

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

- 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

54 th 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
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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

I. 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
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q. E-mail IDs for investor grievance redressal:

- nagendrarao.mittapalli@ipaper.com
- 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.