

Ref: ST/029/2016

Auditor's Certificate

1. In connection with the Draft Scheme of Arrangement amongst the International Paper APPM Limited ("the Company") and its' Members under Sections 391 to 394 the Companies Act, 1956 ("the Draft Scheme"), we, Deloitte Haskins & Sells, Chartered Accountants (Firm Registration Number 008072S), the Statutory Auditors of International Paper APPM Limited ("the Company") having its Registered Office at Rajahmundry- 533 105, East Godavari, Andhra Pradesh have examined the Draft Scheme and other relevant records and documents maintained by the Company in the usual course of its business for the purpose of certifying the accompanying **"Undertaking in relation to non-applicability of requirements prescribed in Annexure I Part IA sub-para 9(a) of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 in respect of the Draft Scheme of Arrangement"** ("the Undertaking"), duly stamped and initialed for identification. The Board of Directors of the Company have approved the Undertaking vide their resolution date April 22, 2016.
2. The Management of the Company is responsible for the preparation of the Undertaking and the maintenance of proper books and account and other relevant records as prescribed by applicable laws, which include collecting, collating and validating data and designing, implementing and monitoring of internal controls for the preparation of the Undertaking that is free from material misstatement, whether due to fraud or error. Compliance with the applicable SEBI Circular is also the responsibility of the Company's Management.
3. Our responsibility, for the purpose of this certificate, is limited to certifying the particulars contained in the Undertaking on the basis of the Draft Scheme and other relevant records and documents maintained by the Company and did not include the evaluation of the adherence by the Company with all the applicable guidelines. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.
4. Based on our examination and according to the information and explanations given to us, we certify that the Undertaking provided by the Company that the clauses stated therein referred in Annexure I, Part IA sub para 9(a) of SEBI Circular are not applicable to the Draft Scheme.

AD

Deloitte Haskins & Sells

5. This Certificate is issued at the request of the Management of the Company for submission to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in terms of the aforesaid SEBI Circular and should not be used for any other purpose without our prior written consent.

Place: Secunderabad
Date: June 06, 2016

AD

**For Deloitte Haskins & Sells
Chartered Accountants
(ICAI Reg. No. 008072S)**

Sumit Trivedi

Partner

Sumit Trivedi - 209354

UNDERTAKING

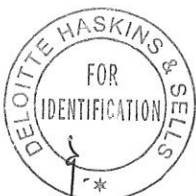
Undertaking in relation to non-applicability of requirements prescribed in Annexure I Part IA sub para 9(a) of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 in respect of the proposed reclassification and utilization of General Reserve and payout to Members as per the Scheme of Arrangement under section 391 to 394 of the Companies Act, 1956 ('the Act') amongst International Paper APPM Limited (IPAPPM or the Company) and its Members (hereinafter referred to as the 'Scheme of Arrangement').

In connection with the proposed reclassification and utilization of General Reserve and payout to Members as per the Scheme of Arrangement of International Paper APPM Limited ('IPAPPM or 'the Company'), we undertake that the proposed reclassification and utilization of General Reserve and payout to Member does not envisage any of the following cases referred in Annexure I, Para IA, sub para 9(a) of SEBI Circular No. CIR/CFD/CMD/16/2015:

- I. Where additional shares have been allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Company, or
- II. Where the Scheme of Arrangement involves the Company and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.
- III. Where the parent listed entity, has acquired the equity shares of the subsidiary, by paying consideration in cash or in kind in the past to any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary(s) of Promoter / Promoter Group of the parent listed entity company, and if that subsidiary is being merged with the parent listed company under the Scheme of Arrangement.

The proposed reclassification and utilization of General Reserve of International Paper APPM Limited as at March 31, 2016 involves the entire amount of Rs 288.76 crores (Rupees two hundred eighty eight crores and seventy six lakhs only) standing to the credit of General Reserve of the Company as at March 31, 2016 shall be reclassified and credited to the Profit and Loss account of the Company. Accordingly, there will be no change in the capital structure of International Paper APPM Limited pursuant to the proposed reclassification and utilization of General Reserve.

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INTERNATIONAL PAPER APPM LIMITED

(Formerly known as The Andhra Pradesh Paper Mills Limited)

(Corporate Identity Number: L21010AP1964PLC001008)

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

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

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

An ISO 9001, ISO 14001 and OHSAS 18001 Certified Company

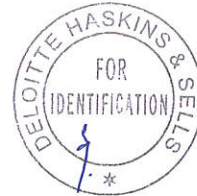
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Accordingly, we undertake that the following requirements prescribed in Annexure I, Par IA, sub para 9(a) and 9(b) of SEBI Circular No. CIR/CFD/CMD/16/2015 are not applicable in relation to the proposed reclassification and utilization of General Reserve.

- 1) Mandatory requirement for voting by public shareholders through postal ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution ; and
- 2) Requirement for the proposed reclassification and utilization of General Reserve being acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it. The term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957.

For INTERNATIONAL PAPER APPM LIMITED


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



Date: *June 2, 2016*

INTERNATIONAL PAPER APPM LIMITED

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