006.14	1,090.91
Total gain or losses:		
- in other comprehensive income	453.36	(84.77)
Purchases	-	-
Sold	-	-
Closing balance	**1,459.50**	**1,006.14**

45. Financial Risk Management and Capital Management

The Company's business activities are exposed to a variety of financials risks, namely Interest rate risk, credit risk, liquidity risk and foreign currency risk. The Company's senior management has the overall responsibility for establishing and governing the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are overseen by the Board of Directors of the Company.

A. Interest rate risk

The Company is exposed to interest rate risk because Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The sensitivity analyses below have been determined based on the exposure to interest rates for the non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's:

Profit for the year ended March 31, 2018 would decrease/increase by ₹ 103.76 lakhs (for the year ended March 31, 2017: decrease/ increase by ₹ 179.72 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

B. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment. Outstanding receivables and the credit worthiness of its counterparties are periodically monitored and taken up on case to case basis. Considering the historical experience of collecting trade receivables, the Company evaluates the concentration of risk with respective trade receivables as low.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

C. Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilised credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2018 and March 31, 2017. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The Company regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing short term deposits with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018, March 31, 2017 and April 1, 2016:

(₹ in lakhs)

Particulars	Total Amount	Less than 1 year	More than 1 and less than 2 years	More than 2 and less than 3 years	More than 3 years
March 31, 2018					
Trade payables	13,231.00	13,231.00	-	-	-
Payables for purchase of fixed assets	579.98	579.98	-	-	-
Borrowings	20,751.86	14,272.28	6,479.58	-	-
Other financial liabilities*	3,352.83	3,352.83	-	-	-
March 31, 2017					
Trade payables	13,812.54	13,812.54	-	-	-
Payables for purchase of fixed assets	602.70	602.70	-	-	-
Borrowings	35,944.83	21,517.21	14,427.62	-	-
Other financial liabilities*	3,514.40	3,514.40	-	-	-
April 1, 2016					
Trade payables	15,379.90	15,379.90	-	-	-
Payables for purchase of fixed assets	970.54	970.54	-	-	-
Borrowings	47,651.50	17,250.47	30,401.03	-	-
Other financial liabilities*	3,469.96	3,469.96	-	-	-

* Other financial liabilities include deposits received from customers amounting to ₹ 2,361.91 lakhs (March 31, 2017: ₹ 2,315.52 lakhs; April 01, 2016: ₹ 2,062.33 lakhs). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Company does not have an unconditional right to defer the payment, these deposits have been classified as current balances. For including these amounts in the above mentioned maturity analysis, the Company has assumed that these deposits, including interest thereon, will be repayable at the end of the reporting period. The actual maturity period for the deposit amount can differ based on the date on which these deposits are settled to customers.

D. Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As at March 31, 2018 (All figures in lakhs):

Particulars	GBP	USD	EURO	₹
Assets				
Trade Receivables	-	26.15	-	1,704.40
Cash and cash equivalents	-	6.24	-	406.92
Liabilities				
Trade payables	0.03	5.87	3.85	697.14
Advances received from customers	-	0.16	-	10.45

As at March 31, 2017 (All figures in lakhs):

Particulars	GBP	USD	EURO	₹
Assets				
Trade Receivables	-	19.16	-	1,242.37
Cash and cash equivalents	-	2.76	-	179.24
Liabilities				
Trade payables	0.03	11.44	3.47	984.53
Advances received from customers	-	0.01	-	0.97
Term loans	-	40.00	-	2,594.20
Interest payable	-	0.29	-	18.80

As at April 1, 2016 (All figures in lakhs):

Assets				
Trade Receivables	-	23.94	-	1,585.88
Cash and cash equivalents	-	0.0001	-	0.10
Liabilities				
Trade payables	0.02	10.43	3.37	946.78
Advances received from customers	-	0.01	-	0.99
Term loans	-	80.00	-	5,300.80
Interest payable	-	0.62	-	41.02

Foreign currency sensitivity analysis

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Great Britain Pound and Euro against the functional currency of the Company.

₹ 1 strengthening of INR against US Dollar, to which the Company is majorly exposed would have led to approximately ₹ 26.36 lakhs loss in the Statement of Profit and Loss (Year ended March 31, 2017 - ₹ 29.82 lakhs gain). A ₹ 1 weakening of the INR against US Dollar would have led to an equal but opposite effect.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

46. Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines that amount of capital on the basis of annual operating plan and long term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of Capital management, capital includes equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarises the net debt to equity ratio of the Company:

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Long term borrowings, current maturities of long-term debt and short term borrowings	20,751.86	35,944.83	47,651.50
Cash and cash equivalents (including other bank balances)	(1,665.59)	(707.29)	(1,014.32)
Net debt - (A)	**19,086.27**	**35,237.54**	**46,637.18**
Equity – (B)	**56,400.53**	**47,794.84**	**44,724.07**
Net debt to equity ratio – (A)/(B)	0.34	0.73	1.04

47. Expenses disclosed under the respective notes are net of the following amounts capitalized / (de-capitalized) by the Company under capital work-in- progress / fixed assets:

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Other expenses (including net exchange differences)	(25.04)	11.60

48. The Company's wholly owned subsidiary, IP India Foundation, carries out Corporate Social Responsibility activities. The same is not considered for the purpose of consolidation, as the objective of control over this entity is not to obtain economic benefits from its activities.

49. Disclosure as per Regulation 34(3) and 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015:

Loans and advances in the nature of loans given to subsidiaries, associates, firms/companies in which directors are interested ₹ Nil (March 31, 2017: ₹ Nil).

50. The Board of Directors of the Company at their meeting held on April 22, 2016 approved, subject to the approval of the Members, Stock Exchanges, Hon'ble High Court of Andhra Pradesh and Telangana, ("the High Court") or National Company Law Tribunal ("NCLT") and other statutory authorities, a Scheme of Arrangement amongst the Company and its Members under the provisions of Sections 391 to 394 of the Companies Act, 1956, to transfer on the Appointed Date, the entire amount of ₹ 28,876.29 lakhs lying in the General Reserve to the Profit & Loss Account of the Company ("the Scheme").

As per the Scheme, the Appointed Date is the close of the business hours of March 31, 2016, or such other date as may be fixed by the High Court.

During the previous year, the shareholders have approved the Scheme in the Court convened meeting.

Necessary approvals from NCLT as aforesaid are awaited, pending which, no adjustments as envisaged by the Scheme have been made in these accounts.

51. Performance Share Plan - Restricted Stock Units

Certain employees of the Company have been granted Performance-based restricted Stock Units ("PSUs") of International Paper Company, USA, the ultimate holding company, ("IP Co") in accordance with the terms and conditions specified in the Performance Share Plan ("PSP"), from time to time. The PSP is assessed, managed and administered by IP Co and the PSUs granted as part of the PSP will vest after a period of 3 years from the year the grant is given.

As per the arrangement with IP Co, the cost pertaining to the PSUs granted to the employees of the Company, is recharged to the Company, based on a fair valuation model. During the year, an amount of ₹ 89.18 lakhs (March 31, 2017: ₹ 78.59 lakhs) is recorded as compensation cost in the Statement of Profit and Loss. However, no other details are available with the Company with respect to the disclosures required to be made as per the "Ind AS 102 - Employee Share-based Payments", issued by the Institute of Chartered Accountants of India.

52. The Government of India introduced the Goods and Services tax (GST) with effect from July 01, 2017. Accordingly, in compliance with Indian Accounting Standard (Ind AS) 18 – "Revenue", Revenue from Operations for the period beginning July 01, 2017 to March 31, 2018 is presented net of GST. Revenue from Operations of earlier periods included Excise duty which now is subsumed in GST.

53. Exceptional items

a. The Management on evaluation of the performance and usefulness of all the fixed assets in use, determined to de-commission certain fixed assets which are not required for the continued or future business operations of the Company. Consequently, the net book value of these assets (net of its fair value less costs to sell) has been re-classified in the Balance Sheet as 'Assets classified as held for sale' and ₹ 836.56 lakhs representing the write-down of the net book value has been disclosed as an Exceptional Item in the Statement of Profit and Loss.

b. During the year ended March 31, 2017:

(i). In the previous year, the Hon'ble High Court for the State of Telangana and the State of Andhra Pradesh upheld the validity of levy of electricity duty @ 25 paisa per unit by the State Government on consumption of electricity by captive generating units relating to earlier years. The Company (along with other petitioners) filed a Special Leave Petition in the Hon'ble Supreme Court, which in the interim, directed the petitioners to pay partial amount without prejudice to the rights and contentions of the petitioners, pursuant to which the Company had paid ₹ 1,502.05 lakhs under protest in the previous year. The matter is pending hearing.

In view of the inherent uncertainty in predicting the final outcome of the above litigation, the Management has, on grounds of prudence and abundant caution, made a provision amounting to ₹ 2,357.43 lakhs during the previous year towards the potential liability in the event of an unfavourable verdict in this matter, which amount was disclosed as an exceptional item. Additionally, an amount of ₹ 1,571.62 lakhs has been disclosed as contingent liability. On the basis of the legal advice obtained, in the opinion of the Management no further provision would be required in relation to this disputed matter.

(ii). The Company had in the earlier years made an application for the refund of excise duty on cash discounts, freight rebates and quantity discounts extended to the dealers post clearance through the issue of credit notes. Based on the favourable orders of the Hon'ble High Court of Andhra Pradesh dated February 19, 2014 and July 1, 2015, a major portion of refund of duty was sanctioned to the Company in July 2015 and August 2016 and also a small portion of refund was received in the earlier years as well. On appeal made by the Department of Central Excise and Customs, the Hon'ble Supreme Court vide its order dated August 29, 2016 ruled in favour of the Department. Consequently, the Company had created a provision of ₹ 461.16 lakhs during the year ended March 31, 2017, which was disclosed as an Exceptional item.

54. Transition to Ind AS

For periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under section 133 of the Act ("Previous GAAP" / "IGAAP"). The Company's financial statements for the year ended March 31, 2018 are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended. The adoption of Ind AS was carried out in accordance with Ind AS 101 First time Adoption of Indian Accounting Standards, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied consistently and retrospectively for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for the year ended March 31, 2018, together with the comparative information as at and for the year ended March 31, 2017 and the opening Ind AS Balance Sheet as at April 1, 2016, the date of transition to Ind AS.

In preparing these financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101 as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at transition date under Ind AS and Previous GAAP have been recognised directly in equity [retained earnings or another appropriate category of equity]. This note explains the principal adjustments made by the Company in restating its financial statements prepared under previous GAAP, including the Balance Sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

A. Exemption from full retrospective application

i. Estimates: As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

a. Fair valuation of financial instruments carried at FVTPL.

b. Determination of the discounted value for financial instruments carried at amortised cost.

c. Impairment of financial assets based on the expected credit loss model.

ii. Classification and measurement of financial assets: Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

iii. Government Loans: The Company has applied the requirements in Ind AS 109, Financial Instruments, and Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to the government loan that existed as at the date of transition to Ind AS i.e. April 1, 2016. Consequently, the carrying amount of such interest – free loans as per the financial statements of the Company prepared under Previous GAAP have been considered for recognition in the opening Ind AS Balance Sheet.

B. Exemption from retrospective application:

i. Past business combinations: The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2016.

ii. Deemed cost for property, plant and equipment, investment property, and intangible assets: The Company has elected to continue with the carrying value of all of its plant and equipment and intangible assets recognised as of April 1, 2016 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date.

c. Transition to Ind AS – Reconciliations:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

i. Reconciliation of Equity as previously reported under previous IGAAP to Ind AS

ii. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017; and

iii. Material adjustment to Statement of cash flows

(i) Reconciliation of total equity as at March 31, 2017 and April 1, 2016

(₹ in lakhs)

Particulars	Note	April 1, 2016	March 31, 2017
Total Equity as per previous GAAP		45,094.39	48,224.96
Adjustments (net of tax):			
Provision for expected credit losses on trade receivables	a	(0.41)	(0.34)
Effective interest rate on deposits	b	(2.79)	(3.10)
Effect of lease rental - straight lining	d	82.13	94.61
Effect of measuring derivatives at fair value	e	(0.34)	-
Effect of financial lease	h	(104.69)	(111.86)
Fair valuation of equity investments through other comprehensive income	f	(344.22)	(409.43)
Total adjustment to equity		**(370.32)**	**(430.12)**
Total equity as per Ind AS		**44,724.07**	**47,794.84**

(ii) Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

(₹ in lakhs)

Particulars	Note	For the year ended March 31, 2017
Net profit after tax as reported under previous GAAP		**3,130.57**
Reclassification of Actuarial (gains)/losses arising in respect of the employees benefit scheme to Other Comprehensive Income (OCI)	g	158.40
Others		8.27
Tax adjustments on above		(57.68)
Net profit after tax as reported under Ind AS		**3,239.56**
Other comprehensive income / (loss) (net of tax)	f, g	(168.79)
Total Comprehensive income for the period as reported under Ind AS		**3,070.77**

(iii) There were no material differences between the Statement of cashflows presented under Ind AS and the previous GAAP.

Effect of Ind AS adoption on the Balance Sheet as at March 31, 2017 and April 1, 2016

(₹ in lakhs)

	Particulars	Note	As at March 31, 2017			As at April 1, 2016		
			Amount as per Previous GAAP	Effect of transition to Ind AS	Ind AS	Amount as per Previous GAAP	Effect of transition to Ind AS	Ind AS
	ASSETS							
(1)	**Non-current assets:**							
	(a) Property, plant and equipment	h	78,374.46	900.00	79,274.46	81,364.65	1,080.00	82,444.65
	(b) Capital work-in-progress		251.08	-	251.08	1,713.57	-	1,713.57
	(c) Intangible assets		554.02	-	554.02	682.83	-	682.83
	(d) Financial assets							
	(i) Investments	f	1,543.37	(532.23)	1,011.14	1,543.37	(447.46)	1,095.91
	(ii) Loans		22.18	-	22.18	28.43	-	28.43
	(iii) Other financial assets	b	958.04	(33.29)	924.75	1,015.87	(38.90)	976.97
	(e) Non-current tax assets (net)		1,254.77	-	1,254.77	1,092.42	-	1,092.42
	(f) Other non-current assets	b	2,881.56	28.55	2,910.11	1,026.91	28.55	1,055.46
	Total non-current assets		**85,839.48**	**363.03**	**86,202.51**	**88,468.05**	**622.19**	**89,090.24**
(2)	**Current assets:**							
	(a) Inventories		18,384.10	-	18,384.10	21,370.87	-	21,370.87
	(b) Financial assets							
	(i) Trade receivables	a	6,750.83	(0.52)	6,750.31	7,068.84	(0.63)	7,068.21
	(ii) Cash and cash equivalents		677.31	-	677.31	962.31	-	962.31
	(iii) Other bank balances		29.98	-	29.98	52.01	-	52.01
	(iv) Loans		121.93	-	121.93	141.18	-	141.18
	(v) Other financial assets		264.64	-	264.64	59.77	-	59.77
	(c) Other current assets	b	3,028.95	-	3,028.95	4,420.98	6.09	4,427.07
	Total current assets		**29,257.74**	**(0.52)**	**29,257.22**	**34,075.96**	**5.46**	**34,081.42**
	Assets classified as held for sale		2.50	-	2.50	65.67	-	65.67
			29,260.24	**(0.52)**	**29,259.72**	**34,141.63**	**5.46**	**34,147.09**
	TOTAL ASSETS		**115,099.72**	**362.51**	**115,462.23**	**122,609.68**	**627.65**	**123,237.33**
	EQUITY AND LIABILITIES							
	EQUITY:							
	(a) Equity share capital		3,977.00	-	3,977.00	3,977.00	-	3,977.00
	(b) Other equity	a, b, d, e, h, f	44,247.96	(430.12)	43,817.84	41,117.39	(370.32)	40,747.07
	Total Equity		**48,224.96**	**(430.12)**	**47,794.84**	**45,094.39**	**(370.32)**	**44,724.07**
	LIABILITIES							
(1)	**Non-current liabilities:**							
	(a) Financials liabilities							
	(i) Borrowings		14,427.62	-	14,427.62	30,401.03	-	30,401.03
	(ii) Other financial liabilities	h	-	888.49	888.49	-	1,071.06	1,071.06
	(b) Provisions		446.38	-	446.38	295.38	-	295.38
	(c) Deferred tax liabilities (net)	c, j	8,131.12	(133.75)	7,997.37	7,918.79	(117.05)	7,801.74
	Total non-current liabilities		**23,005.12**	**754.74**	**23,759.86**	**38,615.20**	**954.01**	**39,569.21**
(2)	**Current liabilities:**							
	(a) Financial liabilities							
	(i) Borrowings		9,000.00	-	9,000.00	14,347.79	-	14,347.79
	(ii) Trade payables	d	13,957.22	(144.68)	13,812.54	15,505.50	(125.60)	15,379.90
	(iii) Other financial liabilities	e, h	15,563.25	182.57	15,745.82	6,092.73	179.39	6,272.12
	(b) Provisions		3,448.09	-	3,448.09	1,090.66	-	1,090.66
	(c) Other current liabilities	e	1,901.08	-	1,901.08	1,863.41	(9.83)	1,853.58
	Total current liabilities		**43,869.64**	**37.89**	**43,907.53**	**38,900.09**	**43.96**	**38,944.05**
	TOTAL EQUITY AND LIABILITIES		**115,099.72**	**362.51**	**115,462.23**	**122,609.68**	**627.65**	**123,237.33**

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2017

(₹ in lakhs)

Particulars		Note	Previous GAAP	Effect of transition to Ind AS	Ind AS
1	**Income**				
	(a) Revenue from operations	i	126,698.24	(3,604.38)	123,093.86
	(b) Other income	b, e	580.16	15.96	596.12
	Total Income		**127,278.40**	**(3,588.42)**	**123,689.98**
2	**Expenses:**				
	(a) Cost of materials consumed	h	48,990.97	(268.25)	48,722.72
	(b) Changes in inventories of finished goods and work-in-progress		2,394.14	-	2,394.14
	(c) Excise duty		5,858.14	-	5,858.14
	(d) Employee benefits expense	g	14,080.09	(158.40)	13,921.69
	(e) Finance costs	e, h	3,259.86	99.21	3,359.07
	(f) Depreciation and amortisation expense	h	6,822.79	180.00	7,002.79
	(g) Other expenses	a, b, d, i	38,797.44	(3,607.65)	35,189.79
	Total Expenses		**120,203.43**	**(3,755.09)**	**116,448.34**
3	**Profit before exceptional items and tax (1 - 2)**		**7,074.97**	**166.67**	**7,241.64**
4	Exceptional items (net)		(2,818.59)	-	(2,818.59)
5	**Profit before tax (3 + 4)**		**4,256.38**	**166.67**	**4,423.05**
6	**Tax expense**				
	(a) Current tax		913.48	-	913.48
	(b) MAT credit	c	(913.48)	913.48	-
	(c) Deferred tax	c,j	1,125.81	(855.80)	270.01
			1,125.81	**57.68**	**1,183.49**
7	**Net Profit after tax (5 - 6)**		**3,130.57**	**108.99**	**3,239.56**
8	**Other comprehensive income**				
	(i) Items that will not be reclassified to profit or loss:				
	(a) Remeasurements of the defined benefit plans	g	-	(158.40)	(158.40)
	(b) Equity instruments through other comprehensive income	f	-	(84.77)	(84.77)
	(ii) Income tax relating to the items that will not be reclassified to profit or loss	j	-	74.38	74.38
	Total other comprehensive income / (loss)		**-**	**(168.79)**	**(168.79)**
9	**Total comprehensive income (7 + 8)**		**3,130.57**	**(59.80)**	**3,070.77**

Notes to the Reconciliations:

a) **Trade Receivables -** Under Previous GAAP, provision towards impairment allowance of receivables was created in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL). Due to which, the Company impaired its trade receivable by ₹ 0.63 lakhs as on April 01, 2016, and consequently, ₹ 0.41 lakhs has been eliminated against retained earnings.

b) **Security Deposits -** Under Previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value. Under Ind AS, all financial assets are required to be measured at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposits has been recognised as prepaid rent. Such prepaid rent is being amortised over lease period which is being partially off-set by the notional interest income recognised in security deposits.

c) Under Previous GAAP, Minimum Alternate Tax (MAT) credit was disclosed in the Balance Sheet as part of loans and advances. Under Ind AS, the same was re-classified under deferred tax liabilities (net). Accordingly, the MAT credit in the Statement of Profit and Loss has also been re-classified as deferred tax expense / gain to correspond to the Balance Sheet re-classification.

d) **Lease rental – Straight lining -** Under Previous GAAP, the Company created lease equalisation reserve for the rental straight lining of the lease arrangements with rent escalation terms. Under Ind AS, where the increase of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost, the increases in the rentals need not be straight lined. Accordingly, the Company has reversed the provision created for the lease straight lining, net of tax thereon, against the retained earnings as on April 1, 2016.

e) **Derivative Instruments -** Under the Previous GAAP, the Company applied the requirements of Accounting Standard - 11 "The effect of changes in foreign exchange rates", to account for Forward contracts entered for hedging foreign exchange risk related to borrowings and the buyers credit.

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. Accordingly, the fair value adjustments were carried out in respect of opening contracts.

f) **Fair valuation of Investments -** Under Previous GAAP, long term investments were measured at cost less provision for diminution, other than temporary. Under Ind AS, these financial assets have been classified as FVTOCI. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is lesser than the cost as per previous GAAP, resulting in a decrease in the carrying amount. The corresponding deferred taxes have also been recognised. These changes do not affect profit before tax for the year ended March 31, 2017 because the investments have been classified as FVTOCI.

g) **Re-measurement of defined benefit obligation -** Under Previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of profit or loss. The actuarial loss for the year ended March 31, 2017 was ₹ 158.40 lakhs and the tax effect thereon ₹ 54.82 lakhs was recognised in other comprehensive income.

h) **Lease arrangement -** As per Ind AS 17, "Leases", the Company has assessed certain long term arrangements in the nature of minimum guaranteed offtake embedded in a materials supply contract and classified such arrangements as finance lease.

Consequently, the amounts capitalised on account of such finance lease amounted to ₹ 900 lakhs as at March 31, 2017 (April 01, 2016 – ₹ 1,080 lakhs) and the corresponding Finance Lease Obligation was recognised under Other financial liabilities (current and non-current portion) amounting to ₹ 1,071.06 lakhs as at March 31, 2017 (April 01, 2016 - ₹ 1,240.10 lakhs). Accordingly, depreciation of ₹ 180 lakhs against the property, plant and equipment and the notional interest expense of ₹ 99.21 lakhs towards the Finance lease obligation was recognised, which was off-set by the reduction of ₹ 268.25 lakhs in materials consumed.

i) **Cash discounts on sales -** Under Previous GAAP, revenue was recognised net of trade discounts. Under Ind AS, discounts including cash discounts have been netted off from revenue. The change does not affect total equity as at March 31, 2017, profit before tax or total comprehensive income for the year ended March 31, 2017.

j) Deferred tax in respect of the above Ind AS adjustments, to the extent applicable, have also been accounted.

55. The financial statements are approved for issue by the Board of Directors on May 02, 2018.

For International Paper APPM Limited

Donald P. Devlin
Chairman & Managing Director

Anish T. Mathew
Vice President
& Chief Financial Officer

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

Place: Hyderabad
Date: May 2, 2018

INTERNATIONAL PAPER

INTERNATIONAL PAPER APPM LIMITED

(Formerly known as The Andhra Pradesh Paper Mills Limited)

(CIN L21010AP1964PLC001008)

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